

GRYPHON GOLD CORP  
Form S-1/A  
March 14, 2008

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As filed with the Securities and Exchange Commission on March 14, 2008  
Registration Statement No. 333-147962

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1/A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
(Amendment No. 1)

**GRYPHON GOLD CORPORATION**

(Name of small business issuer in its charter)

**Nevada**  
State or jurisdiction of  
incorporation or organization

**1041**  
(Primary Standard Industrial  
Classification Code Number)

**92-0185596**  
(I.R.S. Employer Identification No.)

810-1130 West Pender Street  
Vancouver, British Columbia Canada V6E 4A4  
604-261-2229

(Address and telephone number of principal executive offices)

(same as principal executive offices)

(Address and telephone number of principal place of business)

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Dorsey & Whitney LLP  
Republic Plaza Building, Suite 4700  
370 Seventeenth Street  
Denver, CO 80202-5647  
(303) 629-3400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*  
Kenneth G. Sam, Esq.  
Dorsey & Whitney LLP  
Republic Plaza Building, Suite 4700  
370 Seventeenth Street  
Denver, CO 80202-5647

**From time to time after the effective date of this registration statement**

(Approximate date of commencement of proposed sale to public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: Q

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one):

Large Accelerated Filer "      Accelerated Filer "      Non-Accelerated Filer "      Smaller Reporting Company Q

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Explanatory Note: The Registrant hereby files this amendment number one to its Registration Statement on Form SB-2 (No. 333-147962) as initially filed with the Securities and Exchange Commission on December 10, 2007, to include financial statements related to the Registrant's quarter ended December 31, 2007.

The Registrant is filing this amendment to its previous Registration Statement on Form SB-2 under the cover of Form S-1 pursuant to the compliance provisions in SEC Release No. 33-8876, which allows registrants that filed a registration statement under cover of Form SB-2 to amend such registration statements under cover of Form S-1. Pursuant to the compliance provisions in SEC Release No. 33-8876, the disclosure format and contents of this Form S-1 are the disclosure format and contents based on Form SB-2.

The Registrant previously paid a registration fee of \$396 in connection with the filing of the initial Registration Statement on Form SB-2 (No. 333-147962) filed with the Securities and Exchange Commission on December 10, 2007 to register the 19,765,050 shares of common stock of the Registrant offered hereunder.

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The information contained in this prospectus is not complete and may be changed. The Selling Security Holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these shares, and the Selling Security Holders are not soliciting an offer to buy these shares in any state where the offer or sale is not permitted .

PRELIMINARY PROSPECTUS  
Subject To Completion: Dated March 14, 2008

Gryphon Gold Corporation

19,765,050 SHARES OF COMMON STOCK

This prospectus relates to the sale, transfer or distribution of up to 19,765,050 shares of the common stock, par value \$0.001 per share, of Gryphon Gold Corporation by the selling shareholders described herein. The price at which the selling shareholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. The shares of common stock registered for sale:

- 9,500,000 shares of common stock held by selling shareholders;

- 5,000,000 shares of common stock acquirable upon exercise of Series G Warrants at Cdn\$1.00 if exercised within twelve months of the original issuance and at a price Cdn\$1.25 if exercised there after but prior to expiry held by selling shareholders;

- 265,050 shares of common stock acquirable upon the exercise of Series H Brokers' Warrants, issued in connection with the placement of the Series G Warrants, at Cdn\$0.83 per share held by selling shareholders; and

- 5,000,000 shares of common stock acquirable upon the conversion of a convertible note granted August 21, 2007, due March 30, 2010, at an initial conversion price of \$1.00 per share during first the twelve-month period following the original issuance, \$1.25 per share during the second twelve-month period following the original issuance, \$1.50 per share thereafter, and \$1.75 per share if converted on March 30, 2010.

We will not receive any proceeds from the sale or distribution of the common stock by the selling shareholders. We may receive proceeds from the exercise of the warrants, if any, and will use the proceeds from any exercise for general working capital purposes.

Our common stock is quoted on the Toronto Stock Exchange ("TSX") under the symbol "GGN" and on the Financial Industry Regulatory Authority Over the Counter Bulletin Board ("OTCBB") under the symbol "GYPH". On March 13, 2008, the closing sale price for our common stock was \$0.55 on the OTCBB and \$0.55 on the TSX (converted from Cdn\$0.54 based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York as of March 13, 2008 of Cdn.\$1.00/US\$1.0162).

**Investing in our common stock involves risks. See "Risk Factors and Uncertainties" beginning on page 9.**

**These securities have not been approved or disapproved by the SEC or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**



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## SUMMARY INFORMATION

This summary does not contain all of the information you should consider before buying shares of our common stock. You should read the entire prospectus carefully, especially the "Risk Factors and Uncertainties" section and our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in shares of our common stock.

## Financial Information And Accounting Principles

In this prospectus all references to "\$" or "dollars" mean the U.S. dollar, and unless otherwise indicated all currency amounts in this prospectus are stated in U.S. dollars. All references to "Cdn\$" refer to the Canadian dollar. All financial statements have been prepared in accordance with accounting principles generally accepted in the United States and are reported in U.S. dollars.

## Exchange Rate Information

The following table sets forth, for each of the years indicated, the year end exchange rate, the average closing rate and the high and low closing exchange rates of one Canadian dollar in exchange for U.S. currency based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York. On March 13, 2008, the closing rate was Cdn\$1.00 equals United States \$1.0162. For the purposes of this prospectus, U.S. dollars were converted into Canadian dollars at the rate of Cdn\$1.00 = US\$1.0162, rounded to the nearest thousand dollars, as applicable.

	Calendar Year Ended December 31			Fiscal Year Ended March 31	
	2007	2006	2005	2007	2006
High	1.1852	0.9100	0.8751	0.9100	0.8850
Low	0.9168	0.8528	0.7853	0.8437	0.7853
Average	1.0742	0.8818	0.8254	0.8787	0.8368
Year End	0.9881	0.8582	0.8598	0.8673	0.8562

## Metric Conversion Table

For ease of reference, the following conversion factors are provided:

Metric Unit	U.S. Measure	U.S. Measure	Metric Unit
1 hectare	2.471 acres	1 acre	0.4047 hectares
1 metre	3.2881 feet	1 foot	0.3048 metres
1 kilometre	0.621 miles	1 mile	1.609 kilometres
1 gram	0.032 troy oz.	1 troy ounce	31.1 grams
1 kilogram	2.205 pounds	1 pound	0.4541 kilograms
1 tonne	1.102 short tons	1 short ton	0.907 tonnes
1 gram/tonne	0.029 troy ozs./ton	1 troy ounce/ton	34.28 grams/tonne

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### The Offering

This is an offering of up to 19,765,050 shares of our common stock by certain selling shareholders.

*Shares Offered By the Selling Shareholders*

19,765,050 shares of common stock, \$0.001 par value per share, including:

9,500,000 shares of common stock held by selling shareholders;

5,000,000 shares of common stock acquirable upon exercise of Series G Warrants at Cdn\$1.00 if exercised within twelve months of the original issuance and at a price Cdn\$1.25 if exercised there after but prior to expiry held by selling shareholders;

265,050 shares of common stock acquirable upon the exercise of Series H Brokers' Warrants, issued in connection with the placement of the Series G Warrants, at Cdn\$0.83 per share held by selling shareholders; and

5,000,000 shares of common stock acquirable upon the conversion of a convertible note granted August 21, 2007, due March 30, 2010, at an initial conversion price of \$1.00 per share during first the twelve-month period following the original issuance, \$1.25 per share during the second twelve-month period following the original issuance, \$1.50 per share thereafter, and \$1.75 per share if converted on March 30, 2010.

*Offering Price*

Determined at the time of sale by the selling shareholders

*Common Stock Outstanding as of March 13, 2008*

61,712,895 shares

*Use of Proceeds*

We will not receive any of the proceeds of the shares offered by the selling shareholders.

*Dividend Policy*

We currently intend to retain any future earnings to fund the development and growth of our business. Therefore, we do not currently anticipate paying cash dividends.

*Toronto Stock Exchange Symbol*

GGN

The number of shares of our common stock that will be outstanding immediately after this offering includes 61,712,895 shares of common stock outstanding as of March 13, 2008. This calculation excludes:

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6,252,000 shares of common stock issuable upon vested exercise of options outstanding as of March 6, 2008;

1,008 shares of common stock issuable upon exercise of pre-IPO warrants at an exercise price of \$0.65;

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5,000,000 shares of common stock acquirable upon exercise of Series E Warrants at Cdn\$1.10 for a period up to 12 months after the issuance date and thereafter at Cdn\$1.35 until expiry.

~~85~~,050 shares of common stock acquirable upon exercise of Series F Warrants at Cdn\$0.90 for a period of up to 12 months after the issuance date;

~~5~~,000,000 shares of common stock acquirable upon exercise of Series G Warrants at Cdn\$1.00 for a period up to 12 months after the issuance date and thereafter at Cdn\$1.25 until expiry;

~~265~~,050 shares of common stock acquirable upon exercise of Series H Warrants issued to agents at Cdn\$0.83 for a period up to 9 months after the issuance date;

- 4,304,000 shares of common stock acquirable upon exercise of Series I Warrants at Cdn\$1.00 for a period of up to 12 months after the issuance date and thereafter at Cdn\$1.25 until expiry;
- 89,530 shares of common stock acquirable upon exercise of Series J Warrants issued to agents at Cdn\$0.80 for a period up to 9 months after the issuance date;
- 5,000,000 shares of common stock acquirable upon conversion of a \$5,000,000 convertible note due March 30, 2010, assuming the current conversion rate of the note of \$1.00 per share of common stock; and

~~94~~,500 shares of common stock available for future grant under our Omnibus Incentive Plan as of March 6, 2008.

### Summary of Our Business

Gryphon Gold Corporation was formed under the laws of the State of Nevada on April 24, 2003.

Our principal business office, which also serves as our administrative and financing office, is located in Canada at Suite 810, 1130 West Pender Street, Vancouver, British Columbia, Canada V6E 4A4, and our telephone number there is 604-261-2229.

We own 100% of the issued and outstanding shares of our operating subsidiaries, Borealis Mining Company and Gryphon Nevada Eagle Holding Company. Gryphon Nevada Eagle Holding Company owns 100% of the membership interests in Nevada Eagle Resources LLC. We have no other subsidiaries. Borealis Mining Company was formed under the laws of the State of Nevada on June 5, 2003, Gryphon Nevada Eagle Holding Company was formed under the laws of the State of Nevada on July 27, 2007, and Nevada Eagle Resources LLC was organized under the laws of the State of Nevada on April 28, 2005.

In July 2003, through our wholly-owned subsidiary Borealis Mining, we initially acquired from Golden Phoenix Minerals, Inc. ("Golden Phoenix") an option to earn up to a 70% joint venture interest in the mining lease for the Borealis Property (July 2003 Option and Joint Venture Agreement) by making qualified development expenditures on that property.

In October 2003, we engaged a mining consultant to develop a preliminary scoping study for the redevelopment of the Borealis Property.

During 2004, we completed drilling, technical and engineering work necessary to prepare a Plan of Operation in respect of the development of an open pit, heap leach mine on the Borealis Property. We submitted the Plan of Operation to the U.S. Forest Service on August 27, 2004, and we continue to work on satisfying all the requirements of the various approval agencies and completing all necessary reviews, including the approval of the Nevada Division of Environmental Protection. The principal mine operating permits were granted in 2006. A further discussion of operating permits and other governmental regulation concerns is described under the caption "Permitting," below.

Following the course established by the recommendations in the preliminary scoping study, and based on additional geologic field work that was completed in 2004, we retained Ore Reserves Engineering, consulting resource modeling engineers, to complete an updated resource estimate model in accordance with National Instrument 43-101 of the Canadian Securities Administrators. In May 2005, Ore Reserves Engineering delivered the report titled

### Technical

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*Report on the Mineral Resources of the Borealis Gold Project Located in Mineral County, Nevada* which we refer to as the "Technical Report."

On January 10, 2005, Borealis Mining entered into a purchase agreement with Golden Phoenix which gave Borealis Mining the right to purchase the interest of Golden Phoenix in the Borealis Property for \$1,400,000. Golden Phoenix transferred its interest in the Borealis Property to Borealis Mining on January 28, 2005. Borealis Mining paid \$400,000 of the purchase price to Golden Phoenix upon closing of the purchase, and four additional quarterly payments of \$250,000 were made to Golden Phoenix. With the final payment of \$250,000 on January 24, 2006, Borealis Mining completed all the required payments under the purchase agreement and now has 100% control of the Borealis Property. A portion of the Borealis Property is subject to mining leases, as described under the caption "Borealis Property," below.

As sole shareholder of Borealis Mining, we control all of the lease rights to a portion of the Borealis Property, subject to advance royalty, production royalty, and other payment obligations imposed by the lease. Our acquisition of the interest of Golden Phoenix in the Borealis Property terminated the July 2003 Option and Joint Venture Agreement.

In addition to our leasehold interest to a portion of the Borealis Property, we also own through Borealis Mining numerous unpatented mining claims that make up the balance of the Borealis Property, and all of the documentation and samples from years of exploration and development programs carried out by the previous operators of the Borealis Property, totaling thousands of pages of data including, but not limited to, geophysical surveys, mineralogical studies and metallurgical testing reports.

On July 11, 2005, we accepted a joint proposal for a feasibility study from the firms of Samuel Engineering, Inc. and Knight Piesold and Company. Samuel Engineering provides services including metallurgical process development and design, and Knight Piesold provides mining, metallurgical and environmental engineering services. Both companies have worked together recently on completing similar studies.

During the period from our inception on April 24, 2003 through March 31, 2004, we funded our capital needs by raising \$2,419,200 in private placements, issuing 14,376,000 shares of common stock at prices ranging from \$0.10 per share to \$0.225 per share.

During our fiscal year ended March 31, 2005, we raised \$175,000 by issuing 500,000 shares of common stock to an executive officer at \$0.35 per share under the terms of his employment agreement. We raised an additional \$4,430,375 by issuing 6,815,962 units in a series of private placements. Each unit consisted of one share of common stock and one-half of one share purchase warrant, each whole warrant exercisable to acquire one share of common stock at \$0.90 per share until the earlier of two years from the issue date and nine months following the date on which common stock is listed on a public stock exchange (subsequently revised to expire on December 22, 2006).

During our fiscal quarter ended June 30, 2005, we raised \$3,919,765 by issuing 6,030,408 units in a series of private placements. Each unit consisted of one share of common stock and one-half of one share purchase warrant, each whole warrant exercisable to acquire one share of common stock at \$0.90 per share until the earlier of two years from the issue date and nine months following the date on which common stock is listed on a public stock exchange (subsequently revised to expire on December 22, 2006.).

On August 11, 2005, our Board authorized an increase in our authorized capital to consist of 150,000,000 shares of common stock, par \$0.001, and 15,000,000 shares of preferred stock, par \$0.001. The increase was approved by shareholders.

On December 22, 2005, we completed our initial public offering of 6.9 million units for gross proceeds of approximately \$ 5,036,497 with net proceeds of \$2,794,557 after deducting costs of \$2,241,940. The units were sold at a price of \$0.73 (Cdn\$0.85) each and consisted of one common share and one Class A warrant. Each Class A warrant is exercisable for a period of 12 months at a price of Cdn\$1.15. The common shares are listed on the Toronto Stock Exchange under the symbol "GGN." The offering was underwritten by a syndicate of Canadian underwriters which included Desjardins Securities, CIBC World Markets, Border Investment Partners and Orion Securities. The units were offered for sale pursuant to a prospectus filed in four Canadian provinces (British Columbia, Alberta, Manitoba and Ontario). The units were also registered in a registration statement filed with the United States Securities and Exchange Commission. The proceeds of the offering will be used principally for the completion of the Company's feasibility study for its Borealis Property and its exploration program on the Borealis Property, as well as for working capital.

On March 24, 2006, we closed the private placement of 5,475,000 units for sale at Cdn\$1.25 to a limited number of accredited investors in Canada and the United States. Each unit consisted of one common share and one half of one Series B purchase warrant. The Series B warrants are exercisable until March 23, 2007 at a price of Cdn\$1.65. The private offering raised gross proceeds of Cdn\$6.8 million. We paid qualified registered dealers a 7% cash commission and issued compensation options to acquire 280,500 common shares at price of Cdn\$1.40 until March 23, 2007 on a portion of the private placement. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company granted registration rights to the investors in this private placement and used commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and caused such statement to be declared effective and remain effective. The proceeds of this offering have been and will be applied to fund the continuation of our exploration and development program on the Borealis Property.

In June 2006, we closed a private placement with our new Chief Financial Officer and our Corporate Controller. Mr. Longinotti was appointed as new Chief Financial Officer to the Company, effective May 15, 2006, and the Company has agreed to enter into a formal employment agreement with him in due course. Mr. Longinotti received through a private placement as compensation: 100,000 Units of the Company at a price of Cdn\$1.35; with each Unit consisting of one (1) share of the Company's common stock with a par value of \$0.001 and one-half (1/2) of one (1) share purchase Series D Warrant. The common stock was issued May 26, 2006, and the Series D warrants were issued June 10, 2006. Mr. Longinotti's employment commenced April 18, 2006. Mr. Rajwant Kang is the Corporate Controller to the Company. In June of this year, as part of a private placement, Mr. Kang was issued 29,000 Units of the Company at a price of Cdn\$1.35; with each Unit consisting of one (1) share of the Company's common stock with a par value of \$0.001 and one-half (1/2) of one (1) share purchase Series D Warrant. The common stock was issued June 2, 2006, and the Series D warrants were issued June 10, 2006.

On November 30, 2006, our board of directors concluded that we would not proceed with near term construction and production financing of the Borealis heap leach mine. The feed for the proposed mine was remnants from the previously mined open pits, and heap and dump material associated with the historical mining operations. The decision not to proceed was made due to the impact of certain technical corrections to the previously announced Feasibility Study and related NI 43-101 Technical Report, dated August 15, 2006. The technical corrections reduced the anticipated quantity of recoverable gold and silver over the project life, and resulted in a marginal projected return on investment. In light of the decision not to proceed with development of a mine, in December 2006, we closed our Denver office and terminated operations and engineering staff, including our Chief Operating Officer Mr. Allen Gordon and Mr. Matt Bender, our Vice President of Borealis Project Development. Mr. Steven Craig, our Vice President of Exploration, was relocated to Nevada. As of December 1, 2006, our Chief Financial Officer, Mr. Michael Longinotti commenced working on a part-time basis. Under this agreement, his time spent in the office was reduced by 50% along with his salary.

In December 2006, we completed the geophysical survey, which commenced in September 2006. The positive geophysical results obtained from induced polarization (IP) surveys identified multiple chargeability and resistivity anomalies coincident with aeromagnetic lows which extended several kilometers (km) to the north and northwest of the Graben sulphide deposit. The IP surveys identified two new mineralized exploration targets located under the pediments 3.0 km (Central Pediments) and 5.3 km (Western Pediment) northwest of the Graben sulphide deposit.

On January 11, 2007, we announced the results of the revised CIM compliant resource estimate in accordance with NI 43-101 which had been compiled by Mr. Alan C. Noble, P.E. of Ore Reserves Engineering. The results of the report were independently reviewed by AMEC to insure the methodology and assumptions used in the calculations were consistent with industry standards. The resource estimate includes the results of exploration drilling through February 28, 2006. The measured, indicated and inferred gold resource (combined oxide and sulfide material) reported in January 2007 is:

Date	Measured*	Indicated*	Inferred*
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	Tons (000's)	Grade opt	Ozs of Gold	Tons (000's)	Grade opt	Ozs of Gold	Tons (000's)	Grade opt	Ozs of Gold
January, 11, 2007	16,360	0.031	503,700	24,879	0.029	709,800	30,973	0.020	609,200

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The updated report confirmed a total gold resource (measured, indicated and inferred) of 1,822,700 ounces contained in the Borealis property.

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**Cautionary Note to investors concerning estimates of Measured, Indicated and Inferred Mineral Resources:** We are a reporting issuer in Canada and are required to discuss mineralization estimates in accordance with Canadian reporting standards. The terms "proven mineral reserve" and "probable mineral reserve" used in this prospectus are in reference to the mining terms defined in the Canadian Institute of Mining, Metallurgy and Petroleum Standards, which definitions have been adopted by Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission's Industry Guide 7. In the United States, a mineral reserve is defined as a part of a mineral deposit, which could be economically and legally extracted or produced at the time the reserve determination is made. Accordingly, information contained in this prospectus and the documents incorporated by reference herein containing descriptions of our mineral deposits in accordance with NI 43-101 may not be comparable to similar information made public by other U.S. companies under the United States federal securities laws and the rules and regulations thereunder.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

In January 2007 we started the process of completing a mineral resource estimate covering the entire property that will include all drilling results obtained during calendar year 2007. The mineral resource estimate is expected to be completed at the end of March 2008.

On February 9, 2007 we completed a private placement of 5.0 million units at a price of Cdn\$0.90 per unit for gross proceeds of Cdn\$4.5 million. Each unit consisted of one common share and one full purchase warrant. The two year warrants are exercisable at a price of Cdn\$1.10 if exercised within twelve months of the closing and at a price of Cdn\$1.35 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$77,175 and issued compensation options to acquire 85,050 common shares (at a price of Cdn\$0.90 per share for a period of 12 months from closing) in respect of the 1.225 million units placed by them. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development programs.

On July 4, 2007, we entered into a membership interest purchase agreement with Gerald W. Baughman and Fabiola Baughman, as sellers, and Nevada Eagle Resources LLC ("Nevada Eagle"), under which we agreed to purchase all of the outstanding limited liability company interests of Nevada Eagle. Upon completion of the acquisition on August 21, 2007, Nevada Eagle became a wholly-owned subsidiary of Gryphon Nevada Eagle Holding Company, a Nevada corporation, which is a wholly-owned subsidiary of Gryphon. Nevada Eagle has interests in 54 prospective gold properties covering over 70 square miles of gold trends in Nevada. Twenty-four of these properties are in the Walker Lane belt and added to Gryphon's inventory of volcanogenic hosted gold resources. Seven of the properties are in the Cortez Trend, seven in the Austin-Lovelock Trend, two in the Carlin Trend and the balance are unique situations

throughout Nevada with a few in contiguous states. Twenty-six of the properties are 'farmed-out' through lease and option agreements that generate a positive cash flow net of carryings costs beginning January 1, 2008. The remaining wholly-owned properties are retained for Gryphon's own exploration effort or additional future farm outs.



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On August 7, 2007, we closed a private placement of 5 million units at a price of Cdn.\$0.80 per unit for gross proceeds of Cdn.\$4.0 million. Each unit will consist of one common share and one full purchase warrant. The two year warrants will be exercisable at a price of Cdn\$1.00 if exercised within twelve months of the closing (the "First Anniversary") and at a price Cdn\$1.25 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers cash commissions in the amount of Cdn\$152,040 and issued warrants to acquire 265,050 common shares (at a price of Cdn\$0.83 for a period of up to 9 months from closing). The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development programs.

On December 14, 2007 we completed a private placement of 4,486,500 units at Cdn\$0.80 for gross proceeds of approximately Cdn\$3,589,200. The private placement closed in three tranches on November 22, November 27 and December 14, 2007. Each unit consisted of one common share and one series I warrant. Each series I warrant entitles the holder to purchase a common share at a price of Cdn\$1.00 per share during the first 12 months after closing and Cdn\$1.25 per share during the second 12 months after closing and until expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$71,624 and issued compensation warrants (series J) to acquire 89,530 common shares (at a price of Cdn\$0.80 per share for a period of 9 months from closing) in respect of the 1,204,000 million units placed by them. We have a right to force warrant holders to exercise warrants, if the price of our common stock remains equal to or greater than, Cdn\$1.85 per common share, for a period of twenty consecutive days. The shares, warrants and underlying shares were not qualified by prospectus, have not been registered under U.S. securities laws, and are subject to resale restrictions. We granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property.

In fiscal 2008, we plan to continue extension drilling, focused on the expansion of the Graben deposit and exploration drilling for a new gold deposit within the two newly identified potentially gold-bearing hydrothermal systems in the pediments. This 72-hole, \$4.5 million budgeted drilling program consists of a series of Graben deposit expansion drilling and extension drilling north and west of the successful G3 G13 fence of holes. The drilling of the Graben deposit will alternate with follow up exploration drilling in the Central and Western Pediments where 10 holes have intersected two distinct hydrothermal systems hidden beneath the pediments.

### Corporate Strengths

We believe that we have the following business strengths that will enable us to achieve our objectives:

- 

Our management team has significant exploration experience in the State of Nevada;

As the Borealis Property was the site of surface mining operations from 1981 to 1990, we believe the process to receive permits and start operations on previously mined operations is less difficult than getting permits for a previously undisturbed area. The USDA Forest Service and the Nevada Bureau of Mining Regulation and Reclamation have both approved the Plan of Operations and Reclamation Plan, allowing us to proceed with the development of a heap leach mine assuming sufficient oxide resources are found and additional financing is available. We have also received approvals for surface exploration and water wells and have successfully progressed through the required agency and public review process for those permits.

Our land position is extensive, controlled by 752 unpatented mining claims covering approximately 15,500 acres. We believe many surface showings of gold mineralization on the Borealis Property may provide opportunities for discovery of gold deposits. Our Borealis Property has multiple types of gold deposits including oxidized material, partial oxidized material, and predominantly sulfide material, which we believe may allow us flexibility in our future plans for mine development and expansion, assuming additional financing is available.

We cannot be certain that any mineral deposits will be discovered in sufficient quantities and grade to justify commercial operations. We have no proven or probable reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit; metal prices, which are highly cyclical; the cost to extract and process the mineralized material; and government regulations and permitting requirements. We may be unable to upgrade our mineralized material to proven and probable reserves in sufficient quantities to justify commercial operations and we may not be able to raise sufficient capital to develop the Borealis Property.

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We have specifically focused our activities on Nevada, which was rated the highest jurisdiction in the world for mining investment attractiveness by an independent survey. Mining is an integral part of Nevada's economy. In 2004, the mining industry increased Nevada's output by \$5.89 billion including both direct and indirect impacts, up from \$5.35 billion in 2002. Nevada ranks third in the world in gold production, after South Africa and Australia. Located in the State of Nevada are well known geological trends such as the Carlin Trend, Battle Mountain, Getchell Trend and the Walker Lane Trend. The Borealis Property is also located along the Aurora-Bodie trend which crosses the principal Walker Lane Trend. Borealis, Bodie, Aurora, and other historical producing districts, are aligned along this northeast-southwest belt of significant gold deposits. Nevada Eagle's principal properties have a cumulative 900,000 of historical (the historical estimates are based on internal reports prepared by prior owners prior to February 2001 and have not been prepared in accordance with NI 43-101 standards and thus their reliability has not been verified) ounces of gold.

## Selected Financial Data

The selected financial information presented below as of and for the periods indicated is derived from our financial statements contained elsewhere in this prospectus and should be read in conjunction with those financial statements.

INCOME STATEMENT DATA	Nine Months Ended				Pro Forma**	
	Year Ended March 31		December 31 (Unaudited)		Consolidated (Unaudited)	
	2007	2006	2007	2006	Year Ended March 31 2007	Three Months Ended June 30
Revenue	\$ NIL	\$ NIL	\$ NIL	\$ NIL	\$ NIL	\$ NIL
Operating Expenses	\$ 9,059,866	\$ 5,770,506	\$ 6,634,010	\$ 6,734,510	\$ -	\$ -
Net (Loss)	\$ (8,737,141)	\$ (5,602,336)	\$ (6,463,678)	\$ (6,491,678)	\$ -	\$ -
(Loss) per Common share*	\$ (0.21)	\$ (0.19)	\$ (0.13)	\$ (0.16)	\$ (0.21)	\$ (0.05)
Weighted Average Number of Common Shares Outstanding*	41,242,535	29,350,317	49,764,662	40,518,405	41,242,535	47,485,585

\* Basic and diluted.

BALANCE SHEET  
DATA

	At March 31, 2007	At March 31, 2006	At December 31, 2007 (Unaudited)	At December 31, 2006 (Unaudited)
Working Capital (Deficiency)	\$ 6,525,160	\$ 8,374,384	\$ 4,701,031	\$ 4,307,627
Total Assets	\$ 9,553,194	\$ 11,693,218	\$ 18,823,177	\$ 7,272,468
Accumulated (Deficit)	\$ (17,980,822)	\$ (9,243,681)	\$ (24,444,500)	\$ (15,735,359)
Stockholders' Equity	\$ 8,716,344	\$ 10,466,013	\$ 13,373,371	\$ 7,272,468

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These unaudited pro forma consolidated financial statements of the Company, a TSX listed Company, have been prepared for illustrative purposes only, to show the effect of the Membership Interest Purchase Agreement dated as of August 21, 2007 between the Company and Gerald and Fabiola Baughman whereby Gryphon Gold acquired 100% of the members interests in Nevada Eagle Resources LLC, a Nevada limited liability company, as well as certain other mineral claims owned by the Baughman's (the "Transaction"). Nevada Eagle Resources LLC and the other mineral claims acquired are collectively referred to herein as Nevada Eagle.

## RISK FACTORS AND UNCERTAINTIES

Readers should carefully consider the risks and uncertainties described below before deciding whether to invest in shares of our common stock.

Our failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

Estimates of mineralized material are forward-looking statements inherently subject to error. Although resource estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

### Risks Related to Our Operations

Our operations will require future financing.

We are an early stage company and currently do not have sufficient capital to fully fund the Plan of Operation at the Borealis Property. Currently, we have sufficient cash on hand to fund the completion of our current drilling program, permitting and general and administrative expenses for approximately 12 months. However, we will require substantial additional financing for future development activities, if any, or if we encounter unexpected costs or delays.

Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, and, development or production on any or all of the Borealis Property and any properties we may acquire in the future or even a loss of our property interest. This includes the Borealis Property, as our lease over claims covering the principal deposits will expire in 2009 unless we are engaged in active mining operations or development (including exploration drilling) at that time. We cannot be certain that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable or acceptable to us. Future financings may cause dilution to our shareholders.

### Risks related to the Borealis Property.

Our primary mineral exploration property is the Borealis Property. Even though the Borealis Property encompasses several areas with known gold mineralization, unless we discover additional deposits at the Borealis Property, future development of the property may be uneconomic. We cannot provide any assurance that we will establish any reserves or successfully commence mining operations on the Borealis Property.

### Risks related to Nevada Eagle properties

We acquired approximately 54 exploration properties with the acquisition of Nevada Eagle Resources LLC. Approximately 26 of these properties are leased out to other exploration companies. We can not provide any assurance that any reserves or successful mining operations will be established on any of these properties. We can not give assurance that the existing parties currently performing exploration on the leased properties will continue with their exploration efforts. In addition, management's expectations of the significance of the Nevada Eagle properties; the Nevada Eagle prospects, including resource estimates, projections, exploration and value; our planned exploration and

drilling programs; or our expectations with respect to future property acquisition, diversification of our property base and Mr. Baughman's addition to the Gryphon Gold management team will prove accurate or increase shareholder value.

We cannot assure you that we will successfully integrate the Nevada Eagle properties into our portfolio or operations or that we will have sufficient capital or resources to successfully implement our diversification strategy.

We have no history of producing metals from our mineral property and there can be no assurance that we will successfully establish mining operations or profitably produce precious metals.

We have no history of producing metals from the Borealis Property or Nevada Eagle Properties. While our plan is to move the Borealis Property into the development stage, production there will be subject to completing construction of the mine, processing plants, roads, and other related works and infrastructure. As a result, we are subject to all of the risks associated with establishing new mining operations and business enterprises including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the ability to find sufficient gold resources to support a mining operation;
  - the availability and costs of skilled labor and mining equipment;
  - the availability and cost of appropriate smelting and/or refining arrangements;
- compliance with environmental and other governmental approval and permit requirements;
  - the availability of funds to finance construction and development activities;
  - potential opposition from non-governmental organizations, environmental groups, local groups or local inhabitants which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies.

The costs, timing and complexities of mine construction and development may be increased by the remote location of the Borealis Property. It is common in new mining operations to experience unexpected problems and delays during construction, development and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, we cannot assure you that our activities will result in profitable mining operations or that we will successfully establish mining operations or profitably produce metals at any of our properties.

Historical production on the Borealis Property may not be indicative of the potential for future development.

The Borealis Mine actively produced gold in the 1980's, but we currently have no commercial production at the Borealis Property and have never recorded any revenues. You should not rely on the fact that there were historical mining operations at the Borealis Property as an indication that we will ever place the property into commercial production. We expect to continue to incur losses unless and until such time, if ever, as our property enters into commercial production and generates sufficient revenues to fund our continuing operations. The development of new mining operations at the Borealis Property will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of our properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, our acquisition of additional properties, and other factors, many of which are beyond our control. We may not be able to place the Borealis Property into production or generate any revenues or achieve profitability.

Our exploration activities on the Borealis Property may not be commercially successful, which could lead us to abandon our plans to develop the property and our investments in exploration.

Our long-term success depends on our ability to identify additional mineral deposits on the Borealis Property, the Nevada Eagle Properties and other properties we may acquire, if any, that we can then develop into commercially viable mining operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently nonproductive. These risks include unusual or unexpected geologic formations, and the inability to obtain suitable or adequate machinery, equipment or labor. The success of gold exploration is determined in part by the following factors:

- the identification of potential gold mineralization based on surficial analysis;
  - availability of government-granted exploration permits;
  - the quality of our management and our geological and technical expertise; and
  - the capital available for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis, to develop metallurgical processes to extract metal, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. We may invest significant capital and resources in exploration activities and abandon such investments if we are unable to identify commercially exploitable mineral reserves. The decision to abandon a project may have an adverse effect on the market value of our securities and the ability to raise future financing. We cannot assure you that we will discover or acquire any mineralized material in sufficient quantities on any of our properties to justify commercial operations.

Actual capital costs, operating costs, production and economic returns may differ significantly from those we have anticipated and there are no assurances that our development activities will result in profitable mining operations.

We have estimated operating and capital costs for the Borealis Property based on information available to us and believe that these estimates are accurate. However, recently, costs for labor, regulatory compliance, energy, mine and plant equipment and materials needed for mine development and construction have increased significantly industry-wide. In light of these factors, actual costs related to our proposed mine development and construction may exceed our estimates.

We do not have an operating history upon which we can base estimates of future operating costs related to the Borealis Property, and we intend to rely upon the economic feasibility of the project and estimates that may be contained therein. Studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
  - anticipated recovery rates of gold and other metals from the ore;
  - cash operating costs of comparable facilities and equipment; and
  - anticipated climatic conditions.

Capital and operating costs, production and economic returns, and other estimates contained in feasibility studies may differ significantly from actual costs, and there can be no assurance that our actual capital and operating costs will not be higher than currently anticipated or disclosed.





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In addition, our calculations of cash costs and cash cost per ounce may differ from similarly titled measures of other companies and are not intended to be an indicator of projected operating profit.

The figures for our reserves and resources are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.

Unless otherwise indicated, mineralization figures presented in this prospectus and in our filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by independent geologists and our internal geologists. When making determinations about whether to advance any of our projects to development, we must rely upon such estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only.

These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. We cannot assure you that:

- these estimates will be accurate;
- reserve, resource or other mineralization estimates will be accurate; or
- this mineralization can be mined or processed profitably.

Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital.

Because we have not made a decision with respect to mine construction at our Borealis Property and have not made a decision with respect to production, mineralization estimates, including reserve and resource estimates, for the Borealis Property may require adjustments or downward revisions based upon actual production experience if and when a decision is made to proceed with mine construction and production. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by our technical reports and drill results. There can be no assurance that minerals recovered in small scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

The resource estimates contained in this prospectus have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold and silver may render portions of our mineralization, reserve (if any) and resource estimates uneconomic and result in reduced reported mineralization or adversely affect the commercial viability of our Borealis Property. Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our results of operations or financial condition.

Changes in the market price of gold, silver and other metals, which in the past has fluctuated widely, will affect the profitability of our operations and financial condition.

Our profitability and long-term viability depend, in large part, upon the market price of gold and other metals and minerals produced from our mineral properties. The market price of gold and other metals is volatile and is impacted by numerous factors beyond our control, including:

- expectations with respect to the rate of inflation;
- the relative strength of the U.S. dollar and certain other currencies;
- interest rates;
- global or regional political or economic conditions;
- supply and demand for jewelry and industrial products containing metals; and

- sales by central banks and other holders, speculators and producers of gold and other metals in response to any of the above factors.

We cannot predict the effect of these factors on metal prices. Gold and silver prices have fluctuated during the last several years. The price of gold was \$544 per ounce at March 13, 2006, and during 2006 had a high of \$725 and a low of \$525. The price of gold was \$651 per ounce on March 13, 2007 and during 2007 has had a high of \$841 and a low of \$608. The price of gold was \$995 per ounce at March 13, 2008. The price of silver also improved from \$10.02 per ounce at March 13, 2006 to close March 13, 2007 at \$12.92 per ounce, and to close March 13, 2008 at \$20.79.

A decrease in the market price of gold and other metals could affect the commercial viability of our Borealis Property and our anticipated development and production assumptions. Lower gold prices could also adversely affect our ability to finance future development at the Borealis Property, all of which would have a material adverse effect on our financial condition and results of operations. There can be no assurance that the market price of gold and other metals will remain at current levels or that such prices will improve.

Mining is inherently dangerous and subject to conditions or events beyond our control, which could have a material adverse effect on our business.

Mining involves various types of risks and hazards, including:

- environmental hazards;
  - power outages;
- metallurgical and other processing problems;
  - unusual or unexpected geological formations;
  - structural cave-ins or slides;
- flooding, fire, explosions, cave-ins, landslides and rock-bursts;
  - inability to obtain suitable or adequate machinery, equipment, or labor;
  - metals losses; and
  - periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to us or to other companies within the mining industry. We may suffer a material adverse effect on our business if we incur losses related to any significant events that are not covered by our insurance policies.

We are subject to significant governmental regulations.

Our primary properties, operations and exploration and development activities are in Nevada and are subject to extensive federal, state, and local laws and regulations governing various matters, including:

- environmental protection;
- management and use of toxic substances and explosives;

- management of natural resources;
- exploration, development of mines, production and post-closure reclamation;
- exports controls;
- price controls;
- regulations concerning business dealings with native groups;
- labor standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in us incurring significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of our operations and delays in the development of our properties.

Our activities are subject to environmental laws and regulations that may increase our costs of doing business and restrict our operations.

All of our exploration and potential development and production activities are in the United States and are subject to regulation by governmental agencies under various environmental laws. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations and future changes in these laws and regulations may require significant capital outlays and may cause material changes or delays in our operations and future activities. It is possible that future changes in these laws or regulations could have a significant adverse impact on our Borealis Property, Nevada Eagle Properties or some portion of our business, causing us to re-evaluate those activities at that time.

Land reclamation requirements for our Borealis Property may be burdensome.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance.

Reclamation may include requirements to:

- 
- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations imposed on us in connection with our potential development activities, we must allocate financial resources that might otherwise be spent on further exploration and development programs. We have set up a provision for our reclamation obligations at the Borealis Property, but this provision may not be adequate. If we are required to carry out unanticipated reclamation work, our financial position could be adversely affected.

We may experience difficulty attracting and retaining qualified management to meet the needs of our anticipated growth, and the failure to manage our growth effectively could have a material adverse effect on our business and financial condition.

We are dependent on the services of key executives including Tony Ker, CEO, Albert Matter, Chairman, Michael Longinotti, CFO, Steve Craig, VP Exploration, and other highly skilled and experienced executives and personnel focused on managing our interests and on-going exploration and development programs on our properties. Our management is also responsible for the identification of new opportunities for growth and funding. Due to our relatively small size, the loss of these persons or our inability to attract and retain additional highly skilled employees required for our development activities may have a material adverse effect on our business or future operations. The failure to hire qualified people for these positions could adversely affect planned operations of the Borealis Property and Nevada Eagle Properties. We do not maintain key-man life insurance on any of our key management employees.

Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing, or capable of producing, gold or other metals. We may be at a competitive disadvantage in acquiring additional mining properties because we must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than us. We may also encounter increasing competition from other mining companies in our efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs, mining equipment and production equipment. Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

We compete with larger, better capitalized competitors in the mining industry.

The mining industry is competitive in all of its phases, including financing, technical resources, personnel and property acquisition. It requires significant capital, technical resources, personnel and operational experience to effectively compete in the mining industry. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over us. We face strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities than us. As a result of this competition, we may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms we consider acceptable or at all.

Title to the Borealis Property may be subject to other claims, which could affect our property rights and claims.

Although we believe we have exercised commercially reasonable due diligence with respect to determining title to properties we own or control and the claims that are subject to the Borealis mining lease, there is no guarantee that title to such properties will not be challenged or impugned. The Borealis Property may be subject to prior unrecorded agreements or transfers or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Borealis Property which, if successful, could impair development and/or operations. This is particularly the case in respect of those portions of the Borealis Property in which we hold our interest solely through a lease with the claim holders, as such interest is substantially based on contract and has been subject to a number of assignments (as opposed to a direct interest in the property).

All of the mineral rights to the Borealis Property consist of "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law. Unpatented mining claims are unique property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of

unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the U.S. General Mining Law, including the requirement of a proper physical discovery of valuable minerals within the boundaries of each claim and proper compliance with physical staking requirements.

In addition, unpatented mining claims are always subject to possible challenges by third parties or validity contests by the federal government. The validity of an unpatented mining or millsite claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of U.S. federal and state statutory and decisional law. In addition, there are few public records that definitively determine the issues of validity and ownership of unpatented mining claims.

There are differences in U.S. and Canadian practices for reporting reserves and resources.

Our reserve and resource estimates are not directly comparable to those made in filings subject to SEC reporting and disclosure requirements, as we generally report reserves and resources in accordance with Canadian practices. These practices are different from the practices used to report reserve and resource estimates in reports and other materials filed with the SEC. It is Canadian practice to report measured, indicated and inferred resources, which are generally not permitted in disclosure filed with the SEC. In the United States, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, "inferred resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report "resources" as in place tonnage and grade without reference to unit measures.

Accordingly, information concerning descriptions of mineralization, reserves and resources contained in this prospectus, or in the documents incorporated herein by reference, may not be comparable to information made public by other United States companies subject to the reporting and disclosure requirements of the SEC.

We will be required to locate mineral reserves for our long-term success.

Because mines have limited lives based on proven and probable mineral reserves, we will have to continually replace and expand our mineral reserves, if any, if and when the Borealis Property produces gold and other base or precious metals. Our ability to maintain or increase its annual production of gold and other base or precious metals once the Borealis Property is restarted, if at all, will be dependent almost entirely on its ability to bring new mines into production.

We do not insure against all risks which we may be subject to in our planned operations.

We currently maintain insurance to insure against general commercial liability claims and losses of equipment. Our insurance will not cover all the potential risks associated with a mining company's operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, we expect that insurance against risks such as environmental pollution or other hazards as a result of exploration and production may be prohibitively expensive to obtain for a company of our size and financial means. We might also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could negatively affect our financial condition and ability to fund our activities on the Borealis Property. A significant loss could force us to terminate our operations.

Our directors and officers may have conflicts of interest as a result of their relationships with other companies.

Certain of the directors and officers of Gryphon Gold have served as officers and directors for other companies engaged in natural resource exploration and development and may also serve as directors and/or officers of other companies involved in natural resource exploration and development. For example, Richard Hughes is President of Klondike Gold Corp. and a director of Alamos Gold Inc. Our Chief Financial Officer is now working part-time, he

divides his attention between his role with Gryphon Gold and acts as a part-time consultant for a company which is not in the mining industry. Consequently, there is a possibility that our directors and/or officers may be in a position of conflict in the future.

New legislation, including the Sarbanes-Oxley Act of 2002, may make it difficult for us to retain or attract officers and directors.

We may be unable to attract and retain qualified officers, directors and members of board committees required to provide for our effective management as a result of the recent and currently proposed changes in the rules and regulations which govern publicly-held companies. Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the Securities and Exchange Commission that increase responsibilities and liabilities of directors and executive officers. We are a small company with a very limited operating history and no revenues or profits, which may influence the decisions of potential candidates we may recruit as directors or officers. The perceived increased personal risk associated with these recent changes may deter qualified individuals from accepting these roles.

While we believe we have adequate internal control over financial reporting, we will be required to evaluate our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on the price of our shares of common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we expect that beginning with our annual report on Form 10-KSB for the fiscal year ended March 31, 2008, we will be required to furnish a report by management on our internal controls over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by our management. For our annual report on Form 10-KSB for the fiscal year ended March 31, 2009, such report must also contain a statement that our auditors have issued an attestation report on our management's assessment of such internal controls. Public Company Accounting Oversight Board Auditing Standard No. 2 provides the professional standards and related performance guidance for auditors to attest to, and report on, our management's assessment of the effectiveness of internal control over financial reporting under Section 404.

While we believe our internal control over financial reporting is effective, we are still compiling the system and processing documentation and performing the evaluation needed to comply with Section 404, which is both costly and challenging. We cannot be certain that we will be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective as of March 31, 2008 (or if our auditors are unable to express an opinion on the effectiveness of our internal controls as of March 31, 2009), we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on our stock price.

Failure to comply with the new rules may make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and/or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as executive officers.

#### Risks Related To This Offering

Broker-dealers may be discouraged from effecting transactions in our common shares because they are considered a penny stock and are subject to the penny stock rules.

Rules 15g-1 through 15g-9 promulgated under the Exchange Act impose sales practice and disclosure requirements on certain brokers-dealers who engage in certain transactions involving a "penny stock." Subject to certain exceptions, a



penny stock generally includes any non-NASDAQ equity security that has a market price of less than \$5.00 per share. Our common stock is expected to trade below \$5.00 per share immediately upon closing of the offering. The additional sales practice and disclosure requirements imposed upon broker-dealers may discourage broker-dealers from effecting transactions in our shares, which could severely limit the market liquidity of the shares and impede the sale of our shares in the secondary market.

A broker-dealer selling penny stock to anyone other than an established customer or "accredited investor," generally, an individual with net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse, must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt. In addition, the penny stock regulations require the broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the United States Securities and Exchange Commission relating to the penny stock market, unless the broker-dealer or the transaction is otherwise exempt. A broker-dealer is also required to disclose commissions payable to the broker-dealer and the registered representative and current quotations for the securities. Finally, a broker-dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account and information with respect to the limited market in penny stocks.

In the event that your investment in our shares is for the purpose of deriving dividend income or in expectation of an increase in market price of our shares from the declaration and payment of dividends, your investment will be compromised because we do not intend to pay dividends.

We have never paid a dividend to our shareholders, and we intend to retain our cash for the continued development of our business. We do not intend to pay cash dividends on our common stock in the foreseeable future. As a result, your return on investment will be solely determined by your ability to sell your shares in a secondary market.

FORWARD-LOOKING STATEMENTS

This prospectus and the exhibits attached hereto contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- the timing and possible outcome of pending regulatory and permitting matters;

- the timing and outcome of our feasibility study;

- the parameters and design of our planned initial mining facilities on the Borealis Property;

- future financial or operating performances of Gryphon Gold, its subsidiaries, and its projects;
- the estimation of mineral resources and the realization of mineral reserves, if any, based on mineral resource estimates;

- the timing of exploration, development, and production activities and estimated future production, if any;

- estimates related to costs of production, capital, operating and exploration expenditures;

- requirements for additional capital and our ability to raise additional capital;

- government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses;

- title disputes or claims;

- limitations of insurance coverage; and

- the future price of gold, silver, or other minerals.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled "Risk Factors and Uncertainties", "Description of the Business" and "Management's Discussion and Analysis" of this prospectus. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

We qualify all the forward-looking statements contained in this prospectus by the foregoing cautionary statements.

## USE OF PROCEEDS

We will not receive any proceeds from the sale or distribution of the common stock by the selling shareholders. We may receive proceeds from the exercise of the Series G Warrants or the Series H Warrants upon exercise of these warrants, if any, and will use the proceeds from any exercise for general working capital purposes.

## SELLING SHAREHOLDERS

This prospectus covers the offering of up to 19,765,050 shares of our common stock by selling shareholders this includes shares of our common stock acquirable upon warrants exercisable within 60 days of March 6, 2008.

The shares issued to the selling shareholders are "restricted" shares under applicable federal and state securities laws and are being registered to give the selling shareholders the opportunity to sell their shares. The registration of such shares does not necessarily mean, however, that any of these shares will be offered or sold by the selling shareholders. The selling shareholders may from time to time offer and sell all or a portion of their shares in the over-the-counter market, in negotiated transactions, or otherwise, at market prices prevailing at the time of sale or at negotiated prices.

The registered shares may be sold directly or through brokers or dealers, or in a distribution by one or more underwriters on a firm commitment or best efforts basis. To the extent required, the names of any agent or broker-dealer and applicable commissions or discounts and any other required information with respect to any particular offer will be set forth in an accompanying prospectus supplement. See "Plan of Distribution".

Each of the selling shareholders reserves the sole right to accept or reject, in whole or in part, any proposed purchase of the registered shares to be made directly or through agents. The selling shareholders and any agents or broker-dealers that participate with the selling shareholders in the distribution of their registered shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, and any commissions received by them and any profit on the resale of the registered shares may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

We will receive no proceeds from the sale of the registered shares. We have agreed to bear the expenses of registration of the shares, other than commissions and discounts of agents or broker-dealers and transfer taxes, if any.

## Selling Shareholder Information

The following is a list of the selling shareholders who own or have the right to acquire an aggregate of 19,765,050 shares of our common stock covered in this prospectus. Certain selling shareholders have the right to acquire shares of our common stock upon warrants sold in our private placements. See "Transactions with Selling Shareholders".

At March 13, 2008 we had 61,712,895 shares of common stock issued and outstanding.

Name	Before Offering		Number of Shares Offered <sup>(2)</sup>	After Offering	
	Total Number of Shares Beneficially Owned <sup>(1)</sup>	Percentage of Shares Owned <sup>(1)</sup>		Shares Owned After Offering <sup>(3)</sup>	Percentage of Shares owned After Offering <sup>(3)</sup>
Jeff Berwick <sup>(4)</sup> 402-10011 123 Street Edmonton, Alberta T5N 1M9	50,000	**	40,000	10,000	**
Danny and Connie Deadlock <sup>(5)</sup> 313 2nd Avenue West Hanna, Alberta T0J 1P0	60,000	**	40,000	20,000	**
Ha T. Nguyen <sup>(6)</sup>					

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1107-1060 Alberni St. Vancouver, BC V6E 4K2	20,000	**	20,000	0	0%
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**John C. Barrett Revocable Trust dated 7/20/93<sup>(7)</sup>**

1107-1060 Alberni St. 130,000 \*\* 90,000 40,000 \*\*  
Vancouver, BC V6E 4K2

**Lindsay Bottomer #194-905A-5.<sup>(8)</sup>**

2200-609 Granville Street 20,000 \*\* 20,000 0 0%  
Vancouver, BC V7Y 1H2

**Karla Muir<sup>(9)</sup>**

2200-609 Granville Street 20,000 \*\* 20,000 0 0%  
Vancouver, BC V7Y 1H2

**John Wheeler<sup>(10)</sup>**

2000-400 Burrard Street 236,050 \*\* 200,000 36,050 \*\*  
Vancouver, BC V6C 3A6

**Inter Cap Inc.<sup>(11)</sup>**

2000-400 Burrard Street 230,000 \*\* 80,000 150,000 \*\*  
Vancouver, BC V6C 3A6

**Cadec Management SA Panama<sup>(12)</sup>**

2000-400 Burrard Street 260,000 \*\* 200,000 60,000 \*\*  
Vancouver, BC V6C 3A6

**Spearsea Inv.<sup>(13)</sup>**

2000-400 Burrard Street 310,000 \*\* 180,000 130,000 \*\*  
Vancouver, BC V6C 3A6

**Anthony Holland<sup>(14)</sup>**

2000-400 Burrard Street 80,000 \*\* 80,000 0 0%  
Vancouver, BC V6C 3A6

**Bermeo Invest SA<sup>(15)</sup>**

2000-400 Burrard Street 100,000 \*\* 60,000 40,000 \*\*  
Vancouver, BC V6C 3A6

**George Cross<sup>(16)</sup>**

2000-400 Burrard Street 150,000 \*\* 100,000 50,000 \*\*  
Vancouver, BC V6C 3A6

**Roytor & Co.<sup>(17)</sup>**

RBC Dexia Investor Services,  
Institutional & Investor Services, Securities  
Cage/Vault Department, 200,000 \*\* 200,000 0 0%  
Attn: Free Desk, Royal Bank Plaza, 200 Bay  
St.,  
South Tower, SL Level Toronto, ON M5J 2J5

**Roytor & Co.<sup>(18)</sup>**

RBC Dexia Investor Services,  
Institutional & Investor Services, Securities  
Cage/Vault Department, 3,400,000 5.36% 3,400,000 0 0%  
Attn: Free Desk, Royal Bank Plaza, 200 Bay St.,  
South Tower, SL Level Toronto, ON M5J 2J5

**Roytor & Co.<sup>(19)</sup>**

RBC Dexia Investor Services,  
Institutional & Investor Services, Securities  
Cage/Vault Department, 250,000 \*\* 250,000 0 0%  
Attn: Free Desk, Royal Bank Plaza, 200 Bay St.,  
South Tower, SL Level Toronto, ON M5J 2J5

**Munday-Maxwell & Gayliene-Association<sup>(20)</sup>**

206-4400 Dominion Street 300,000 \*\* 300,000 0 0%  
Burnaby, BC, V5G 4G3



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J. Logan Account # 75B219E <sup>(21)</sup> 77 Bloor Street West, 3rd Floor, Toronto, ON, M5S 1M2	170,000	**	80,000	90,000	**
S. Logan Account # 589611E <sup>(22)</sup> 77 Bloor Street West, 3rd Floor, Toronto, ON, M5S 1M2	120,000	**	120,000	0	0%
David Lewis <sup>(23)</sup> Intergral Wealth Securities, Waterpark Place, 20 Bay Street, Ste 1305 Toronto, ON M5J 2N8	62,500	**	62,500	0	0%
Dr. Kenneth Deichert <sup>(24)</sup> Waterpark Place, 20 Bay Street, Ste 1305, Toronto, ON M5J 2N8	12,500	**	12,500	0	0%
Robb Furse <sup>(25)</sup> Waterpark Place, 20 Bay Street, Ste 1305, Toronto, ON M5J 2N8	125,000	**	125,000	0	0%
Kees Van Winters <sup>(26)</sup> Waterpark Place, 20 Bay Street, Ste 1305, Toronto, ON M5J 2N8	187,500	**	187,500	0	0%
David Hayhoe <sup>(27)</sup> Waterpark Place, 20 Bay Street, Ste 1305, Toronto, ON M5J 2N8	62,500	**	62,500	0	0%
James McDonald <sup>(28)</sup> Waterpark Place, 20 Bay Street, Ste 1305, Toronto, ON M5J 2N8	25,000	**	25,000	0	0%
Strathaven Consulting Inc. <sup>(29)</sup> Waterpark Place, 20 Bay Street, Ste 1305, Toronto, ON M5J 2N8	25,000	**	25,000	0	0%
Geologic Resource Fund LP <sup>(30)</sup> 30 Hudson Street Jersey, NJ, 07302	4,200,000	6.77%	700,000	3,500,000	5.67%
Anthony D. & Gay F. Longinotti Living Trust DTD 6/30/92 <sup>(31)</sup> PO Box 2772 Hayden, ID, 83835-2772	20,000	**	20,000	0	0%
6A-4V59-E <sup>(32)</sup> 1410-1010 De La Gauchetiere ST, W. Montreal, Quebec, H3B 5J2	40,000	**	40,000	0	0%
Fred Prime 6A-4G90-E <sup>(33)</sup> 1410-1010 De La Gauchetiere ST, W. Montreal, Quebec, H3B 5J2	62,000	**	40,000	22,000	**
6A-4Y43-R Don Frost <sup>(34)</sup> 1410-1010 De La Gauchetiere ST, W. Montreal, Quebec, H3B 5J2	57,900	**	40,000	17,900	**
William Stirling 6A-4H52-E <sup>(35)</sup> 1410-1010 De La Gauchetiere ST, W.	90,000	**	60,000	30,000	**





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6A-ACCI-S David Laniado <sup>(36)</sup> 1410-1010 De La Gauchetiere ST, W. Montreal, Quebec, H3B 5J2	26,000	**	20,000	6,000	**
6A-4G30-E Dawson Holdings Ltd. <sup>(37)</sup> 1410-1010 De La Gauchetiere ST, W. Montreal, Quebec, H3B 5J2	450,000	**	200,000	250,000	**
475372 BC Ltd. <sup>(38)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	44,000	**	44,000	0	0%
6156495 Canada Ltd. <sup>(39)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	44,000	**	44,000	0	0%
Shameer Saleman <sup>(40)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	42,000	**	42,000	0	0%
Leila Bell-Irving <sup>(41)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	123,000	**	98,000	25,000	**
Steven Heringa <sup>(42)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	52,000	**	52,000	0	0%
Bolder Opportunities <sup>(43)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	800,000	**	300,000	500,000	**
WKW I Limited Partnership <sup>(44)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	200,000	**	200,000	0	0%
David & Margarida Woodhall <sup>(45)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	100,000	**	100,000	0	0%
Yasuo Suzuki <sup>(46)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	80,000	**	30,000	50,000	**
Shreepada Holdings Inc. <sup>(47)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	235,000	**	200,000	35,000	**
Hiromoto Okuro <sup>(48)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	100,000	**	100,000	0	0%
Peppy Holdings <sup>(49)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	275,000	**	100,000	175,000	**
Klassic-Fore Investment Inc. <sup>(50)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	200,000	**	200,000	0	0%
Stan Karon Holdings <sup>(51)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	150,000	**	100,000	50,000	**
Hiroshi Kano <sup>(52)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	40,000	**	40,000	0	0%

Tadahiro Kanazaki <sup>(53)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	257,500	**	200,000	57,500	**
Kazuyuki Hasegawa <sup>(54)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	10,000	**	10,000	0	0%

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Vijay Evani <sup>(55)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	50,000	**	50,000	0	0%
Subbarao Evani <sup>(56)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	400,000	**	200,000	200,000	**
Parvathi Evani <sup>(57)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	225,000	**	150,000	75,000	**
Usha Desai <sup>(58)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	40,000	**	40,000	0	0%
Naresh Desai <sup>(59)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	50,000	**	50,000	0	0%
Karen Campbell <sup>(60)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	50,000	**	50,000	0	0%
Ian Campbell <sup>(61)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	150,000	**	150,000	0	0%
Sydney Bass <sup>(62)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	70,000	**	60,000	10,000	**
Warren Stanyer <sup>(63)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	34,000	**	30,000	4,000	**
Percy Baker <sup>(64)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	80,000	**	80,000	0	0%
Paul McKenzie <sup>(65)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	40,000	**	40,000	0	0%
Graham Baldwin <sup>(66)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	70,000	**	70,000	0	0%
DM Patel Medical Inc. <sup>(67)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	50,000	**	50,000	0	0%
Nathan Damianos <sup>(68)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	20,000	**	20,000	0	0%
Gerald W. and Fabiola Baughman <sup>(69)</sup> 2590 Whistler Ridge Drive Reno, NV 89511	9,500,000	9.99%	9,500,000	0	0%
Bolder Investment Partners <sup>(70)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	229,000	**	202,050	26,950	**
Richardson Partners Financial Ltd. <sup>(71)</sup> 1410-1010 De La Gauchetiere ST, W. Montreal, Quebec, H3B 5J2	28,000	**	28,000	14,000	**

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Integral Wealth Securities Ltd.<sup>(72)</sup>

Waterpark Place, 20 Bay Street, Ste 1305  
Toronto, ON M5J 2N12

17,500

\*\*

17,500

0

0%

25

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Haywood Securities Inc. <sup>(73)</sup> 2000-400 Burrard Street Vancouver, BC V6C 3A6	40,600	**	31,500	9,100	**
<b>TOTAL</b>	<b>25,448,550</b>	<b>35.48%</b>	<b>19,765,050</b>	<b>5,683,500</b>	<b>9.25%</b>

\*\* - Designates of percentage of ownership of less than 1%

(1)

All percentages are based on 61,712,895 shares of common stock issued and outstanding on March 13, 2008. Beneficial ownership is calculated by the number of shares of common stock that each selling shareholder owns or controls or has the right to acquire within 60 days of March 6, 2008.

(2)

This table assumes that each shareholder will sell all of its shares available for sale during the effectiveness of the registration statement that includes this prospectus. Selling shareholders are not required to sell their shares. See "Plan of Distribution" beginning on page 33.

(3)

Assumes that all shares registered for resale by this prospectus have been issued and sold.

(4)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. The named individual exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 10,000 shares of common stock.

(5)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. The named individuals exercise joint voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 20,000 shares of common stock.

(6)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. The named individual exercises sole voting control and dispositive power over these securities.

(7)

Includes 45,000 shares of common stock and 45,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. John C. Barrett as trustee for the John C. Barrett Revocable Trust exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 40,000 shares of common stock.

(8)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Canaccord Capital in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(9)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Canaccord Capital in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(10)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 31,500 shares of common stock and 4,550 shares of common stock acquirable upon exercise of warrants.

(11)

Includes 40,000 shares of common stock and 40,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Inter Cap Inc. Roland Germann in his capacity as Signatory to Inter Cap Inc. exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 150,000 shares of common stock.

(12)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Cadec Management SA Panama. Roland Germann in his capacity as Signatory to Cadec Management SA Panama exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 60,000 shares of common stock.

(13)

Includes 90,000 shares of common stock and 90,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Spearsea Inv. Roland Germann in his capacity as Signatory to Spearsea exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 30,000 shares of common stock and 100,00 shares of common stock acquirable upon exercise of warrants.

(14)

Includes 40,000 shares of common stock and 40,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(15)

Includes 30,000 shares of common stock and 30,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Bermeo Invest SA. Roland Germann in his capacity as Signatory to Bermeo Invest SA exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 20,000 shares of common stock and 20,000 common shares acquirable upon the exercise of warrants.

(16)

Includes 50,000 shares of common stock and 50,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 50,000 shares of common stock.

(17)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Roytor & Co. in favor of Bank Frick & Co. AG for the benefit of Golden Dhow Fund. Mr. Oliver von Niederhausen of Golden Dhow Fund exercises sole voting control and dispositive power over these securities.

(18)

Includes 1,700,000 shares of common stock and 1,700,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Roytor & Co. in favor of Bank Frick & Co. AG for the benefit of Top-Gold AG MVK. Mr. Oliver von Niederhausen of Top-Gold AG MVK exercises sole voting control and dispositive power over these securities.

(19)

Includes 175,000 shares of common stock and 175,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Roytor & Co. in favor of Bank Frick & Co. AG for the benefit of Bank Frick & Co. AG. Mr. Jurgen Frick of Bank Frick & Co. AG exercises sole voting control and dispositive power over these securities.



(20)

Includes 150,000 shares of common stock and 150,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. Max Munday and Genny Sturhah in their capacity as President and Treasurer to Munday-Maxwell & Gayliene-Association exercises sole voting control and dispositive power over these securities.

(21)

Includes 40,000 shares of common stock and 40,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by TD Waterhouse in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 90,000 shares of common stock.

(22)

Includes 60,000 shares of common stock and 60,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by TD Waterhouse in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(23)

Includes 31,250 shares of common stock and 31,250 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(24)

Includes 6,250 shares of common stock and 6,250 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(25)

Includes 62,500 shares of common stock and 62,500 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(26)

Includes 93,750 shares of common stock and 93,750 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(27)

Includes 31,250 shares of common stock and 31,250 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(28)

Includes 12,500 shares of common stock and 12,500 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(29)

Includes 25,000 shares of common stock and 25,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Integral Wealth Securities Ltd. in trust for Strathaven Consulting Inc. Kenneth Lonsdale in his capacity as President to Strathaven Consulting Inc. exercises sole voting control and dispositive power over these securities.

(30)

Includes 350,000 shares of common stock and 350,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Goldman, Sachs & Co. as nominee for Geologic Resource Fund LP. John Kanellitsas in his capacity as Chief Financial Officer to Geologic Resource Fund LP exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 3,500,000 shares of common stock.

(31)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. Anthony D Longinotti and Gay Longinotti in their capacity as trustees to the Anthony D. & Gay F. Longinotti Living Turst exercises sole voting control and dispositive power over these securities. Anthony D. and Gay F. Longinotti are related to Michael Longinotti who is the Company's Chief Executive Officer.

(32)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for 6A-4V59-E. Scott M. Austin in his capacity as trustee to 6A-4V59-E exercises sole voting control and dispositive power over these securities.

(33)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 22,000 shares of common stock.

(34)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 17,900 shares of common stock.

(35)

Includes 30,000 shares of common stock and 30,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 30,000 shares of common stock.

(36)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 6,000 shares of common stock.

(37)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for Dawson Holdings Ltd. G.R. Dawson in his capacity as President to Dawson Holdings Ltd. exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 250,000 shares of common stock.

(38)

Includes 22,000 shares of common stock and 22,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for 475372 BC Ltd. Mark Hassett in his capacity as President to 475372 BC Ltd. exercises sole voting control and dispositive power over these securities.

(39)

Includes 22,000 shares of common stock and 22,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for 6156495 Canada Ltd. Mary Jane Gordon in her capacity as President and Secretary to 6156495 Canada Ltd. exercises sole voting control and dispositive power over these securities.

(40)

Includes 21,000 shares of common stock and 21,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(41)

Includes 49,000 shares of common stock and 49,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. . Equity included in beneficial ownership total but not being registered under this statement include 25,000 shares of common stock.

(42)

Includes 26,000 shares of common stock and 26,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(43)

Includes 150,000 shares of common stock and 150,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Bolder Opportunities. C. Channing Buckland in his capacity as Director of the General Partner to Bolder Opportunities exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 500,000 shares of common stock

(44)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for WKW I Limited Partnership. C. Channing Buckland in his capacity as Director of the General Partner to WKW I Limited Partnership exercises sole voting control and dispositive power over these securities.

(45)

Includes 50,000 shares of common stock and 50,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individuals, who exercise joint voting control and dispositive power over these securities.

(46)

Includes 15,000 shares of common stock and 15,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 50,000 shares of common stock.

(47)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Shreepada Holdings Inc. Subboraro Evani and Parvathi Evani in their capacity as President and Secretary to Shreepada Holdings Inc. exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 35,000 shares of common stock.

(48)

Includes 50,000 shares of common stock and 50,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(49)

Includes 50,000 shares of common stock and 50,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Peppy Holdings. David Steed in his capacity as President to Peppy Holdings exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 125,000 shares of common stock and 50,000 common shares acquirable upon the exercise of warrants.

(50)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Klassic-Fore Investment Inc. Robert Krahn in his capacity as President to Klassic-Fore Investment Inc. exercises sole voting control and dispositive power over these securities.

(51)

Includes 50,000 shares of common stock and 50,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Stan Karon Holdings. Stan Karon in his capacity as President to Stan Karon Holdings exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 50,000 shares of common stock

(52)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(53)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 57,500 shares of common stock.

(54)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(55)

Includes 25,000 shares of common stock and 25,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(56)

Includes 100,000 shares of common stock and 100,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 150,000 shares of common stock and 50,000 common shares acquirable upon the exercise of warrants.

(57)

Includes 75,000 shares of common stock and 75,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 75,000 shares of common stock.

(58)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(59)

Includes 25,000 shares of common stock and 25,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(60)

Includes 25,000 shares of common stock and 25,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(61)

Includes 75,000 shares of common stock and 75,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(62)

Includes 30,000 shares of common stock and 30,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 10,000 shares of common stock.

(63)

Includes 15,000 shares of common stock and 15,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities. Equity included in beneficial



ownership total but not being registered under this statement include 4,000 shares of common stock.

(64)

Includes 40,000 shares of common stock and 40,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(65)

Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(66)

Includes 35,000 shares of common stock and 35,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(67)

Includes 25,000 shares of common stock and 25,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for DM Patel Medical Inc. Divyejh Patel in his capacity as sole signing officer for DM Patel Medical Inc. exercises sole voting control and dispositive power over these securities.

(68)

Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of Series G Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for the named individual, who exercises sole voting control and dispositive power over these securities.

(69)

Includes 4,500,000 shares of common stock and 5,000,000 shares of common stock acquirable upon conversion of a convertible note within 60 days of March 6, 2008. Conversion of the note has a cap which prevents beneficial ownership of common shares from exceeding 9.99% of the issued and outstanding. Gerald Baughman is the Company's Vice President of Corporate Development. The named individuals exercise joint voting control and dispositive power over these securities.

(70)

Includes 202,050 shares of common stock acquirable upon exercise of Series H Brokers' Warrants within 60 days of March 6, 2008. These shares are held by Haywood Securities Inc. in trust for Bolder Investment Partners. Chan Buckland in his capacity as President for Bolder Investment Partners exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 26,950 common shares acquirable upon the exercise of warrants.

(71)

Includes 14,000 shares of common stock acquirable upon exercise of Series H Brokers' Warrants within 60 days of March 6, 2008. These shares are held by NBCN Inc. in trust for Richardson Partners Financial Ltd. Murray Buckhold in his capacity as First Vice President for Richardson Partners Financial Ltd. exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 14,000 common shares acquirable upon the exercise of warrants.

(72)

Includes 17,500 shares of common stock acquirable upon exercise of Series H Brokers' Warrants within 60 days of March 6, 2008. John Gibson, David Cusson, David Franklin, Robert Furse, and Richard Jozefacki in their capacity as owners for Integral Wealth Securities Ltd. exercise sole voting control and dispositive power over these securities.

(73)

Includes 31,500 shares of common stock acquirable upon exercise of Series H Brokers' Warrants within 60 days of March 6, 2008. Marilyn Dryhurst in her capacity as Manager of Securities Cage and Settlements to Haywood Securities Inc. exercises sole voting control and dispositive power over these securities. Equity included in beneficial ownership total but not being registered under this statement include 9,100 common shares acquirable upon the exercise of warrants.

Transactions With Selling Shareholders

On August 7, 2007, we closed a private placement of 5 million units at a price of Cdn.\$0.80 per unit for gross proceeds of Cdn.\$4.0 million. Each unit consisted of one common share and one full purchase warrant. The two year warrants are exercisable at a price of Cdn\$1.00 if exercised within twelve months of the closing (the "First Anniversary") and at a price Cdn\$1.25 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers cash commissions in the amount of Cdn\$152,040 and issued warrants to acquire 265,050 common shares (at a price of Cdn\$0.83 for a period of up to 9 months from closing). These dealers included Bolder Investment Partners, Richardson Partners Financial Ltd., Integral Wealth Securities Ltd., and Haywood Securities Inc. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development programs. We offered and sold shares outside the United States to non-U.S. persons in off-shore transactions pursuant to the exclusion from registration available under Regulation S of the Securities Act and in the United States in private transactions not involving a public offering pursuant to exemptions available under Rule 506 of Regulation D and Section 4(2) of the Securities Act.

On August 21, 2007, the Company closed the acquisition of Nevada Eagle Resources, a privately held Nevada limited liability company, pursuant to a membership interest purchase agreement, dated July 4, 2007, by and between the Company, Gerald W. Baughman and Fabiola Baughman, as sellers, and Nevada Eagle. Under the purchase agreement, the Company acquired all of the outstanding limited liability company interests of Nevada Eagle from the sellers for the following consideration, paid on August 21, 2007:

- (a) \$2,500,000 in cash;
- (b) 4,500,000 shares of common stock of the Registrant (the "Common Shares"); and
- (c) a 5% convertible note in the principal amount of \$5,000,000 (the "Convertible Note").

The Convertible Note, due March 30, 2010, bears interest at an annual rate of 5% and is convertible at the option of the holder into common shares of the Registrant at an initial conversion price of \$1.00 per share during first the twelve-month period following the Closing Date, \$1.25 per share during the second twelve-month period following the Closing Date, \$1.50 per share thereafter, and \$1.75 per share if converted on March 30, 2010. The interest payments are due on a semi-annual basis beginning on January 1, 2008.

We offered and sold these securities in the United States in private transactions not involving a public offering pursuant to exemptions available under Rule 506 of Regulation D and Section 4(2) of the Securities Act.

#### **PLAN OF DISTRIBUTION**

We are registering the shares of common stock on behalf of the selling shareholders. When we refer to selling shareholders, we intend to include donees and pledgees selling shares received from a named selling shareholder after the date of this prospectus. All costs, expenses and fees in connection with this registration of the shares offered under this registration statement will be borne by us. Brokerage commissions and similar selling expenses, if any, attributable to the sale of shares will be borne by the selling shareholders. Sales of shares may be effected by the selling shareholders from time to time in one or more types of transactions (which may include block transactions) on the over-the-counter market, in negotiated transactions, through put or call options transactions relating to the shares, through short sales of shares, or a combination of such methods of sale, at market prices prevailing at the time of sale, or at negotiated prices. Such transactions may or may not involve brokers or dealers. The selling shareholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their securities, nor is there an underwriter or coordinating broker acting in connection with the proposed sale of shares by the selling shareholders.

The selling shareholders may effect such transactions by selling shares directly to purchasers or through broker-dealers, which may act as agents or principals. Such broker-dealers may receive compensation in the form of discounts, concessions, or commissions from the selling shareholders and/or purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

The selling shareholders and any broker-dealers that act in connection with the sale of shares might be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, and any commissions received by such broker-dealers and any profit on the resale of shares sold by them while acting as principals might be deemed to be

underwriting discounts or commissions under the Securities Act. The selling shareholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares against some liabilities arising under the Securities Act.

Because the selling shareholders may be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, the selling shareholders will be subject to the prospectus delivery requirements of the Securities Act. We have informed the selling shareholders that the anti-manipulative provisions of Regulation M promulgated under the Exchange Act may apply to their sales in the market.

In the event that the registration statement is no longer effective, the selling shareholders may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided they meet the criteria and conform to the requirements of such Rule, including the minimum one year holding period.

Upon being notified by any selling shareholder that any material arrangement has been entered into with a broker-dealer for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, we will file a supplement to this prospectus, if required, under Rule 424(b) of the Act, disclosing:

- the name of each selling shareholder(s) and of the participating broker-dealer(s),
- the number of shares involved,
- the price at which the shares were sold,
- the commissions paid or discounts or concessions allowed to the broker-dealer(s), where applicable,
- that the broker-dealer(s) did not conduct any investigation to verify information set out or incorporated by reference in this prospectus; and
- other facts material to the transaction.

### **LEGAL PROCEEDINGS**

Except as provided below, neither we nor any of our property, including the Borealis Property and the Nevada Eagle Properties, are currently subject to any material legal proceedings or other regulatory proceedings, and to our knowledge no such proceedings are contemplated.

On September 16, 2005, our subsidiary, Borealis Mining Company, was named as a co-defendant in an ongoing civil action pending in the United States District Court for the District of Nevada, entitled *United States v. Walker River Irrigation District* (Court Doc. No. In Equity C-125, Subfile C-125-B). The action seeks to determine the existence and extent of water rights held by the federal government in the Walker River drainage area for use on federally reserved lands such as Indian reservations, National Forests, military reservations, and the like. The suit does not dispute nor seek to invalidate any existing water rights (including ours); rather, it seeks to determine the extent and priority of the federal government's water rights. On May 27, 2003, the Court stayed all proceedings to allow the United States, the State of Nevada, the State of California, the Walker River Paiute Tribe, the Walker River Irrigation District, Mono County, California, Lyon County, Nevada, Mineral County, Nevada and the Walker Lake Working Group to attempt to mediate a settlement. Borealis Mining Company was named as one of several hundred co-defendants in this action because it owns water rights within a portion of the Walker River drainage area in Nevada, which were granted under a permit on September 16, 2005. We, like most private water right owners, do not intend to participate in the merits of the lawsuit. We do not believe that this civil action, which will determine the extent and priority of federally reserved water rights in the area, will have any effect on our potential business operations as we currently have permits to access water from two sites for our Borealis Property, one of which is not subject to this action and either of which, individually, would provide a sufficient water supply for our potential operations.

On January 18, 2007, the Company was served with a motion to compel arbitration regarding the termination of its former Chief Operating Officer, Mr. Allen Gordon pursuant to his executive compensation agreement ( 'ECA'). Mr. Gordon claimed breach of contract under his ECA by failing to make severance payments of \$228,511. A comprehensive settlement agreement was reached on April 19, 2007 that included a one time payment to Mr. Gordon of \$75,000 and his resignation from the Board of Directors.

**DIRECTORS, EXECUTIVE OFFICERS, AND CONTROL PERSONS**

Our directors hold office until the next annual meeting of the stockholders and the election and qualification of their successors. Officers are elected annually by the Board of Directors and serve at the direction of the Board of Directors.

The following table and information that follows sets forth, as of March 13, 2008, the names, and positions of our directors and executive officers:

<b>Name and Municipality of Residence</b>	<b>Current Office with Gryphon Gold</b>	<b>Principal Occupation Last Five Years</b>	<b>Director Since</b>
<b>Anthony (Tony) D. J. Ker</b> West Vancouver, British Columbia	Director, Chief Executive Officer and President	Appointed Chief Executive Officer September 2006, Executive Vice President, Gryphon Gold Corporation, 2003 to present, General Manager, Transcontinental Printing Inc., 1996 to 2004.	May 7, 2004
<b>Albert J. Matter</b> Vancouver, British Columbia	Director	Executive Chairman, since August 2005; Chairman of the Board and Vice President of Corporate Development, Gryphon Gold Corporation, 2003 to 2007. President National Gold Corporation, 1999 to 2002.	April 30, 2003
<b>Richard W. Hughes</b> North Vancouver, British Columbia	Director	President of Klondike Gold Corp. 1985 to present.	June 14, 2003
<b>Rohan Hazelton</b> North Vancouver, British Columbia	Director	Vice President Finance 2006 to present, formerly corporate Controller 2004 to 2006 and Mgr. Treasury and Finance, 2002 to 2004, Goldcorp Inc. (and Predecessor Wheaton River Minerals Ltd.), Auditor, Deloitte & Touche LLP, 1999 to 2002.	July 6, 2005
<b>Donald W. Gentry</b> Bella Vista, Arkansas	Director	President, Chief Executive Officer, Chairman and Director of PolyMet Mining Corporation, 1998 to 2003	July 18, 2005



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**Michael K. Longinotti**

Chief Financial Officer and  
Secretary

Chief Financial Officer, appointed May 15, 2006, Chief  
Financial officer Digital Payment Technologies February  
2005 to May 2006, CFO Knight Signs Sept 2004 to  
February 2005, CFO Silent Witness, Nov. 2000 to June  
2003. 1992 to 2000 Comptroller and then Treasurer of  
Cominco Ltd.

North Vancouver, British Columbia

The following is a description of the business background of the directors and executive officers of the Corporation.

**Albert J. Matter**, 60, Director, has served as our Chairman of the Board, Vice President of Corporate Development, past Secretary and Treasurer since its inception in early 2003 and was appointed Executive Chairman on August 10, 2005. From 1999 to December of 2002 Mr. Matter served as President and Chief Executive Officer of National Gold Corporation. From spring of 1998 to fall of 1999 Mr. Matter was in retirement. Mr. Matter has over 30 years of experience of providing corporate finance, strategic planning, mergers and acquisition, and business development assistance to numerous corporations and high net worth individuals, especially in Western Canada. Successful corporate financing highlights include projects for Consumers Distributing Ltd., CN/CP Telecom, Madison Ventures Ltd., Rea Gold Corporation, Echo Bay Mines Ltd., Russell Steel Ltd., Blackdome Mining Ltd., Southward Energy Ltd., Winspear Resources Ltd. and National Gold Corporation. Mr. Matter holds a B.A. in Economics from the University of British Columbia.

**Richard W. Hughes**, 75, Director, is President of Hastings Management Corp., a private management company providing administrative and professional services to public companies engaged in mineral exploration. He is also President of five companies listed on the Toronto Venture Stock Exchange (TSX): Klondike Gold Corp., Klondike Silver Corp., Abitibi Mining Corp., Sedex Mining Corp., Amador Gold Corp., Chairman of Golden Chalice Resources Inc. and is a director of Alamos Gold Corp. and 10 other TSX listed companies. Mr. Hughes has brought four mines into production and had a prominent role in the discovery of the Golden Giant (Hemlo Mine) in Ontario Canada and was responsible for the discovery of the Belmoral Mine and the Sleeping Giant Mine, both in Quebec, Canada.

**Rohan Hazelton**, 33, Director, joined our board in July 2005 and was appointed Chairman of the Audit Committee. Mr. Hazelton is currently Vice President, Finance, and formerly was Corporate Controller for Goldcorp Inc. Prior to Goldcorp's merger with Wheaton River Minerals Ltd; he was a key member of Wheaton's management team since 2002 during Wheaton's rapid growth and significant increase in shareholder value. Mr. Hazelton is a Chartered Accountant and previously worked for Deloitte & Touche LLP and Arthur Andersen LLP. Prior to that, Mr. Hazelton was a commercial loans officer for Dialog Bank Moscow, Russia. Mr. Hazelton holds a B.A. in Math and Economics from Harvard University.

**Donald W. Gentry**, 64, Director, joined our board in July 2005 after retiring from PolyMet Mining Corporation as its President, Chief Executive Officer, Chairman and Director from 1998 to 2003. He is a retired Professor Emeritus of the Colorado School of Mines, having served that institution from 1972 to 1998 as Professor, Department Head and Dean of Engineering. He has an international reputation as a consulting mining engineer, professional educator and mining executive. His primary interests center on the financial aspects of project evaluation, investment decision analysis, project financing, and corporate investment strategies. He previously served as a Director of Santa Fe Pacific Gold Corporation, Newmont Mining Corporation, and Newmont Gold Company and currently is a Director of Golden Gryphon Explorations (a company which is unrelated to Gryphon Gold Corporation). He was elected President of the Society for Mining, Metallurgy and Exploration, Inc. in 1993 and the American Institute of Mining, Metallurgical and Petroleum Engineers in 1996, and to the National Academy of Engineering in 1996. He holds B.S., M.S. and PhD. degrees in mining engineering from the University of Illinois, Mackay School of Mines, and University of Arizona, respectively.

**Anthony Ker**, 50, Director, has served as our Chief Executive Officer since September 2006 prior to which he was Executive Vice President, Secretary and Treasurer since August 2003. From 1999 to February 2003, Mr. Ker served as Director, Treasurer, Secretary and Chief Financial Officer for National Gold Corporation, a TSX Venture Exchange listed company that merged into Alamos Gold, Inc. (TSX) during the spring of 2003. From 1996 and concurrent with the positions at National Gold Corporation, he was General Manager for Transcontinental Printing, Inc., British Columbia Division, a Toronto Stock Exchange listed company, and the second largest printer in Canada. Prior to the Transcontinental Printing, Inc. position, Mr. Ker managed a large coastal sawmill for International Forest Products Limited and Weldwood of Canada Limited in British Columbia. Mr. Ker holds a Bachelor of Science in Forestry from University of British Columbia.

**Michael K. Longinotti**, 50, was appointed as our Chief Financial Officer effective May 15, 2006. From 2003 to 2006 Mr. Longinotti has worked with several entrepreneurial companies as CFO including Digital Payment Technologies, Knight Signs and Rx Networks. From 2000 to 2004 he was CFO of Silent Witness, a NASDAQ and TSX listed provider of security equipment and network provider. From 1989 to 2000 he was in various positions, including Comptroller and Treasurer at Cominco Ltd. a multinational mining and smelting corporation with Cdn\$ 3 billion in assets. Mr. Longinotti holds a B.S. in Geology and a B.S. in Environmental Science from Washington State University and a B.A. in Business Administration from the University of Washington and is a member of the Washington State Society of Certified Public Accountants.

None of our executive officers or key employees is related by blood, marriage or adoption to any other director or executive officer.

To our knowledge, there is no arrangement or understanding between any of our officers and any other person pursuant to which the officer was selected to serve as an officer.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS  
AND MANAGEMENT**

The following tables set forth information as of December 31, 2007 regarding the ownership of our common stock by:

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each person who is known by us to own more than 5% of our shares of common stock; and

- 

each named executive officer, each director and all of our directors and executive officers as a group.

The number of shares beneficially owned and the percentage of shares beneficially owned are based on 61,465,395 shares of common stock outstanding as of December 31, 2007.

For the purposes of the information provided below, shares subject to options and warrants that are exercisable within 60 days following December 31, 2007 are deemed to be outstanding and beneficially owned by the holder for the purpose of computing the number of shares and percentage ownership of that holder but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to these tables, and as affected by applicable community property laws, all persons listed have sole voting and investment power for all shares shown as beneficially owned by them.

***Principal Stockholders***

<u>Name and Address of Beneficial Owner(1)</u>	<u>As of December 31, 2007</u>	
	<u>Shares</u>	<u>Percent</u>
<b>Standard Bank plc</b> 25 Dowgate Hill, Cannon Bridge House London, United Kingdom EC4R 2SB	3,426,336	5.57%
<b>Geologic Resource Fund</b>	7,000,000(2)	10.77%(2)
<b>Gerry W. Baughman and Fabiola Baughman</b>	6,384,374(3)	9.99%(3)

(1)

Beneficial ownership is determined in accordance with the rules of the United States Securities and Exchange Commission and includes voting and investment power with respect to shares. Unless otherwise indicated, the persons named in this table have sole voting and sole investment control with respect to all shares beneficially owned. Figures shown are on a non-diluted basis.

(2)

Geologic Resource Fund LP of 535 Boylston Street, Boston MA currently holds 980,000 shares and 980,000 shares upon exercise of warrants and Geologic Resource Fund LTD of Harbour Centre, Noah Church Street, George Town, Grand Cayman holds 2,520,000 shares and 2,520,000 shares upon exercise of warrants. George Ireland (Chief Investment Officer for both funds) holds sole voting power.

(3)

6,384,374 common shares beneficially owned by the Baughmans, as joint tenants with rights of survivorship, is comprised of 4,500,000 shares of Common Stock of the Issuer and 1,884,374 shares of Common Stock of the Issuer that are issuable upon conversion of a \$5,000,000, convertible note, subject to a cap on conversion at 9.99% of the issued and outstanding.

*Security Ownership of Management*

<u>Name and Address of Beneficial Owner(1)</u>	<u>As of December 31, 2007</u>	
	<u>Shares</u>	<u>Percent</u>
<b>Albert Matter</b> Director  Suite 810, 1130 West Pender Street  Vancouver, BC V6E 4A4	2,678,780(2)	4.32%(2)
<b>Anthony Ker</b> Director, President, Chief Executive Officer  Suite 810, 1130 West Pender Street  Vancouver, BC V6E 4A4	1,717,500(3)	2.77%(3)
<b>Michael Longinotti</b> Chief Financial Officer  Suite 810, 1130 West Pender Street  Vancouver, BC V6E 4A4	483,000(4)	0.78%(4)
All directors and executive officers as a group (6 persons)	7,029,280(5)	11.02%(5)

(1)

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares. Unless otherwise indicated, the persons named in this table have sole voting and sole investment control with respect to all shares beneficially owned.

(2)

Includes vested options exercisable to acquire 600,000 shares of common stock and 140,280 restricted stock units

(3)

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Includes vested options exercisable to acquire 575,000 shares of common stock and 68,750 restricted stock units. Tony Ker was appointed Chief Executive Officer September 12, 2006 and appointed President January 10, 2007.

(4)

Includes vested options exercisable to acquire 300,000 shares of common stock.

(5)

Includes vested options exercisable to acquire 2,337,500 shares of common stock and 377,780 restricted stock units.

We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control.

We are not, to the best of our knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

As of March 6, 2008, we had approximately 1783 shareholders of record of our common stock.

### **DESCRIPTION OF SECURITIES**

Our authorized capital stock of Gryphon Gold consists of one hundred fifty million (150,000,000) shares of common stock, par value \$0.001 per share and fifteen million (15,000,000) shares of Preferred Stock, par value \$0.001 per share. No other class or series of capital stock is currently authorized under the Corporation's articles of incorporation.

#### **Common Stock**

We had 61,712,895 shares of common stock outstanding as of March 13, 2007.

Holders of common stock are entitled to one vote per share on all matters subject to stockholder vote. The common stock has no preemptive or other subscription rights. All of the presently outstanding shares of common stock are fully paid and non assessable. If the corporation is liquidated or dissolved, holders of shares of common stock will be entitled to share ratably in assets remaining after satisfaction of liabilities and subject to the rights, if any, of the holders of our preferred stock.

The holders of the common stock are entitled to receive dividends when and as declared by the Board of Directors, out of funds legally available therefore. The corporation has not paid cash dividends with respect to its common stock in the past. No share of common stock of the corporation which is fully paid is liable to calls or assessment by the corporation.

### **Preferred Stock**

Our articles of incorporation authorize our board of directors to issue, by resolution and without any action by our stockholders, one or more series of preferred stock and to establish the designations, dividend rights, dividend rate, conversion rights, voting rights, terms of redemption, liquidation preference, sinking fund terms and all other preferences and rights of any series of preferred stock, including rights that could adversely affect the voting power of the holders of our common stock.



One of the effects of undesignated preferred stock may be to enable the board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and thereby to protect the continuity of our management. The issuance of shares of preferred stock pursuant to the board of directors' authority described above may adversely affect the rights of holders of common stock. For example, preferred stock issued by us may rank prior to the common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock. Accordingly, the issuance of shares of preferred stock may discourage bids for the common stock at a premium or may otherwise adversely affect the market price of the common stock.

### **Nevada Laws**

The Nevada Business Corporation Law contains a provision governing acquisition of controlling interest. This law provides generally that any person or entity that acquires 20% or more of the outstanding voting shares of a publicly-held Nevada corporation in the secondary public or private market may be denied voting rights with respect to the acquired shares, unless a majority of the disinterested shareholders of the corporation elects to restore such voting rights in whole or in part. The control share acquisition act provides that a person or entity acquires control shares whenever it acquires shares that, but for the operation of the control share acquisition act, would bring its voting power within any of the following three ranges:

- 20 to 33 1/3%;
- 33 1/3 to 50%; or
- more than 50%.

A control share acquisition is generally defined as the direct or indirect acquisition of either ownership or voting power associated with issued and outstanding control shares. The shareholders or board of directors of a corporation may elect to exempt the stock of the corporation from the provisions of the control share acquisition act through adoption of a provision to that effect in the articles of incorporation or bylaws of the corporation. Our articles of incorporation and bylaws do not exempt our common stock from the control share acquisition act.

The control share acquisition act is applicable only to shares of Issuing Corporations as defined by the Nevada law. An Issuing Corporation is a Nevada corporation, which:

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has 200 or more shareholders, with at least 100 of such shareholders being both shareholders of record and residents of Nevada; and

- 

does business in Nevada directly or through an affiliated corporation.

At this time, we do not have 100 shareholders of record resident of Nevada. Therefore, the provisions of the control share acquisition act do not apply to acquisitions of our shares and will not until such time as these requirements have been met. At such time as they may apply, the provisions of the control share acquisition act may discourage companies or persons interested in acquiring a significant interest in or control of us, regardless of whether such acquisition may be in the interest of our shareholders.

The Nevada Combination with Interested Shareholders Statute may also have an effect of delaying or making it more difficult to effect a change in control of us. This statute prevents an interested shareholder and a resident domestic Nevada corporation from entering into a combination, unless certain conditions are met. The statute defines combination to include any merger or consolidation with an interested shareholder, or any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions with an interested shareholder having:

- an aggregate market value equal to 5 percent or more of the aggregate market value of the assets of the corporation;

- an aggregate market value equal to 5 percent or more of the aggregate market value of all outstanding shares of the corporation; or

- representing 10 percent or more of the earning power or net income of the corporation.

An interested shareholder means the beneficial owner of 10 percent or more of the voting shares of a resident domestic corporation, or an affiliate or associate thereof. A corporation affected by the statute may not engage in a combination within three years after the interested shareholder acquires its shares unless the combination or purchase is approved by the board of directors before the interested shareholder acquired such shares. If approval is not obtained, then after the expiration of the three-year period, the business combination may be consummated with the approval of the board of directors or a majority of the voting power held by disinterested shareholders, or if the consideration to be paid by the interested shareholder is at least equal to the highest of:

- the highest price per share paid by the interested shareholder within the three years immediately preceding the date of the announcement of the combination or in the transaction in which he became an interested shareholder, whichever is higher;

- the market value per common share on the date of announcement of the combination or the date the interested shareholder acquired the shares, whichever is higher; or

- if higher for the holders of preferred stock, the highest liquidation value of the preferred stock.

**INTEREST OF NAMED EXPERTS AND COUNSEL**

None.

**THE SEC'S POSITION ON INDEMNIFICATION FOR  
SECURITIES ACT LIABILITIES**

The Company's Bylaws and Articles of Incorporation (the Certificate of Incorporation ) provide that we shall, to the full extent permitted by the Nevada General Business Corporation Law, as amended from time to time (the Nevada Corporate Law ), indemnify all of our directors and officers. Section 78.7502 of the Nevada Corporate Law provides in part that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Similar indemnity is authorized for such persons against expenses (including attorneys' fees) actually and reasonably incurred in defense or settlement of any threatened, pending or completed action or suit by or in the right of the corporation, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and provided further that (unless a court of competent jurisdiction otherwise provides) such person shall not have been adjudged liable to the corporation. Any such indemnification may be made only as authorized in each specific case upon a determination by the stockholders or disinterested directors that indemnification is proper because the indemnitee has met the applicable standard of conduct. Under our Certificate of Incorporation, the indemnitee is presumed to be entitled to indemnification and we have the burden of proof to overcome that presumption. Where an officer or a director is successful on the merits or otherwise in the defense of any action referred to above, we must indemnify him against the expenses which such officer or director actually or reasonably incurred. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

To the extent that indemnification for liabilities arising under the Securities Act may be permitted for our directors, officers and controlling persons, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

## **ORGANIZATION WITHIN LAST FIVE YEARS**

### **Director Independence**

The Company's Board of Directors has determined that Richard W. Hughes, Rohan Hazelton, and Donald W. Gentry are independent directors of the Company based on the definition of independence under the rules of the American Stock Exchange and the Toronto Stock Exchange.

## **DESCRIPTION OF THE BUSINESS**

### **Name and Incorporation**

Gryphon Gold Corporation was formed under the laws of the State of Nevada on April 24, 2003.

Our principal business office, which also serves as our administration and financing office is located in Canada at Suite 810, 1130 West Pender Street, Vancouver, British Columbia, Canada V6E 4A4, and our telephone number there is 604-261-2229.

We own 100% of the issued and outstanding shares of our operating subsidiaries, Borealis Mining Company and Gryphon Nevada Eagle Holding Company. Gryphon Nevada Eagle Holding Company owns 100% of the membership interests in Nevada Eagle Resources LLC. We have no other subsidiaries. Borealis Mining Company was formed under the laws of the State of Nevada on June 5, 2003, Gryphon Nevada Eagle Holding Company was formed under the laws of the State of Nevada on July 27, 2007, and Nevada Eagle Resources LLC was organized under the laws of the State of Nevada on April 28, 2005.

## History and Background of Company

We were established as a private company in April 2003 by Albert Matter and Allen Gordon to acquire and develop gold properties in the United States. Our objective is to establish a producing gold company through the development and extraction of gold deposits.

In July 2003, through our wholly-owned subsidiary Borealis Mining, we acquired from Golden Phoenix an option to earn up to a 70% joint venture interest in the mining lease for the Borealis Property (July 2003 Option and Joint Venture Agreement) by making qualified development expenditures on that property.

In October 2003, we engaged a mining consultant to develop a preliminary scoping study for the redevelopment of the Borealis Property.

During 2004, we completed drilling, technical and engineering work necessary to prepare a Plan of Operation in respect of the development of an open pit, heap leach mine on the Borealis Property. We submitted the Plan of Operation to the U.S. Forest Service on August 27, 2004, and we continue to work on satisfying all the requirements of the various approval agencies and completing all necessary reviews, including the approval of the Nevada Division of Environmental Protection. The principal mine operating permits were granted in 2006. A further discussion of operating permits and other governmental regulation concerns is described under the caption Permitting, below.

Following the course established by the recommendations in the preliminary scoping study, and based on additional geologic field work that was completed in 2004, we retained Ore Reserves Engineering, consulting resource modeling engineers, to complete an updated resource estimate model in accordance with National Instrument 43-101 of the Canadian Securities Administrators. In May 2005, Ore Reserves Engineering delivered the report titled *Technical Report on the Mineral Resources of the Borealis Gold Project Located in Mineral County, Nevada* which we refer to as the Technical Report.

On January 10, 2005, Borealis Mining entered into a purchase agreement with Golden Phoenix which gave Borealis Mining the right to purchase the interest of Golden Phoenix in the Borealis Property for \$1,400,000. Golden Phoenix transferred its interest in the Borealis Property to Borealis Mining on January 28, 2005. Borealis Mining paid \$400,000 of the purchase price to Golden Phoenix upon closing of the purchase, and four additional quarterly payments of \$250,000 were made to Golden Phoenix. With the final payment of \$250,000 on January 24, 2006, Borealis Mining completed all the required payments under the purchase agreement and now has 100% control of the Borealis Property. A portion of the Borealis Property is subject to mining leases, as described under the caption Borealis Property, below.

As sole shareholder of Borealis Mining, we control all of the lease rights to a portion of the Borealis Property, subject to advance royalty, production royalty, and other payment obligations imposed by the lease. Our acquisition of the interest of Golden Phoenix in the Borealis Property terminated the July 2003 Option and Joint Venture Agreement.

In addition to our leasehold interest to a portion of the Borealis Property, we also own through Borealis Mining numerous unpatented mining claims that make up the balance of the Borealis Property, and all of the documentation and samples from years of exploration and development programs carried out by the previous operators of the Borealis Property, totaling thousands of pages of data including, but not limited to, geophysical surveys, mineralogical studies and metallurgical testing reports.

On July 11, 2005, we accepted a joint proposal for a feasibility study from the firms of Samuel Engineering, Inc. and Knight Piesold and Company. Samuel Engineering provides services including metallurgical process development and design, and Knight Piesold provides mining, metallurgical and environmental engineering services. Both companies have worked together recently on completing similar studies.

During the period from our inception on April 24, 2003 through March 31, 2004, we funded our capital needs by raising \$2,419,200 in private placements, issuing 14,376,000 shares of common stock at prices ranging from \$0.10 per share to \$0.225 per share.



During our fiscal year ended March 31, 2005, we raised \$175,000 by issuing 500,000 shares of common stock to an executive officer at \$0.35 per share under the terms of his employment agreement. We raised an additional \$4,430,375 by issuing 6,815,962 units in a series of private placements. Each unit consisted of one share of common stock and one-half of one share purchase warrant, each whole warrant exercisable to acquire one share of common stock at \$0.90 per share until the earlier of two years from the issue date and nine months following the date on which common stock is listed on a public stock exchange (subsequently revised to expire on December 22, 2006).

During our fiscal quarter ended June 30, 2005, we raised \$3,919,765 by issuing 6,030,408 units in a series of private placements. Each unit consisted of one share of common stock and one-half of one share purchase warrant, each whole warrant exercisable to acquire one share of common stock at \$0.90 per share until the earlier of two years from the issue date and nine months following the date on which common stock is listed on a public stock exchange (subsequently revised to expire on December 22, 2006.).

On August 11, 2005, our Board authorized an increase in our authorized capital to consist of 150,000,000 shares of common stock, par \$0.001, and 15,000,000 shares of preferred stock, par \$0.001. The increase was approved by shareholders.

On December 22, 2005, we completed our initial public offering of 6.9 million units for gross proceeds of approximately \$ 5,036,497 with net proceeds of \$2,794,557 after deducting costs of \$2,241,940. The units were sold at a price of \$0.73 (Cdn\$0.85) each and consisted of one common share and one Class A warrant. Each Class A warrant is exercisable for a period of 12 months at a price of Cdn\$1.15. The common shares are listed on the Toronto Stock Exchange under the symbol GGN. The offering was underwritten by a syndicate of Canadian underwriters which included Desjardins Securities, CIBC World Markets, Border Investment Partners and Orion Securities. The units were offered for sale pursuant to a prospectus filed in four Canadian provinces (British Columbia, Alberta, Manitoba and Ontario). The units were also registered in a registration statement filed with the United States Securities and Exchange Commission. The proceeds of the offering will be used principally for the completion of the Company's feasibility study for its Borealis Property and its exploration program on the Borealis Property, as well as for working capital.

On March 24, 2006, we closed the private placement of 5,475,000 units for sale at Cdn\$1.25 to a limited number of accredited investors in Canada and the United States. Each unit consisted of one common share and one half of one Series B purchase warrant. The Series B warrants are exercisable until March 23, 2007 at a price of Cdn\$1.65. The private offering raised gross proceeds of Cdn\$6.8 million. We paid qualified registered dealers a 7% cash commission and issued compensation options to acquire 280,500 common shares at price of Cdn\$1.40 until March 23, 2007 on a portion of the private placement. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company granted registration rights to the investors in this private placement and used commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and caused such statement to be declared effective and remain effective. The proceeds of this offering have been and will be applied to fund the continuation of our exploration and development program on the Borealis Property.

In June 2006, we closed a private placement with our new Chief Financial Officer and our Corporate Controller. Mr. Longinotti was appointed as new Chief Financial Officer to the Company, effective May 15, 2006, and the Company has agreed to enter into a formal employment agreement with him in due course. Mr. Longinotti received through a private placement as compensation: 100,000 Units of the Company at a price of Cdn\$1.35; with each Unit consisting of one (1) share of the Company's common stock with a par value of \$0.001 and one-half (1/2) of one (1) share purchase Series D Warrant. The common stock was issued May 26, 2006, and the Series D warrants were issued June 10, 2006. Mr. Longinotti's employment commenced April 18, 2006. Mr. Rajwant Kang is the Corporate Controller to the Company. In June of this year, as part of a private placement, Mr. Kang was issued 29,000 Units of the Company at a price of Cdn\$1.35; with each Unit consisting of one (1) share of the Company's common stock with a par value of \$0.001 and one-half (1/2) of one (1) share purchase Series D Warrant. The common stock was issued June 2, 2006, and the Series D warrants were issued June 10, 2006.

On November 30, 2006, our board of directors concluded that we would not proceed with near term construction and production financing of the Borealis heap leach mine. The feed for the proposed mine was remnants from the previously mined open pits, and heap and dump material associated with the historical mining operations. The decision not to proceed was made due to the impact of certain technical corrections to the previously announced Feasibility Study and related NI 43-101 Technical Report, dated August 15, 2006. The technical corrections reduced the anticipated quantity of recoverable gold and silver over the project life, and resulted in a marginal projected return on investment. In light of the decision not to proceed with development of a mine, in December 2006, we closed our Denver office and terminated operations and engineering staff, including our Chief Operating Officer Mr. Allen Gordon and Mr. Matt Bender, our Vice President of Borealis Project Development. Mr. Steven Craig, our Vice President of Exploration, was relocated to Nevada. As of December 1, 2006, our Chief Financial Officer, Mr. Michael Longinotti commenced working on a part-time basis. Under this agreement, his time spent in the office was reduced by 50% along with his salary.

In December 2006, we completed the geophysical survey, which commenced in September 2006. The positive geophysical results obtained from induced polarization (IP) surveys identified multiple chargeability and resistivity anomalies coincident with aeromagnetic lows which extended several kilometers (km) to the north and northwest of the Graben sulphide deposit. The IP surveys identified two new mineralized exploration targets located under the pediments 3.0 km (Central Pediments) and 5.3 km (Western Pediment) northwest of the Graben sulphide deposit.

On January 11, 2007, we announced the results of the revised CIM compliant resource estimate in accordance with NI 43-101 which had been compiled by Mr. Alan C. Noble, P.E. of Ore Reserves Engineering. The results of the report were independently reviewed by AMEC to insure the methodology and assumptions used in the calculations were consistent with industry standards. The resource estimate includes the results of exploration drilling through February 28, 2006. The measured, indicated and inferred gold resource reported in January 2007 is:

Date	Measured			Indicated			Inferred		
	Tons	Grade	Ozs of Gold	Tons	Grade	Ozs of Gold	Tons	Grade	Ozs of Gold
	(000's)	opt		(000's)	opt		(000's)	opt	
January, 11, 2007	16,360	0.031	503,700	24,879	0.029	709,800	30,973	0.020	609,200

The updated report confirmed a total gold resource (measured, indicated and inferred) of 1,822,700 ounces contained in the Borealis property.

The terms proven mineral reserve and probable mineral reserve used in this prospectus are in reference to the mining terms defined in the Canadian Institute of Mining, Metallurgy and Petroleum Standards, which definitions have been adopted by Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission's Industry Guide 7. In the United States, a mineral reserve is defined as a part of a mineral deposit, which could be economically and legally extracted or produced at the time the reserve determination is made. Accordingly, information contained in this prospectus and the documents incorporated by reference herein containing descriptions of our mineral deposits in accordance with NI 43-101 may not be comparable to similar information made public by other U.S. companies under the United States federal securities laws and the rules and regulations thereunder.

In January 2007 we started the process of completing a mineral resource estimate covering the entire property that will include all drilling results obtained during calendar year 2007. The mineral resource estimate is expected to be completed at the end of March 2008.

On February 9, 2007 we completed a private placement of 5.0 million units at a price of Cdn\$0.90 per unit for gross proceeds of Cdn\$4.5 million. Each unit consisted of one common share and one full purchase warrant. The two year warrants are exercisable at a price of Cdn\$1.10 if exercised within twelve months of the closing and at a price of Cdn\$1.35 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers a 7% cash

commission in the amount of Cdn\$77,175 and issued compensation options to acquire 85,050 common shares (at a price of Cdn\$0.90 per share for a period of 12 months from closing) in respect of the 1.225 million units placed by them. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property.

On July 4, 2007, we entered into a membership interest purchase agreement with Gerald W. Baughman and Fabiola Baughman, as sellers, and Nevada Eagle, under which we agreed to purchase all of the outstanding limited liability company interests of Nevada Eagle. Upon closing of the membership interest purchase agreement on August 21, 2007, we acquired Nevada Eagle from the sellers for the following consideration:

(a)

\$2,500,000 in cash;

(b)

four million five hundred thousand (4,500,000) shares of our common stock; and

(c)

a 5% convertible note in the principal amount of \$5,000,000.

The convertible note, due March 30, 2010, bears interest at the annual rate of 5% and is convertible at the option of the holder into common shares at an initial conversion price of \$1.00 per share during first the twelve month period following the closing date, \$1.25 per share during the second twelve month period following the closing date, \$1.50 per share thereafter and \$1.75 per share if converted on March 30, 2010. The interest payments are due on a semi-annual basis beginning on January 1, 2008. In addition to the purchase consideration, the Baughmans will be entitled to all revenues of Nevada Eagle (payable in cash, stock, or other consideration) calculated to be received and received on the assets and properties of Nevada Eagle from January 1, 2007 through midnight on December 31, 2007.

In addition, we granted the sellers registration rights under which we agreed to file (within the later of (i) 90 days of the closing date or (ii) any date in which we are required to file a registration statement for a third-party in connection with a financing or acquisition, but no later than 120 days of the closing date) a resale registration statement to register the common shares issuable at closing and issuable upon exercise of the convertible note under the Securities Act of 1933, as amended.

Under the terms of the purchase agreement, the closing of the acquisition was subject to closing conditions, including:

(a)

A Lock-up Agreement, dated August 21, 2007, under which the Sellers agree that for a period of three months following the Closing Date not to sell Common Shares issued or issuable under the Purchase Agreement and Convertible Note and, thereafter, to limit the sale of such Common Shares to 20% of the aggregate Common Shares issued under the Purchase Agreement and Convertible Note each quarter (with unsold Common Shares aggregating each quarter thereafter);

(b)

An Employment Agreement between us and Mr. Baughman for a term of one year, renewable by the parties, to serve as our Vice President of Corporate Development;

(c)

A Non-Competition Agreement under which the Sellers have agreed not to compete with the Registrant for the latter of (i) twelve (12) months following the Closing Date (the Restricted Period ), or (ii) twelve (12) months following the termination of the Company's employment of Gerald Baughman. The scope of the non-competition obligation relates to the business of acquiring and/or holding base metal and precious metal mineral assets located in the state of Nevada within the Area of Interest and to properties that have been examined by the Registrant or Mr. Baughman during the course of his employment by the Registrant, in any manner or capacity. Area of Interest is defined as any property owned by the Registrant, Nevada Eagle, or any affiliate of the Registrant or Nevada Eagle on the latter of (i) Closing Date or (ii) the termination date of Gerald Baughman's employment by the Registrant, if any, together with any adjacent areas within one kilometer of the exterior boundary of such properties;

On August 7, 2007, we closed a private placement of 5.0 million units at a price of Cdn.\$0.80 per unit for gross proceeds of Cdn.\$4.0 million. Each unit will consist of one common share and one full purchase warrant. The two year warrants will be exercisable at a price of Cdn\$1.00 if exercised within twelve months of the closing (the "First Anniversary") and at a price Cdn\$1.25 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers cash commissions in the amount of Cdn\$152,040 and issued warrants to acquire 265,050 common shares (at a price of Cdn\$0.83 for a period of up to 9 months from closing). The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development programs.

On December 14, 2007 we completed a private placement of 4,486,500 units at Cdn\$0.80 for gross proceeds of approximately Cdn\$3,589,200. The private placement closed in three tranches on November 22, November 27 and December 14, 2007. Each unit consisted of one common share and one series I warrant. Each series I warrant entitles the holder to purchase a common share at a price of Cdn\$1.00 per share during the first 12 months after closing and Cdn\$1.25 per share during the second 12 months after closing and until expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$71,624 and issued compensation warrants (series J) to acquire 89,530 common shares (at a price of Cdn\$0.80 per share for a period of 9 months from closing) in respect of the 1,204,000 million units placed by them. We have a right to force warrant holders to exercise warrants, if the price of our common stock remains equal to or greater than, Cdn\$1.85 per common share, for a period of twenty consecutive days. The shares, warrants and underlying shares were not qualified by prospectus, have not been registered under U.S. securities laws, and are subject to resale restrictions. We granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property.

In 2008, we plan to continue extension drilling, focused on the expansion of the Graben deposit and exploration drilling for a new gold deposit within the two newly identified potentially gold-bearing hydrothermal systems in the pediments. This 72-hole, \$4.5 million budgeted drilling program consists of a series of Graben deposit expansion drilling and extension drilling north and west of the successful G3 G13 fence of holes. The drilling of the Graben deposit will alternate with follow up exploration drilling in the Central and Western Pediments where 10 holes have intersected two distinct hydrothermal systems hidden beneath the pediments.

## **Business Objectives**

We are in the business of acquiring, exploring, and developing gold properties in the United States, emphasizing the state of Nevada. Our objective is to increase value of our shares through the exploration, development and extraction of gold deposits, beginning with our Borealis Property. The development and extraction may be performed by us or may be performed by potential partners. We will also consider the acquisition and exploration of other potential gold bearing properties within Nevada or areas that have a similar political risk profile. The Plan of Operations that has been approved by the U.S. Forest Service does not present an economic analysis, and we have not placed any

information in the Plan of Operations regarding capital expenditures, operating costs, ore grade, anticipated revenues, or projected cash flows. The Plan of Operation was based on the general economic concepts as presented in the Preliminary scoping study.

## Corporate Strengths

We believe that we have the following business strengths that will enable us to achieve our objectives:

- 

Our management team has significant exploration experience in Nevada;

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As the Borealis Property was the site of surface mining operations from 1981 to 1990, we believe the process to receive permits and start operations on previously mined operations is less difficult than getting permits for a previously undisturbed area. The USDA Forest Service and the Nevada Bureau of Mining Regulation and Reclamation have both approved the Plan of Operations and Reclamation Plan, allowing us to proceed with the development of a heap leach mine assuming sufficient oxide resources are found and additional financing is available. We have also received approvals for surface exploration and water wells and have successfully progressed through the required agency and public review process for those permits. .

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Our land position is extensive, controlled by 752 unpatented mining claims covering approximately 15,500 acres. We believe many surface showings of gold mineralization on the property may provide opportunities for discovery of gold deposits. Our property has multiple types of gold deposits including oxidized material, partial oxidized material, and predominantly sulfide material; which we believe may allow us flexibility in our future plans for mine development and expansion, assuming additional financing is available.



We cannot be certain that any mineral deposits will be discovered in sufficient quantities and grade to justify commercial operations. We have no proven or probable reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit; metal prices, which are highly cyclical; the cost to extract and process the mineralized material; and government regulations and permitting requirements. We may be unable to upgrade our mineralized material to proven and probable reserves in sufficient quantities to justify commercial operations and we may not be able to raise sufficient capital to develop the Borealis Property.

We have specifically focused our activities on Nevada, which was rated the highest jurisdiction in the world for mining investment attractiveness by an independent survey. Mining is an integral part of Nevada's economy. In 2004, the mining industry increased Nevada's output by \$5.89 billion including both direct and indirect impacts, up from \$5.35 billion in 2002. Nevada ranks third in the world in gold production, after South Africa and Australia. Located in the State of Nevada are well known geological trends such as the Carlin Trend, Battle Mountain, Getchell Trend and the Walker Lane Trend. The Borealis Property is also located along the Aurora-Bodie trend which crosses the principal Walker Lane Trend as shown in the illustration below. Borealis, Bodie, Aurora, and other historical producing districts, are aligned along this northeast-southwest belt of significant gold deposits. Nevada Eagle's principal properties have a cumulative 900,000 of historical (the historical estimates are based on internal reports prepared by prior owners prior to February 2001 and were not been prepared in accordance with NI 43-101 standards and thus their reliability has not been verified) ounces of gold.

(Source: A. Noble, Ore Reserves Engineering, Technical Report, 2005; Gryphon Gold, 2005)

## **Gold Industry**

**Gold Uses.** Gold has two main categories of use: fabrication and investment. Fabricated gold has a variety of end uses, including jewelry, electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold investors buy gold bullion, official coins and jewelry.

**Gold Supply.** The supply of gold consists of a combination of production from mining and the draw-down of existing stocks of gold held by governments, financial institutions, industrial organizations and private individuals. In recent years, mine production has accounted for 60% to 70% of the annual supply of gold.

## **Gold Prices and Market Statistics**

The following table presents the annual high, low and average afternoon fixing prices for gold over the past ten years, expressed in U.S. dollars per ounce on the London Bullion Market.

<b>Year</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
1997	\$ 362	\$ 283	\$ 331
1998	\$ 313	\$ 273	\$ 294
1999	\$ 326	\$ 253	\$ 279
2000	\$ 313	\$ 264	\$ 279
2001	\$ 293	\$ 256	\$ 271
2002	\$ 349	\$ 278	\$ 310
2003	\$ 416	\$ 320	\$ 363
2004	\$ 454	\$ 375	\$ 410
2005	\$ 536	\$ 411	\$ 444
2006	\$ 726	\$ 521	\$ 604
2007	\$ 841	\$ 608	\$ 681

Source: Kitco and Reuters

On March 13, 2008, the afternoon fixing price for gold on the London Bullion Market was \$995 per ounce.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under Risk Factors and Uncertainties and elsewhere in this prospectus.*

### Overview

In May 2005 we initiated a drilling program which is continuing. As of March 31, 2007, approximately 172 holes and 105,735 feet of RC drilling have been completed. A majority of the holes were in the area of existing mineralization in order to allow us to start a feasibility study with the aim of identifying gold reserves and, if economically feasible, building a mine.

We are currently performing exploration and drilling on the Borealis Property for the purpose of identifying additional potential gold resources. If we are able to identify additional potential resources we may prepare a feasibility study on the previously mined area of the Borealis Property to further delineate the gold mineralization available for the operation of a mine, to upgrade some or all of the mineralized material to proven and probable reserves, design the open pit mine, heap leach pads and gold recovery plant and to estimate the capital and operating costs of the proposed mining scenario. Metallurgical test work completed to date indicates the oxide material is amenable to conventional heap-leach recovery methods. If we complete a feasibility study and, if warranted have made a decision to begin development, we intend to develop our Borealis Property and place it into production, assuming adequate additional capital is available.

In December, 2005, we completed an underwritten initial public offering of 6,900,000 units for gross proceeds of Cdn\$5.9 million. The units were sold at a price of Cdn\$0.85 each and consisted of one common share and one Class A warrant. Each Class A warrant is exercisable until December 22, 2006 at a price of Cdn\$1.15. The common shares are listed on the Toronto Stock Exchange under the symbol GGN .

In March, 2006, we completed a private placement of 5,475,000 units for gross proceeds of Cdn\$6.8 million. The units were sold at a price of Cdn\$1.25 each and consisted of one common share and one-half of one Series B warrant. Each whole Series B warrant is exercisable until March 23, 2007 at a price of Cdn\$1.65.

On June 10, 2006, we completed private placements to an officer and employee of 129,000 units for gross proceeds of Cdn\$174,150. The units were sold at a price of Cdn\$1.35 each and consist of one common share and one-half of one purchase warrant. Each warrant is exercisable until June 10, 2007 at a price of Cdn\$1.82.

On June 26, 2006, we announced that the USDA Forest Service and the Nevada Bureau of Mining Regulation and Reclamation have both approved the Plan of Operations and Reclamation Plan, allowing Gryphon Gold to proceed with the development of a heap leach mine at the Borealis Gold Project. These approvals, combined with the previously approved operating permits from the State of Nevada, represent the key regulatory approvals required to place the Borealis gold mineralization into production.

In December 2006, we completed the geophysical survey, which commenced in September 2006. The positive geophysical results obtained from induced polarization (IP) surveys identified multiple chargeability and resistivity anomalies coincident with aeromagnetic lows which extended several kilometers (km) to the north and northwest of the Graben sulphide deposit. The IP surveys identified two new mineralized exploration targets located under the pediments 3.0 km (Central Pediments) and 5.3 km (Western Pediment) northwest of the Graben sulphide deposit.

On February 9, 2007 we completed a private placement of 5.0 million units at a price of Cdn\$0.90 per unit for gross proceeds of Cdn\$4.5 million. Each unit consisted of one common share and one full purchase warrant. The two year warrants are exercisable at a price of Cdn\$1.10 if exercised within twelve months of the closing and at a price of Cdn\$1.35 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$77,175 and issued compensation options to acquire 85,050 common shares (at a price of Cdn\$0.90 per share for a period of 12 months from closing) in respect of the 1.225 million units placed by them. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property and for general working capital.

On July 4, 2007, we entered into a membership interest purchase agreement with Gerald W. Baughman and Fabiola Baughman, as sellers, and Nevada Eagle Resources LLC ("Nevada Eagle"), under which we agreed to purchase all of the outstanding limited liability company interests of Nevada Eagle. Upon completion of the acquisition on August 21, 2007, Nevada Eagle became a wholly-owned subsidiary of Gryphon Nevada Eagle Holding Company, a Nevada corporation, which is a wholly-owned subsidiary of Gryphon. Nevada Eagle has interests in 54 prospective gold properties covering over 70 square miles of gold trends in Nevada. Twenty-four of these properties are in the Walker Lane belt and added to Gryphon's inventory of volcanogenic hosted gold resources. Seven of the properties are in the Cortez Trend, seven in the Austin-Lovelock Trend, two in the Carlin Trend and the balance are unique situations throughout Nevada with a few in contiguous states. Twenty-six of the properties are 'farmed-out' through lease and option agreements that generate a positive cash flow net of carryings costs. The remaining wholly-owned properties are retained for Gryphon's own exploration effort or additional future farm outs.

On August 7, 2007, we closed a private placement of 5.0 million units at a price of Cdn.\$0.80 per unit for gross proceeds of Cdn.\$4.0 million. Each unit consisted of one common share and one full purchase warrant. The two year warrants are exercisable at a price of Cdn\$1.00 if exercised within twelve months of the closing (the "First Anniversary") and at a price Cdn\$1.25 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers cash commissions in the amount of Cdn\$152,040 and issued warrants to acquire 265,050 common shares (at a price of Cdn\$0.83 for a period of up to 9 months from closing). The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development programs.

On December 14, 2007 we completed a private placement of 4,486,500 units at Cdn\$0.80 for gross proceeds of approximately Cdn\$3,589,200. The private placement closed in three tranches on November 22, November 27 and December 14, 2007. Each unit consisted of one common share and one series I warrant. Each series I warrant entitles the holder to purchase a common share at a price of Cdn\$1.00 per share during the first 12 months after closing and Cdn\$1.25 per share during the second 12 months after closing and until expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$71,624 and issued compensation warrants (series J) to acquire 89,530 common shares (at a price of Cdn\$0.80 per share for a period of 9 months from closing) in respect of the 1,204,000 million units placed by them. We have a right to force warrant holders to exercise warrants, if the price of our common stock remains equal to or greater than, Cdn\$1.85 per common share, for a period of twenty consecutive days. The shares, warrants and underlying shares were not qualified by prospectus, have not been registered under U.S. securities laws, and are subject to resale restrictions. We granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property.

During fiscal 2008, we plan to continue extension drilling, focused on the expansion of the Graben deposit and exploration drilling for new gold deposits within the two newly identified potentially gold-bearing hydrothermal systems in the pediments.

The following activities are planned for the duration of fiscal 2008:

- Continue the Graben deposit drilling extension and expansion program, a series of in-fill drilling and step-out holes along the northern extension of the Graben trend.
- Continue exploration drilling at both the Central Pediment and Western Pediment, which are northwest of the Graben sulphide deposit. Drilling will be guided by the results of the geological and geophysical exploration model.
- Commence detailed review of properties acquired through Nevada Eagle Resources acquisition and compile exploration and development schedule.
- Complete joint venture and lease agreements for the un-leased properties held by Nevada Eagle Resources.

## **Discussion and Analysis**

This discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements and related notes. The discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis the company reviews its estimates and assumptions. The estimates were based on historical experience and other assumptions that the company believes to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but the company does not believe such differences will materially affect our financial position or results of operations. Critical accounting policies, the policies the company believes are most important to the presentation of its financial statements and require the most difficult, subjective and complex judgments, are outlined below in Critical Accounting Policies, and have not changed significantly.

### ***Critical Accounting Policies and Estimates***

The preparation of our consolidated financial statements is in accordance with accounting principles generally accepted in the United States. The following are critical accounting policies and estimates which we believe are important to understanding our financial results.

#### ***Use of estimates***

The preparation of financial statements requires us to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and the revenues and expenses for the period reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual results will likely differ from these estimates.

#### ***Revenue recognition***

Mineral lease rentals or option payments are treated as reductions of the cost of the property as the payor is accumulating an interest in the mineral property; payments in excess of capitalized costs are recognized in income. Some agreements provide for payments in the form of stock and other equity instruments as well as cash payments. Stock and other equity instruments are recognized based on their fair market value at the time of receipt. Fluctuations incurred during the holding period are accounted for as gains or losses from held for trading securities. The leases provide for the receipt of royalty payments upon production of the property. Royalty payments will be recognized in the period in which production occurs. There are no properties in the production stage at this time.

#### ***Exploration of mineral property interests***

We expense exploration costs as they are incurred. When we determine that a mining deposit can be economically and legally extracted or produced based on established proven and probable reserves, development costs incurred after such determination will be capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies which indicate whether a property is economically feasible. Upon commencement of commercial production, we will transfer capitalized costs to the appropriate asset category and amortize them over their estimated useful lives and/or ounces produced, as appropriate. We capitalize the cost of acquiring mineral property interests (including claims establishment and maintenance) until we have determined the viability of the property. We expense capitalized acquisition costs if we determine that the property has no future economic value. We will also write down capitalized amounts if estimated future cash flows, including potential sales proceeds, related to the mineral property are estimated to be less than the carrying value of the property.



*Stock-based compensation*

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard 123R, Share-Based Payment, ( SFAS 123 (R) ) a revision to SFAS 123. SFAS 123(R) requires all share-based payments to be recognized in the financial statements based on their values using either a modified-prospective or modified-retrospective transition method.

Prior to March 31, 2006, the Company's stock-based employee compensation plans were accounted for under the recognition and measurement provisions of Accounting Principles Board Opinion ( APB ) No. 25, Accounting for Stock Issued to Employees ( APB 25 ) and related interpretations, as permitted by FASB Statement No. 123, Accounting for Stock-Based Compensation ( SFAS 123 ). The Company did not recognize employee stock-based compensation costs in its statement of operations for the periods prior to March 31, 2006, as all options granted had an exercise price equal to the market value of the underlying common stock on the date of the grant.

Effective April 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123(R), using the modified-prospective-transition method. The Company's total employees are relatively few in number and turnover is considered remote, therefore the Company currently estimates forfeitures to be 5.5%. Estimation of forfeitures will be reviewed on a quarterly basis.

#### ***Asset retirement obligations***

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development or normal use of the assets with a corresponding increase in the carrying amount of the related long-lived asset. This amount is then depreciated over the estimated useful life of the asset. Over time, the liability is increased to reflect an interest element considered in its initial measurement at fair value. The amount of the liability will be subject to re-measurement at each reporting period. As at December 31, 2007 the Company has a reclamation liability of \$5,600 which is disclosed further in Note 9 of the financial statements.

#### ***Tax valuation allowance***

We have recorded a valuation allowance that fully reserves for our deferred tax assets because at this time we cannot establish that we will be able to utilize the tax loss carryforwards in the future. If in the future we determine that we will be able to use all or a portion of our deferred tax assets in the future, based on our projections of future taxable income, we will reduce the valuation allowance, thereby increasing income in that period.

#### ***Foreign currency translation***

The United States dollar is our functional currency. Transactions involving foreign currencies for items included in operations are translated into U.S. dollars using average exchange rates; monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date and all other balance sheet items are translated at the historical rates applicable to the transactions that comprise those amounts. Translation gains and losses are included in our determination of net income.

#### ***Recent Accounting Pronouncements***

The United States Securities and Exchange Commission recently announced that it would provide for a phased-in implementation process for FASB Statement No. 123(R), Share-Based Payment ( SFAS 123(R) ). Registrants must adopt SFAS 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first annual period beginning after December 15, 2005. We adopted SFAS 123(R) effective April 1, 2006.

The Financial Accounting Standards Board ratified the consensus of the Emerging Issues Task Force that stripping costs incurred during the production phase of a mine are variable production costs that should be included in the costs of the inventory produced during the period that the stripping costs are incurred. This consensus is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. To date the Company has not incurred any stripping costs.

In June 2006, the FASB issued FASB interpretation No. 48 Accounting for Uncertainty in Income Taxes ( FIN 48 ). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 did not have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued SFAS 157, Fair Value Measurements ( SFAS 157 ). SFAS 157 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements.

This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those pronouncements that fair value is a relevant measurement attribute.

Accordingly, this Statement does not require any new fair value measurements. However, the application of this Statement will change current practice, and is effective for the Company's 2009 fiscal year. The adoption of SFAS 157 will not have a material impact on the Company's consolidated financial statements.

## **Results of Operations**

We are in an exploration stage and currently have no producing mineral properties and thus we had no revenues during all reporting periods.

### ***Year ended March 31, 2007 compared to year ended March 31, 2006***

For the year ended March 31, 2006 we had a net loss of \$8,737,141 or \$0.21 per share compared to a net loss of \$5,602,336 or \$0.19 per share for the prior year, as spending on our exploration activities increased significantly, along with an increase in staffing levels and higher corporate administration costs.

Exploration expenses during the year ended March 31, 2007 were \$4,819,692 or 55% of our total expenses compared to \$3,657,010 or 65% of total expenses in the prior year. The increase in spending was related to continuation of permitting activities, exploration drilling program and completing the feasibility study on our Borealis property, which commenced May 2005 and was terminated in November 2006. During the year we drilled a total of 56 reverse circulation holes (totaling 54,530 feet) on the Borealis property, compared to 136 holes drilled during the prior year.

Management salaries and consulting fees for the year ended March 31, 2007 were \$2,632,794 compared to \$1,145,626 incurred in the prior year as staffing increased and the company adopted the fair value recognition provisions of SFAS No. 123(R), *Stock-Based Payment*, which resulted in additional non-cash compensation expense of \$1,268,422 to be recognized in the year. Salaries and consulting fees are expected to decrease in future periods as we have reduced staff due to postponing the development of our heap leach mine on the Borealis property. General and administrative expenses totaled \$890,596, compared to \$480,891 in the prior year. The increase is due to higher spending on investor relations, rent related to our Lakewood and Hawthorne offices, related office support and insurance. We incurred \$96,964 in closing costs of our Lakewood, Colorado office, this amount was included in general and administrative expenses. Legal and audit fees for the period increased to \$330,005 from \$307,942 for the year ended March 31, 2006, this is mainly due to costs associated with being a public company that reports in both Canada and the United States and is therefore subject to additional reporting and compliance requirements. Travel and accommodation expense for the year ended March 31, 2007 was \$325,024, compared to \$154,887 for the prior year.

The increase is due to greater corporate travel associated with investor relations and property site visits. Interest income earned on cash deposits was \$322,725 for the year ended March 31, 2007, compared to \$168,170 in the prior year due to higher cash balances held on average through the current year versus the prior year.

*Year ended March 31, 2006 compared to year ended March 31, 2005*

For the year ended March 31, 2006 we had a net loss of \$5,602,336 million, or \$0.19 per share, compared to a net loss of \$2,525,420 million, or \$0.17 per share, as spending on our exploration activities increased significantly. The current year period loss does not reflect the costs directly related to the completion of our initial public offering (IPO) in December 2005 and a private placement in March 2006, as those costs are treated as share issue costs and are offset directly against the proceeds of the offering.

Exploration expenses during the year ended March 31, 2006 were \$3,657,010 or 65% of our total expenses compared to \$1,009,173 or 40% of total expenses in the prior year. The increase in spending was all related to continuation of permitting activities and the drilling program and feasibility study on our Borealis property initiated in May 2005 and ongoing. During the year we drilled a total of 136 reverse circulation holes (totaling 60,830 feet) on the Borealis property, compared to 32 holes drilled during the prior year.



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Management salaries and consulting fees were \$1,145,626 compared to \$1,059,871 expended in the prior fiscal year, as staffing increased. Legal and audit fees expensed increased to \$307,942 from \$217,457 spent in fiscal 2005, the increase in costs reflecting activity related to exploring financing alternatives and changing our reporting to US generally accepted accounting principles (GAAP) from Canadian GAAP. Our travel and accommodation expenses were \$154,887, up from \$125,950 spent in the prior year, the increase is due to higher staffing and travel related to financing activities prior to the IPO and also more frequent travel to the Borealis property. Travel costs directly related to the IPO were recorded as part of share issue costs in stockholders' equity. General and administrative expenses for the year were \$480,891 up from \$116,219 in the prior year. The increase was due to higher spending on investor relations, rent with the establishment of our Lakewood office in September, office support, insurance and telephone. Interest income earned on cash deposits was \$168,170 compared to \$9,646 in the prior year due to significantly higher cash balances in 2006 and the use of interest bearing bank accounts for a full year in 2006 compared to only part of the year in 2005.

### ***Three months ended December 31, 2007 compared to three months ended December 31, 2006***

For the three months ended December 31, 2007 we had a net loss of \$1,736,589 or \$0.03 per share compared to a net loss of \$2,620,464 or \$0.06 per share in the same period in the prior year, as spending on our exploration activities on the Borealis property decreased by \$667,507 and management salaries and consulting fees decreased by \$325,833.

Exploration expenses during the three months ended December 31, 2007 were \$661,007 or 38% of our total expenses compared to \$1,328,514 or 51% of total expenses in the prior year. During the third quarter ended December 31, 2007 we completed drilling 5 holes, totaling 5,515 feet (1,681 meters) compared to completing 11 holes totaling 13,680 feet (4,169 meters) in prior year's comparable period. Drilling costs for quarter ended December 31, 2007 were \$262,095 versus \$764,180 in the prior year's comparable quarter. Drilling costs decreased because drilling was temporarily suspended beginning mid-November 2007 (versus mid-December 2006) to allow for a larger CSAMT geophysical study to be completed over the pediment areas and the permitting activity to be completed for the next year's drilling program.

Management salaries and consulting fees in the quarter ended December 31, 2007 were \$529,729 compared to \$855,562 incurred in the quarter ended December 31, 2006 due to the costs incurred in the prior year associated with closing the Denver based engineering office. Total non-cash compensation costs included in the quarter ended December 31, 2007 were \$199,422 versus \$529,683 in the prior year's comparable quarter.

General and administrative costs for the quarter ended December 31, 2007 was \$254,831 compared to \$240,219 for the quarter ended December 31, 2006, a 6% increase. Included in General and administrative are investor relations costs which increased by \$206,311, during the comparable periods. Legal and audit fees for the period increased to \$111,020 from \$106,258 for the three months ended December 31, 2006, and is mainly due to costs associated with being a public company that reports in both Canada and the United States, and registering stock issued under private placements. Travel and accommodation expense during the quarter ended December 31, 2007 was \$68,704, compared to \$96,678 expended on travel in the prior year's comparable quarter. The decrease is due to cost savings from closing the Denver office in the prior year and fewer property site visits. Interest income earned on cash deposits was \$40,782 for the quarter ended December 31, 2007, compared to \$66,303 in the prior year quarter due to lower average cash balances than the comparable quarter. Interest expense was \$130,300 during the quarter ended December 31, 2007 due to the issue of a convertible promissory note as partial payment for the purchase of the membership interest of Nevada Eagle Resources LLC in August 2007. \$65,930 of the total interest was non-cash interest expense.

### ***Nine months ended December 31, 2007 compared to nine months ended December 31, 2006***

For the nine month period ended December 31, 2007 we incurred a net loss of \$6,463,678 or \$0.13 per share compared to a net loss of \$6,491,678 or \$0.16 per share incurred during the same period in the prior year, as costs for most categories of expenditures remained consistent year on year.

Exploration expenses during the six month period ended December 31, 2007 were \$3,414,405 or 53% of our net loss compared to \$3,649,732 or 56% of our net loss in the prior year. During the current fiscal year we have drilled a total of 31 holes at the Borealis property, representing 36,405 feet (11,096 meters) compared to 41 holes representing

39,715 feet (12,105 meters). Fewer holes were drilled during the current year because the drilling program focused on drilling deep holes in the Graben and Pediment areas versus drilling shallow holes to add oxide resources in the prior year.

Management salaries and consulting fees in the nine months ended December 31, 2007 were \$1,663,160 compared to \$1,746,164 for the same period in the prior year. Current year costs include \$322,464 in one-time costs for a transition agreement covering a single employee and director including non-cash costs of \$81,235. The majority of the cash costs will be paid out over an 18 month period. Prior years costs include expense for running the Denver engineering office that was closed effective December 31, 2006. Total non-cash compensation costs included in the nine months ended December 31, 2007 were \$683,916 versus \$779,747 in the prior year's comparable period.

General and administrative expenses were \$812,436, versus \$721,437 in the prior year's comparable period. The increase is due to a \$306,641 spending on investor relations. Legal and audit fees for the nine month period increased to \$308,877 from \$271,017 incurred in the prior year's comparable period. Travel and accommodation during the nine months ended December 31, 2007 was \$172,408, compared to \$282,117 reported in prior year nine month period ended December 31, 2006. The decrease was due to a reduction in site visits and the closure of the Denver engineering office in late 2006.

Interest income earned on cash deposits was \$170,332 for the nine months ended December 31, 2007, compared to \$242,832 for the nine months ended December 31, 2006, due to lower average cash balances during the nine month period. Interest expense totaled \$188,853 and arose from the issuance of a convertible promissory note related to the purchase of Nevada Eagle Resources LLC on August 21, 2007. \$94,297 of the interest expense is non-cash.



## Liquidity and Capital Resources

Our principal source of liquidity is cash that is raised by way of sale of common shares from treasury. During the fiscal year ended March 31, 2007 total cash of \$3,932,234 was raised from the sale of stock in private placements. A further \$1,550,553 was raised through the exercise of warrants to common shares of the company.

At March 31, 2007, we had working capital of \$6,525,160, and we had current assets consisting of \$7,150,154 in cash, \$65,483 in accounts receivable and \$129,065 in prepaid expenses. We had \$819,542 in current liabilities at March 31, 2007, consisting of \$786,565 in accounts payable and accrued liabilities and \$32,977 in current portion of capital leases. Currently, we do have sufficient working capital for the completion of our currently announced (January 17, 2007) drilling program and to continue with our operations for the next twelve months.

At December 31, 2007, we had working capital of \$4,701,031. Current assets consisted of \$5,541,213 in cash, \$85,415 in accounts receivable and \$157,553 in prepaid expenses. We had \$1,083,150 in current liabilities at December 31, 2007, consisting of \$1,083,150 in accounts payable and accrued liabilities and \$32,536 related to the current portion of capital leases. The increase in accounts payable and accrued liabilities compared to the balance at March 31, 2007 is related to the recognition of the transition agreement that will be paid over 18 months.

During the quarter ended December 31, 2007, we used cash in operating activities of \$1,736,046, which included our net loss during the quarter of \$1,736,590, offset by depreciation of \$18,745, non-cash compensation of \$199,422, non-cash interest expense of \$65,930 and changes in non-cash working capital used cash of \$283,553. We used cash in investing activities of \$4,604, including \$6,177 for reclamation deposits, \$17,153 for equipment purchases, \$5,409 in new claim fees and \$24,135 of cash was received in lease payments on Nevada Eagle properties. Financing activities provided cash of \$3,354,009, which included \$3,360,088 from the issuance of shares in connection with a private placement, offset by capital lease principal payments of \$6,079. Cash increased during the period by \$1,613,359 to \$5,541,213 as at December 31, 2007.

Under the terms of the acquisition agreement for Nevada Eagle Resources a cash payment of \$2,500,000 was made on August 21, 2007. Refer to the section 'Contractual Obligations' under this document for a full description of the acquisition and commitment.

On February 9, 2007, we closed the private placement of 5,000,000 units for sale at Cdn\$0.90 to a limited number of accredited investors in Canada and the United States. Each unit consisted of one common share and one Series E purchase warrant. The Series E warrants are exercisable until February 8, 2008 at a price of Cdn\$1.10 (first anniversary) and from February 9, 2008 until February 8, 2009 at a price of Cdn\$1.35. The private offering raised gross proceeds of Cdn\$4.5 million. We paid qualified registered dealers a 7% cash commission and issued compensation Series F warrants to acquire 85,050 common shares at price of Cdn\$0.90 until February 9, 2008 on a portion of the private placement. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration program on the Borealis Property.

On March 15, 2007, we entered into a Advisory Services Agreement with Roman Friedrich & Company Ltd. (RFC) Under the terms of the Advisory Services Agreement, commencing March 15, 2007, in exchange for RFC's financial advisory services, we agreed to compensate RFC by paying a retainer fee of Cdn\$7,500 per month and issuing 7,500 common shares per month, payable on a quarterly basis commencing June 2007. As of November 14, 2007, 55,000 shares were issued to Roman Friedrich.

On July 4, 2007, we entered into a membership interest purchase agreement with Gerald W. Baughman and Fabiola Baughman, as sellers, and Nevada Eagle Resources LLC ("Nevada Eagle"), under which we agreed to purchase all of the outstanding limited liability company interests of Nevada Eagle. Upon completion of the acquisition on August 21, 2007, Nevada Eagle became a wholly-owned subsidiary of Gryphon Nevada Eagle Holding Company, a Nevada corporation, which is a wholly-owned subsidiary of Gryphon. Nevada Eagle has interests in 54 prospective gold properties covering over 70 square miles of gold trends in Nevada. Twenty-four of these properties are in the Walker Lane belt and added to Gryphon's inventory of volcanogenic hosted gold resources. Seven of the properties are in the Cortez Trend, seven in the Austin-Lovelock Trend, two in the Carlin Trend and the balance are unique situations throughout Nevada with a few in contiguous states. Twenty-six of the properties are 'farmed-out' through lease and option agreements that generate a positive cash flow net of carryings costs. The remaining wholly-owned properties are retained for Gryphon's own exploration effort or additional future farm outs.

On August 7, 2007, we closed a private placement of 5.0 million units at a price of Cdn\$.0.80 per unit for gross proceeds of Cdn\$.4.0 million. Each unit will consist of one common share and one full purchase warrant. The two year warrants will be exercisable at a price of Cdn\$1.00 if exercised within twelve months of the closing (the "First Anniversary") and at a price Cdn\$1.25 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers cash commissions in the amount of Cdn\$152,040 and issued warrants to acquire 265,050 common shares (at a price of Cdn\$0.83 for a period of up to 9 months from closing). The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use

commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development programs.

We completed a private placement of 4,486,500 units at Cdn\$0.80 for gross proceeds of approximately Cdn\$3,589,000. The private placement closed in three tranches on November 22, November 27 and December 14, 2007. Each unit consisted of one common share and one series I warrant. Each series I warrant entitles the holder to purchase a common share at a price of Cdn\$1.00 per share during the first 12 months after closing and Cdn\$1.25 per share during the second 12 months after closing and until expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$71,624 and issued compensation warrants (series J) to acquire 89,530 common shares (at a price of Cdn\$0.80 per share for a period of 9 months from closing) in respect of the 1,204,000 million units placed by them. We have a right to force warrant holders to exercise warrants, if the price of our common stock remains equal to or greater than, Cdn\$1.85 per common share, for a period of twenty consecutive days. The shares, warrants and underlying shares were not qualified by prospectus, have not been registered under U.S. securities laws, and are subject to resale restrictions. We granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property.

Updated share capital as of December 31, 2007:

Basic Common Stock Issued and Outstanding	61,681,645
Warrants, Options and other Convertible Securities	21,550,888
Fully Diluted Common Stock	83,232,533

**Summary of any product research and development that the company will perform for the term of the plan**

The Company does not anticipate performing any product research and development under its plan of operation.

**Expected purchase or sale of plant and significant equipment**

The Company is reviewing alternatives for purchase of mine equipment if the development of a mine on the Borealis property is warranted by a feasibility study and additional financing is obtained.

**Significant changes in number of employees**

We started the year with eleven employees but due to closing the Lakewood, Colorado office this number decreased to eight in late 2006. We currently have eight employees. We do not expect a significant change in this number.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

**Contractual Obligations**

We make advance royalty payments of \$9,094 per month to certain lease holders while exploration is proceeding on the Borealis Property. Also, to maintain its existing claims, we make payments totaling approximately \$130,000 annually. These payments are contingent upon us maintaining an interest in the property.

As of December 31, 2007, we had the following non-cancelable contractual obligations:

	<b>Payments Due by Period<sup>(3)</sup></b>	
<b>Total</b>	<b>2-3 Years</b>	<b>4-5 Years</b>

		<b>Less than 1 year</b>		<b>More than 5 Years</b>	
Operating Lease Obligation (1)	\$10,565	\$10,565	\$0	\$0	\$0
Capital Lease obligations (2)	32,536	32,536	0	0	0
Debenture	5,000,000	0	5,000,000	0	0
Total (1)	\$5,043,101	\$43,101	\$5,000,000	\$0	\$0

Obligation for the rental of office space in Vancouver BC with an initial 3 year term, terminating August 2008 and payments of approximately \$3,388 per month, based on the December 31, 2007 exchange rate of Cdn\$0.9913 equals US\$1.

(2)

The capitalized leases are for the purchase of two trucks.

(3)

The table does not include employment contracts with certain executive management which are described in our 10K-SB filed June 22, 2007 under the section heading Executive Compensation .

Under the terms of the Purchase Agreement we closed with Gerald W. Baughman and Fabiola Baughman, as sellers, and Nevada Eagle, we acquired Nevada Eagle from the Baughman's for the following consideration, paid on August 21, 2007:

(a)

\$2,500,000 in cash;

(b)

four million five hundred thousand (4,500,000) shares of our common stock; and

(c)

a 5% convertible note in the principal amount of \$5,000,000.

The Convertible Note, due March 30, 2010, bears interest at the annual rate of 5% and is convertible at the option of the holder into common shares at an initial conversion price of \$1.00 per common share during first the twelve month period following the Closing Date, \$1.25 per common share during the second twelve month period following the Closing Date, \$1.50 per common share thereafter and \$1.75 per common share if converted on March 10, 2007. The interest payments are due each January 1 and June 1, beginning on January 1, 2008. In addition to the purchase consideration, the Sellers will be entitled to all revenues of Nevada Eagle (payable in cash, stock, or other consideration) calculated to be received and received on the assets and properties from January 1, 2007 through midnight on December 31, 2007.

In addition, we granted the Sellers registration rights under which we agreed to file (within the later of (i) 90 days of the Closing Date or (ii) any date in which we are required to file a registration statement for a third-party in connection with a financing or acquisition, but no later than 120 days of the Closing Date) a resale registration statement to register the common shares issuable at Closing and issuable upon exercise of the Convertible Note under the Securities Act of 1933, as amended. We also entered into an Employment Agreement with Mr. Baughman for a term of one year, renewable by the parties, to serve as our Vice President of Corporate Development.

Certain information contained in this Management Discussion and Analysis constitutes forward looking information and actual results could differ from estimates, expectations or beliefs contained in such statements.

## **DESCRIPTION OF PROPERTY**

### **Executive Offices**

We lease our principal executive office at Suite 810, 1130 West Pender Street, Vancouver, BC V6E 4A4. We do not currently maintain any investments in real estate, real estate mortgages or securities of persons primarily engaged in real estate activities, nor do we expect to do so in the foreseeable future.

## Borealis Property

**Unless stated otherwise, information of a technical or scientific nature related to the Borealis Property is summarized or extracted from the Technical Report on the Mineral Resources of the Borealis Gold Project dated August 15, 2006 and revised January 11, 2007, prepared by Mr. Alan C. Noble, P.E. of Ore Reserves Engineering in Lakewood, CO, a Qualified Person, as defined in National Instrument 43-101 of the Canadian Securities Administrators. Mr. Noble is independent from us. The Technical Report was prepared in accordance with the requirements of National Instrument 43-101.** Management's plans, expectations and forecasts related to our Borealis Property are based on assumptions, qualifications and procedures which are set out only in the full Technical Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Technical Report which will be available for review on the System for Electronic Document Analysis and Retrieval (SEDAR) at website: [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.gryphongold.com](http://www.gryphongold.com).

The Borealis Property in Nevada is our principal asset, which we hold through our subsidiary, Borealis Mining. In the 1980's previous operators of the Borealis Property mined approximately 600,000 ounces of gold from near-surface oxide deposits. In this prospectus, the previously mined area is referred to as the Borealis site, the previously disturbed area or the previously mined area, while our references to the Borealis Property refer to the entire property we own or lease through Borealis Mining.

Echo Bay Mines Limited ceased active mining operations in 1991. Full site reclamation was completed in 1994. Reclamation bonds were released and Echo Bay relinquished its lease in 1996.

At Borealis, there is one large hydrothermal system, containing at least 14 known gold deposits, some of which are contiguous. There has been historical production from 8 of these deposits. As there are several other showings of gold mineralization across the property, there is an opportunity to identify additional gold deposits.

### ***Borealis Property Description and Location***

The Borealis Property is located in Mineral County in southwest Nevada, 12 miles northeast of the California border. The Borealis Property covers approximately 14,900 acres. The approximate center of the property is at longitude 118° 45' 34" North and latitude 38° 22' 55" West. The figure below shows the location and access to the Borealis Property.

(Source: A. Noble, Ore Reserves Engineering, Technical Report, 2005)

The Borealis Property is comprised of 859 unpatented mining claims of approximately 20 acres each, totaling about 17,200 acres (or approximately 27 square miles), and one unpatented millsite claim of approximately 5 acres. Of the



859 unpatented mining claims, 122 claims are owned by others but leased to Borealis Mining, and 737 of the claims were staked by Golden Phoenix or Gryphon Gold and transferred to Borealis Mining. The above claims include a total of 112 claims staked during 2006.

Our rights, through Borealis Mining as the owner or lessee of the claims, allow us to explore, develop and mine the Borealis Property, subject to the prior procurement of required operating permits and approvals, compliance with the terms and conditions of the mining lease, and compliance with applicable federal, state, and local laws, regulations and ordinances. We believe that all of our claims are in good standing.

The 122 leased claims are owned by John W. Whitney, Hardrock Mining Company and Richard J. Cavell, whom we refer to as the Borealis Owners. Borealis Mining leases the claims from the Borealis Owners under a Mining Lease dated January 24, 1997 and amended as of February 24, 1997. The mining lease was assigned to Borealis Mining by the prior lessee, Golden Phoenix. The mining lease contains an area of interest provision, such that any new mining claims located or acquired by Borealis Mining within the area of interest after the date of the mining lease shall automatically become subject to the provisions of the mining lease.

The term of the mining lease extends to January 24, 2009 and continues indefinitely thereafter for so long as any mining, development (including exploration drilling) or processing is being conducted on the leased property on a continuous basis.

The remainder of the Borealis Property consists of 737 unpatented mining claims and one unpatented millsite claim staked by Golden Phoenix, Gryphon Gold or Borealis Mining. Claims staked by Golden Phoenix were transferred to Borealis Mining in conjunction with our January 28, 2005 purchase of all of Golden Phoenix's interest in the Borealis Property. A total of 263 claims of the total 737 claims held by Gryphon Gold are contiguous with the claim holdings, are located outside of the area of interest, and are not subject to any of the provisions of the lease.

All of the mining claims (including the owned and leased claims) are unpatented, such that paramount ownership of the land is in the United States of America. Claim maintenance payments and related documents must be filed annually with the Bureau of Land Management (BLM) and with Mineral County, Nevada to keep the claims from terminating by operation of law. Borealis Mining is responsible for those actions. At present, the estimated annual BLM maintenance fees are \$125 per claim, or \$109,375 per year for all of the Borealis Property claims (859 unpatented mining claims plus one millsite claim).

### ***Royalty Obligations***

The leased portion of the Borealis Property is currently subject to advance royalty payments of approximately \$9,094 per month, payable to the Borealis Owners. These advance royalty payments are subject to annual adjustments

based on changes in the United States Consumer Price Index.

The terms of the mining lease require the payment of a net smelter returns production royalty by Borealis Mining to the Borealis Owners in respect of the sale of gold (and other minerals) extracted from those claims within the area of interest specified in the mining lease. The royalty rate for gold is determined by dividing the monthly average market gold price by 100, with the result expressed as a percentage. The royalty amount is determined by multiplying that percentage by the amount of monthly gold production from the claims in the area of interest and by the monthly average market gold price, after deducting all smelting and refining charges, various taxes and certain other expenses. For example, using an assumed monthly average market gold price of \$400, the royalty rate would be 4%. Using an assumed monthly production of 5,000 ounces of gold from the leased claims, the monthly royalty amount would be 5,000 ounces times \$400 per ounce, less allowable deductions, multiplied by 4%.

At present, there is no royalty payable to the United States or the State of Nevada on production from unpatented mining claims, although legislative attempts to impose a royalty have occurred in recent years.

#### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

Primary access to the Borealis Property is gained from an all weather county gravel road located about two miles south of Hawthorne from State Highway 359. Hawthorne is about 133 highway miles southeast of Reno. The Borealis Property is about 16 road miles from Hawthorne.

The elevation on the property ranges from 7,200 ft to 8,200 ft above sea level. This relatively high elevation produces moderate summers with high temperatures in the 90°F (32°C) range. Winters can be cold and windy with temperatures dropping to 0°F (-18°C). Average annual precipitation is approximately 10 inches, part of which occurs as up to 60 inches of snowfall. Historically, the Borealis Property was operated throughout the year with only limited weather related interruptions.

Topography ranges from moderate and hilly terrain with rocky knolls and peaks, to steep and mountainous terrain in the higher elevations.

The vegetation throughout the project area is categorized into several main community types: pinyon/juniper woodland, sagebrush, ephemeral drainages and areas disturbed by mining and reclaimed. Predominate species include pinyon pine, Utah juniper, greasewood, a variety of sagebrush species, crested wheat grass and fourwing saltbush.

There is a power line crossing the Borealis Property within 2 miles of the center of the potential operations, which we will evaluate for the power source during our potential future engineering feasibility work. Water is available from two water basins located approximately 5 miles and 7 miles south of the planned mine site, respectively. Water for

historical mining operations was supplied from the basin 5 miles away from the site. We have obtained permits from the Nevada Division of Water Resources to access water from each of these basins. We believe that each of these basins, individually, would provide a sufficient water supply for our potential operations.

The Borealis site has been reclaimed by the prior operator to early 1990's standards. The pits and the project boundary are fenced for public safety. Currently, access to the pits and leach heap areas is gained through a locked gate. No buildings or power lines or other mining related facilities located on the surface remain. All currently existing roads in the project area are two track roads with most located within the limits of the old haul roads that have been reclaimed.

The nearest available services for both mine development work and mine operations are in the small town of Hawthorne, via a wide well-maintained gravel road. Hawthorne has substantial housing available, adequate fuel supplies and sufficient infrastructure to meet basic supply requirements. Material required for property development and mine operations are generally available from suppliers located in Reno, Nevada.

#### ***History of the District and Borealis Property***

The original Ramona mining district, now known as the Borealis mining district, produced less than 1,000 ounces of gold prior to 1981. In 1978 the Borealis gold deposit was discovered by S. W. Ivosevic (1979), a geologist working for Houston International Minerals Company (a subsidiary of Houston Oil and Minerals Corporation). The property was acquired from the Whitney Partnership, which later became the Borealis Owners, following Houston's examination of the submitted property. Initial discovery of ore-grade gold mineralization in the Borealis district and subsequent rapid development resulted in production beginning in October 1981 as an open pit mining and heap leaching operation. Tenneco Minerals acquired the assets of Houston International Minerals in late 1981, and continued production from the Borealis mine. Subsequently, several other gold deposits were discovered and mined by open pit methods along the generally north