

GRYPHON GOLD CORP
Form SB-2
December 10, 2007

As filed with the Securities and Exchange Commission on December 10, 2007
Registration Statement No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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)

**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:
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Republic Plaza Building, Suite 4700
370 Seventeenth Street
Denver, CO 80202-5647

Approximate date of proposed sale to the public: From time to time after the effective date of this registration statement.

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 effective 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. £

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. £

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
Common Stock to be offered for resale by selling shareholders	9,500,000	\$0.65	\$6,175,000	\$190
Common Stock acquirable upon exercise of warrants to be offered for resale by selling shareholders (2)	5,265,050	\$0.65	\$3,422,283	\$106
Common Stock acquirable upon conversion of convertible note to be offered for resale by selling shareholders(3)	5,000,000	\$0.65	\$3,250,000	\$100
TOTAL	19,765,050	--	\$12,847,283	\$396

(1) Estimated pursuant to Rule 457(c) under the Securities Act of 1933, as amended, solely for purposes of calculating amount of registration fee, based on the average of the high and low sales prices of the Registrant's common stock on December 7, 2007, as quoted on the Financial Industry Regulatory Authority's Over-the-Counter Bulletin Board.

(2) Consisting of 5,000,000 shares of common stock issuable upon exercise of Series G warrants granted August 7, 2007 and 265,050 shares of common stock issuable upon exercise of Series H broker's warrants granted August 7, 2007.

(3) Consisting of 5,000,000 common shares issuable upon conversion of a convertible note granted August 21, 2007. 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.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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 December 10, 2007

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"). On December 7, 2007, the closing sale price for our common stock was \$0.65 on the OTCBB and \$0.64 on the TSX (converted from Cdn\$0.64 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 December 7, 2007 of Cdn.\$1.00/US\$1.0051).

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 December 7, 2007, the closing rate was Cdn\$1.00 equals United States \$1.0051. For the purposes of this prospectus, U.S. dollars were converted into Canadian dollars at the rate of Cdn\$1.00 = US\$1.0051, rounded to the nearest thousand dollars, as applicable.

	Calendar Year Ended December 31		Fiscal Year Ended March 31	
	2006	2005	2007	2006
High	0.9100	0.8751	0.9100	0.8850
Low	0.8528	0.7853	0.8437	0.7853
Average	0.8818	0.8254	0.8787	0.8368
Year End	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

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 December 7, 2007

61,465,395 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 61,465,395 shares of common stock outstanding as of December 7, 2007. This calculation excludes:

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6,252,000 shares of common stock issuable upon vested exercise of options outstanding as of December 7, 2007;

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

~~942~~,500 shares of common stock available for future grant under our Omnibus Incentive Plan as of December 7, 2007.

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 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

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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

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

*

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 November 27, 2007, we closed the second tranche of our private placement of units as announced on November 12, 2007 and November 14, 2007. The first tranche closed on November 22, 2007 and consisted of 3.254 million units for gross aggregate proceeds of Cdn\$2.603 million. The second tranche consisted of 1.050 million units for gross aggregate proceeds of Cdn\$840,000. An aggregate of 4,304,000 units have been issued as part of the first tranche and second tranche for gross proceeds of Cdn\$3.443 million. We plan to issue an aggregate of 6,800,000 units at a price of Cdn\$0.80 per unit for gross aggregate proceeds of \$5.44 million. The third and final tranche of the placement is anticipated to close in December 2007. Each unit consists of one common share of the Company and one full Series I common share purchase warrant subject to adjustment. Each full warrant shall entitle the holder thereof to purchase one share of common stock of the Company, for a period of 24 months commencing from the date of closing at a price per warrant share of Cdn\$1.00 if exercised on or before the date that is twelve months from the date of closing and at a price per Warrant Share of Cdn\$1.25 if exercised thereafter.

During the remainder of fiscal 2007 and into 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:

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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	Year Ended		Six Months Ended		Pro Forma**	
	March 31		September 30		Consolidated	
	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	\$ 4,865,638	\$ 4,047,743	\$ -	\$ -
Net (Loss)	\$ (8,737,141)	\$ (5,602,336)	\$ (4,727,088)	\$ (3,871,214)	\$ -	\$ -
(Loss) per Common share*	\$ (0.21)	\$ (0.19)	\$ (0.09)	\$ (0.10)	\$ (0.21)	\$ (0.05)
Weighted Average Number of Common Shares Outstanding*	41,242,535	29,350,317	50,093,806	40,435,024	41,242,535	47,485,585

* Basic and diluted.

BALANCE SHEET
DATA

	At March 31,		At September	At September	Pro Forma**
	2007	2006	30, 2007	30, 2006	Consolidated At June 30, 2007
			(Unaudited)	(Unaudited)	(Unaudited)
Working Capital (Deficiency)	\$ 6,525,160	\$ 8,374,384	\$ 2,798,040	\$ 5,761,223	\$ (2,781,551)
Total Assets	\$ 9,553,194	\$ 11,693,218	\$ 17,113,604	\$ 8,585,821	\$ 15,361,316
Accumulated (Deficit)	\$ (17,980,822)	\$ (9,243,681)	\$ (22,707,910)	\$ (13,114,895)	\$ (20,207,375)
Stockholders' Equity	\$ 8,716,344	\$ 10,466,013	\$ 11,550,451	\$ 7,934,791	\$ 10,236,741

**

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 \$599 per ounce at September 29, 2006, and during 2006 had a high of \$725 and a low of \$525. The price of gold was \$743 per ounce on September 28, 2007 and during 2007 has had a high of \$764 and a low of \$608. The price of silver also improved from \$11.55 per ounce at September 29, 2006 to close September 28, 2007 at \$13.65 per ounce, with a yearly high of \$14.58 and a low of \$12.21, during 2007. Historically, gold prices ranged from \$536.50 to \$411.10 per ounce in 2005 and from \$454.20 to \$375.00 per ounce in 2004; and silver prices have ranged from \$9.22 to \$6.39 per ounce in 2005 and from \$8.29 to \$5.49 per ounce in 2004.

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:

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- 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 attest that our management's report is fairly stated or they 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 December 7, 2007.

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 December 7, 2007 we had 61,465,395 shares of common stock issued and outstanding.

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

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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⁽⁷⁾

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

Lindsay Bottomer #194-905A-5.⁽⁸⁾

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

Karla Muir⁽⁹⁾

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

John Wheeler⁽¹⁰⁾

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

Inter Cap Inc.⁽¹¹⁾

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

Cadec Management SA Panama⁽¹²⁾

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

Spearsea Inv.⁽¹³⁾

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

Anthony Holland⁽¹⁴⁾

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

Bermeo Invest SA⁽¹⁵⁾

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

George Cross⁽¹⁶⁾

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

Roytor & Co.⁽¹⁷⁾

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.⁽¹⁸⁾

RBC Dexia Investor Services,
 Institutional & Investor Services, Securities
 Cage/Vault Department, 3,400,000 5.38% 3,400,000 0 0%
 Attn: Free Desk, Royal Bank Plaza, 200 Bay St.,
 South Tower, SL Level Toronto, ON M5J 2J5

Roytor & Co.⁽¹⁹⁾

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⁽²⁰⁾

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

J. Logan Account # 75B219E⁽²¹⁾
77 Bloor Street West, 3rd Floor,