

GRYPHON GOLD CORP  
Form DEF 14A  
July 26, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_)**

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to § 240.14a-12

**GRYPHON GOLD CORPORATION**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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- No fee required  
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- (4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

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  - (3) Filing Party:
  - (4) Date Filed:
-

## GRYPHON GOLD CORPORATION

611 N. NEVADA STREET  
CARSON CITY NEVADA USA 89703

### Notice of Annual Meeting of Stockholders

To all Stockholders of Gryphon Gold Corporation:

You are invited to attend the 2011 Annual Meeting of Stockholders (the *Annual Meeting*) of Gryphon Gold Corporation (the *Company*). The Annual Meeting will be held at the Atlantis Resort and Casino, 3800 South Virginia Street, Reno, Nevada, USA, 89502, beginning September 8, 2011, at 10:30am local time. The purposes of the Annual Meeting are:

1. The election of the Nominees to the Company's Board of Directors to serve until the Company's 2012 Annual Meeting of Stockholders or until successors are duly elected and qualified; the following are Nominees for election as directors: John L. Key, Donald W. Gentry, Marvin K. Kaiser, and Terence J. Cryan;
2. To ratify the appointment of the Company's independent registered public accounting firm for fiscal year 2012;
3. To ratify an increase in the number of shares available for the grant of options under the Company's 2006 Omnibus Incentive Plan (*Incentive Plan Share Increase*);
4. Any other business that may properly come before the Annual Meeting.

The Board of Directors has fixed July 11, 2011, as the record date for the Annual Meeting. Only stockholders of the Company of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders as of July 11, 2011, will be available at the Annual Meeting for inspection by any stockholder.

Stockholders will need to register at the Annual Meeting to attend the Annual Meeting. If your shares of common stock are not registered in your name, you will need to bring proof of your ownership of those shares of common stock to the Annual Meeting in order to register. You should ask the broker, bank or other institution that holds your shares of common stock to provide you with a proxy that shows your ownership of shares of common stock of the Company as of July 11, 2011. Please bring that documentation to the Annual Meeting to register.

### IMPORTANT

Whether or not you expect to attend the Annual Meeting, please sign and return the enclosed proxy promptly. If you decide to attend the Annual Meeting, you may, if you wish, revoke the proxy and vote your shares of common stock in person.

By Order of the Board of Directors,

Lisanna M. Lewis, Secretary  
Vancouver, BC, Canada  
July 19, 2011

# GRYPHON GOLD CORPORATION

611 N. NEVADA STREET  
CARSON CITY NEVADA USA 89703

## Proxy Statement for Annual Meeting of Stockholders

To Be Held September 8, 2011

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Unless the context requires otherwise, references in this proxy statement to *Gryphon Gold*, the *Company*, *we*, *us*, *our* refer to Gryphon Gold Corporation.

The Annual Meeting of Stockholders (the *Annual Meeting*) will be held the Atlantis Resort and Casino, 3800 South Virginia Street, Reno, Nevada, USA 89502, beginning September 8, 2011, at 10:30am local time. We are providing the enclosed proxy materials and form of proxy in connection with the solicitation by the Company's Board of Directors (the *Board*) of proxies for this Annual Meeting. A notice of the availability of this proxy statement (the *Proxy Statement*), the form of proxy and the Company's Annual Report to Stockholders will first be mailed to holders of the Company's voting stock on or about July 27, 2011.

You are invited to attend the Annual Meeting at the above stated time and location. If you plan to attend and your shares of common stock are held in street name in an account with a bank, broker, or other nominee- you must obtain a proxy issued in your name from such broker, bank or other nominee.

You can vote your shares of common stock by completing and returning the proxy card or, if you hold shares in street name, by completing the voting form provided by the broker, bank or other nominee. **A returned signed proxy card without an indication of how shares of common stock should be voted will be voted FOR the election of all nominees ( *Nominees* ) as directors of the Board ( *Directors* ), FOR the ratification of the Company's independent registered public accounting firm and FOR the ratification of an increase in the number of shares available for the grant of options under the Company's 2006 Omnibus Incentive Plan ( *Option Share Increase* ).**

Our corporate bylaws define a quorum as one-third of the voting power of the issued and outstanding voting stock present in person or by proxy. The Company's Articles of Incorporation do not allow cumulative voting for Directors. The nominees who receive the most votes will be elected. A simple majority of the voting shares present, whether in person or by proxy, is required to ratify the appointment of the Company's independent registered public accounting firm and approve the Incentive Plan Share Increase.

## QUESTIONS AND ANSWERS ABOUT PROXY MATERIALS AND VOTING

### Why am I receiving this Proxy Statement and proxy card?

You are receiving this Proxy Statement and proxy card because you were a stockholder of record at the close of business on July 11, 2011, and are entitled to vote at the Annual Meeting. This Proxy Statement describes issues on which the Company would like you, as a stockholder, to vote. It provides information on these issues so that you can make an informed decision. You do not need to attend the Annual Meeting to vote your shares of common stock.

When you sign the proxy card you appoint John L. Key, Chief Executive Officer to the Company, and Lisanna M. Lewis, Vice President, Secretary and Treasurer to the Company, your representatives at the Annual Meeting with the power to act jointly or individually. As your representatives, they will vote your shares of common stock at the Annual Meeting (or any adjournments or postponements) as you have instructed them on your proxy card. With proxy voting, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, it is a good idea to complete, sign and return your proxy card in advance of the Annual Meeting, just in case your plans change.

If an issue comes up for vote at the Annual Meeting (or any adjournments or postponements) that is not described in this Proxy Statement, your representative will vote your shares, under your proxy, at their discretion, subject to any limitations imposed by law.

### When is the record date?

The Board of Directors has fixed July 11, 2011, as the record date for the Annual Meeting. Only holders of voting stock of the Company as of the close of business on that date will be entitled to vote at the Annual Meeting.

### How many shares are outstanding?

As of July 11, 2011, the Company had 193,769,882 shares of common stock issued and outstanding.

### What am I voting on?

You are being asked to vote on the following:

1. The election of the Nominees to the Company's Board to serve until the Company's 2012 Annual Meeting of Stockholders or until successors are duly elected and qualified; the following are Nominees for election as Directors: Donald W. Gentry, John L. Key, Marvin K. Kaiser, and Terence J. Cryan;
2. The ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year of 2012;
3. To ratify the Option Share Increase; and
4. Any other business that may properly come before the Annual Meeting.

### **How many votes do I get?**

Each share of common stock is entitled to one vote. No cumulative rights are authorized, and dissenters' rights are not applicable to any of the matters being voted upon.

The Board recommends a vote **FOR** each of the Nominees to the Board, **FOR** the ratification of the appointment of the Company's independent registered public accounting firm and **FOR** the Option Share Increase.

### **How do I vote?**

You have several voting options. You may vote by:

- Completing your proxy card over the internet at the following website: [www.envisionreports.com/GGN](http://www.envisionreports.com/GGN);
- Requesting a paper copy of this Proxy Statement and the proxy card, signing and returning the proxy card; or
- Attending the Annual Meeting and voting in person.

If your shares of common stock are held in an account with a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares of common stock held in a street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares of common stock in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares of common stock in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker, bank, or other nominee.

### **Can stockholders vote in person at the Annual Meeting?**

The Company will pass out written ballots to anyone who wants to vote at the Annual Meeting. If you hold your shares of common stock through a brokerage account but do not have a physical share certificate, or the shares are registered in someone else's name, you must request a legal proxy from your stockbroker or the registered owner to vote at the Annual Meeting.

### **What if I want a paper copy of these proxy materials?**

You can request paper or email copies of this Proxy Statement, the form of proxy and the Annual Report to Stockholders by submitting a request via Internet, telephone or email as follows:

- **Internet** Go to [www.envisionreports.com/GGN](http://www.envisionreports.com/GGN). Click Cast Your Vote or Request Materials. Follow the instructions to log in and order a paper or email copy of the current Annual Meeting materials and submit your preference for email or paper delivery of future Annual Meeting materials.
- **Telephone** Call us free of charge at 1-866-641-4276 using a touch-tone phone and follow the instructions to log in and order a paper copy of the materials by mail for the current Annual Meeting. You can also submit a preference to receive a paper copy for future Annual Meetings.

- **Email** Send email to [investorvote@computershare.com](mailto:investorvote@computershare.com) with Proxy Materials Gryphon Gold Corporation in the subject line. Include in the message your full name and address, plus the three numbers located in the shaded bar on the reverse, and state in the email that you want a paper copy of current Annual Meeting materials. You can also state your preference to receive a paper copy for future Annual Meetings.

To facilitate timely delivery, all requests for a paper copy of the proxy materials must be received by **August 26, 2011**.

#### **What if I change my mind after I return my proxy?**

You may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

- Go to [www.envisionreports.com/GGN](http://www.envisionreports.com/GGN). Click Cast Your Vote or Request Materials. Follow the instructions to log in and change your vote, prior to 12:00 p.m., PST on September 8, 2011;
- If you have requested paper or email copies of the form of proxy, signing another proxy with a later date and mailing it to the Company's Inspector of Elections, at the Company's principal executive offices, so long as it is received prior to 12:00 p.m., PST, on September 8, 2011;
- Voting in person at the Annual Meeting; or
- Giving written notice to the Company's Treasurer, Lisanna M. Lewis, at the address given above, prior to 12:00 p.m., PST on September 8, 2011.

#### **How many votes do you need to hold the Annual Meeting?**

To conduct the Annual Meeting, the Company must have a quorum, which means that one-third of outstanding voting shares of the Company as of the record date must be present at the Annual Meeting. Based on 193,769,882 shares of common stock issued and outstanding as of July 11, 2011, 64,589,961 shares of common stock must be present, in person or by proxy, for a quorum to be present at the Annual Meeting.

Your shares will be counted as present at the Annual Meeting if you:

- Submit a properly executed proxy card (even if you do not provide voting instructions); or
- Attend the Annual Meeting and vote in person.

#### **What if I abstain from voting?**

Abstentions with respect to a proposal are counted for the purposes of establishing a quorum. If a quorum is present, abstentions will not be included in vote totals. Since the Company's bylaws provide that approval of a proposal at an Annual Meeting of the stockholders is by the affirmative vote of a majority of the voting shares present, in person or by proxy, at an Annual Meeting of the stockholders, a properly executed proxy card marked *ABSTAIN* with respect to a proposal will have the same effect as voting *AGAINST* that proposal. However, as described below, election of Directors is by a plurality of the votes cast at the Annual Meeting. A properly executed proxy card marked *WITHHELD* with respect to the election of Directors will not be voted and will not count *FOR* any of the Nominees for which the vote was withheld.

**What effect does a broker non-vote have?**

Brokers and other intermediaries, holding shares of common stock in street name for their customers, are generally required to vote the shares of common stock in the manner directed by their customers. If their customers do not give any direction, brokers may vote the shares of common stock on routine matters, but not on non-routine matters. Since the election of Directors under this Proxy Statement is uncontested, the election of Directors is considered a non-routine matter, further the Option Share Increase is a non-routine matter, and, therefore, brokers may not vote shares of common stock held in street name for their customers in relation to these items of business. The ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year of 2012 is considered a routine matter and brokers will be permitted to vote shares of common stock held in street name for their customers.

The absence of a vote on a non-routine matter is referred to as a broker non-vote. Any shares of common stock represented at the Annual Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact in the election of Directors, except to the extent that the failure to vote for an individual results in another individual receiving a larger proportion of votes cast for the election of Directors. Any shares of common stock represented at the Annual Meeting but not voted (whether by abstention, broker non-vote or otherwise) with respect to the proposal to ratify the appointment of the independent registered public accountant or approve the Option Share Increase will have the same effect as a vote against such proposal.

**How many votes are needed to elect Directors?**

The Nominees for election as Directors at the 2011 Annual Meeting will be elected by a plurality of the votes cast at the Annual Meeting. The Nominees with the most votes will be elected. A properly executed proxy card marked *WITHHELD* with respect to the election of Directors will not be voted and will not count *FOR* or *AGAINST* any of the Nominees.

**How many votes are needed to ratify the appointment of the independent registered public accountant?**

The ratification of the appointment of the independent registered public accountant will be approved if a majority of the voting shares present at the Annual Meeting vote *FOR* the proposal. A properly executed proxy card marked *ABSTAIN* with respect to this proposal will have the same effect as a vote cast *AGAINST* this proposal.

**How many votes are needed to approve the Option Share Increase?**

The Option Share Increase will be approved if a majority of the voting shares present at the Annual Meeting vote *FOR* the proposal. A properly executed proxy card marked *ABSTAIN* with respect to this proposal will have the same effect as a vote cast *AGAINST* this proposal.

**Will my shares of common stock be voted if I do not sign and return my Proxy Card?**

If your shares of common stock are held through a brokerage account, your brokerage firm, under certain circumstances, may vote your shares of common stock. See "What effect does a broker non-vote have?" above for a discussion of the matters on which your brokerage firm may vote your shares of common stock.

If your shares of common stock are registered in your name, and you do not sign and return your proxy card, your shares of common stock will not be voted at the Annual Meeting, unless you attend the Annual Meeting and vote your shares of common stock.





**How are votes counted?**

Your shares of common stock will be voted as you indicate on your proxy card. If you just sign your proxy card with no further instructions, your shares of common stock will be voted:

- **FOR** each Nominee for election to the Board for terms expiring in 2012;
- **FOR** the ratification of the appointment of the independent registered public accountant; and
- **FOR** the approval of the Option Share Increase.

Voting results will be tabulated and certified by the Inspector of Elections.

**Where can I find the voting results of the Annual Meeting?**

The Company will publish the final results in a current report filing on Form 8-K with the Securities and Exchange Commission (SEC) within four (4) business days of the Annual Meeting.

**Who will pay for the costs of soliciting proxies?**

The Company will bear the cost of soliciting proxies. In an effort to have as large a representation at the Annual Meeting as possible, the Company's directors, officers and employees may solicit proxies by telephone or in person in certain circumstances. These individuals will receive no additional compensation for their services other than their regular salaries. Additionally, the Company may hire a proxy solicitor to help reach the quorum requirement. The Company will pay a reasonable fee in relation to these services. Upon request, the Company will reimburse brokers, dealers, banks, voting trustees and their nominees who are holders of record of the Company's Common Stock on the record date for the reasonable expenses incurred for mailing copies of the proxy materials to the beneficial owners of such shares.

**When are stockholder proposals due for the 2012 Annual Meeting of Stockholders?**

In order to be considered for inclusion in next year's (2012) proxy statement, stockholder proposals must be submitted in writing to the Company's Treasurer, Lisanna M. Lewis, at Gryphon Gold Corporation, 711-675 West Hastings Street, Vancouver, BC, V6B 1N2, and received no later than March 29, 2012, provided that this date may be changed in the event that the date of the annual meeting of shareholders to be held in calendar year 2012 is changed by more than 30 days from the date of this Annual Meeting. Such proposals must also comply with the requirements as to form and substance established by the SEC if such proposals are to be included in our proxy statement and form of proxy.

Similarly, stockholder proposals not submitted for inclusion in the proxy statement and received after June 12, 2012 will be considered untimely pursuant to Rule 14a-5(e)(2) of the Securities and Exchange Act of 1934, as amended (the *Exchange Act*), provided that this date may be changed in the event that the date of the annual meeting of shareholders to be held in calendar year 2012 is changed by more than 30 days from the date of this Annual Meeting.

**How can I obtain a copy of the 2011 Annual Report on Form 10-K?**

The Company's 2010 Annual Report on Form 10-K, including financial statements is available on the internet at [www.envisionreports.com/GGN](http://www.envisionreports.com/GGN) or through the SEC's website at <http://www.sec.gov>. **At the written request of any stockholder who owns shares of common stock on the record date, the Company will provide to such stockholder, without charge, a paper copy of the Company's 2011 Annual Report on Form 10-K as filed with the SEC, including the financial statements and financial statement schedules but not including exhibits.** If requested, the Company will provide copies of the exhibits for a reasonable fee. Requests for additional paper copies of the 2011 Annual Report on Form 10-K should be mailed to:

Gryphon Gold Corporation  
711-675 West Hastings Street  
Vancouver, BC  
V6B 1N2  
Attention: Lisanna M. Lewis, Treasurer

**PROPOSAL 1 ELECTION OF DIRECTORS**

**GENERAL QUESTIONS**

**What is the current composition of the Board?**

The Company's current bylaws require the Board to have at least one (1) and no more than nine (9) Directors. The current Board is composed of four (4) Directors.

**Is the Board divided into classes? How long is the term?**

No, the Board is not divided into classes. All directors serve one-year terms until their successors are elected and qualified at the next Annual Meeting.

**Who is standing for election this year?**

The Board has nominated the following four (4) Nominees, who are each current Directors, for election at the 2011 Annual Meeting, to hold office until the 2012 Annual Meeting:

- John L. Key;
- Donald W. Gentry;
- Marvin K. Kaiser; and
- Terence J. Cryan.

**What if a Nominee is unable or unwilling to serve?**

Should any one or more of these Nominees become unable or unwilling to serve, which is not anticipated, the Board may designate substitute nominees, in which event the proxy representatives will vote proxies that otherwise would be voted for the named Nominees for the election of such substitute nominee or nominees.

**How are Nominees elected?**

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting.

**The Board recommends a vote FOR each of the Nominees. All proxies executed and returned without an indication of how shares of common stock should be voted will be voted FOR the election of all Nominees.**

**INFORMATION ON THE BOARD OF DIRECTORS, EXECUTIVE OFFICERS, AND KEY EMPLOYEES**

The following table and information that follows sets forth, as of June 15, 2011, 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 Ten Years</b>  | <b>Director Since</b> |
|--|---|---|-----------------------|
| <b>John L. Key</b><br>Gardnerville, Nevada       | Chief Executive Officer,<br>Director    | Chief Executive Officer appointed July 21, 2008, General Manager Projects for the Teck Cominco organization from 1973 to 2004.  | July 21, 2008         |
| <b>Donald W. Gentry</b><br>Bella Vista, Arkansas | Director                                | President, Chief Executive Officer, Chairman and Director of PolyMet Mining Corporation, 1998 to 2003   | July 18, 2005         |
| <b>Marvin K. Kaiser</b><br>Mayfield, Kentucky    | Director                                | Consultant to natural resource industry, Whippoorwill Consulting 2006 Present, CFO, Executive VP, Chief Administrative Officer Doe Run Company 1993- 2006, CFO AMAX Gold, Inc 1989 to 1993, CFO, Senior VP Ranchers Exploration and Development Corporation 1969 to 1984.   | Nov. 18, 2008         |
| <b>Terence J. Cryan</b><br>Bronxville, NY        | Director                                | Currently serves as the Managing Director to Concert Energy Partners, LLC. Managing director at Paine Webber (Kidder, Peabody) 1990-1997 and then served as Senior Managing Director at Bear Stearns & Co. 197- 2001. Portfolio Manager/Investment Officer for Chase Investment Management Corp in New York, NY 1985 -1987. | Sep. 3, 2009          |
| <b>Ted Sharp*</b><br>Nampa, ID                   | Interim Chief Financial Officer         | Chief Financial Officer appointed May 25, 2011. Founder and Principal of Sharp Executive  |                       |

|   |   |  |  |
|---|---|--|--|
|   |   | Associates, Inc, 2003 to Present, CFO of Goldrich Mining Company, Inc, 2006 to Present, CEO and CFO of Texada Ventures, Inc. 2008 to 2010, CFO of Commodore Applied Technologies, 2006 through 2009, CFO and Controller of Key Technology, Inc., 1989 to 2003. |  |
| <b>Lisanna M Lewis</b><br>Vancouver, BC | Vice President, Treasurer,<br>Corporate Secretary | Vice President appointed August 1, 2010, previous Corporate Controller of Gryphon Gold from October 2005. Appointed Secretary and Treasurer October 8, 2008. Administration and Logistics Manager for Danka Canada from Aug 1994 Oct 2005.                     |  |

\*An internal change of the Interim Chief Financial Officer was made with Sharp Executive Associates on May 25, 2011. Mr. Matt Fowler served as our Interim Chief Financial Officer from Sharp Executives from May 18, 2010 to May 25, 2011.

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

**John L. Key, 60**, was appointed February 5, 2008 as Chief Operating Officer and has since been appointed President, CEO, and Director (July 21, 2008). Mr. Key is a graduate of the University of Missouri Rolla with an M.S. in Mining Engineer. He possesses 32 years of extensive mining experience. He worked for the Teck Cominco organization from 1973 to 2004 during which time he was directly responsible for running, in succession, the Magmont, Polaris, and Red Dog mines and also served as General Manager Projects. Mr. Key oversaw over \$300 million in capital expansions at Red Dog. His primary duties at Gryphon Gold are to review the potential for an oxide mine on the Borealis Property, to work on the longer term opportunities for the sulphide ore resources and to review opportunities available to Gryphon Gold.

Mr. Key's extensive mining experience, including his past experience in running mines for Teck Cominco, and his B.S. in Mining Engineering brings unique skills and experiences to the Board of Directors regarding the Company's current focus on developing an oxide mine on the Borealis property. Accordingly, the Board believes that Mr. Key should continue to serve on the Board of Directors.

**Donald W. Gentry, 68**, 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.

Mr. Gentry's expertise as a consulting mining engineer, professional educator and mining executive, his past experience as an executive at PolyMet Mining and his B.S., M.S. and PhD. degrees in mining engineering from the University of Illinois, Mackay School of Mines, and University of Arizona, respectively, offer the Board of Directors invaluable insight into the development of mines and management of a development stage and producing mining company. This insight is valued by the Board of Directors regarding the Company's current focus on developing an oxide mine on the Borealis property. Accordingly, the Board believes that Mr. Gentry should continue to serve on the Board of Directors.

**Marvin K. Kaiser, 69**, was appointed to our board on November 18, 2008. Mr. Kaiser graduated from Southern Illinois University-Carbondale and began his career in the field of public accounting becoming a Certified Public Accountant in 1965. His career in the natural resources industry began in 1969 with Ranchers Exploration and Development Corporation where he held various positions including Chief Financial Officer and Senior Vice President until the company was combined with Hecla Mining Company in 1984. Mr. Kaiser also served as Chief Financial Officer of AMAX Gold, Inc from 1989 until 1993 when AMAX Inc was combined with Cyprus Mining. Subsequent to leaving AMAX, Mr. Kaiser joined The Doe Run Company as Chief Financial Officer. At the time of his retirement from Doe Run in 2006, he held the positions of Executive Vice President and Chief Administrative Officer. Following his retirement, Mr. Kaiser formed Whippoorwill Consulting, LLC, which provides financial advisory services to the natural resources industry. He presently serves as a director of several publicly traded mining/exploration companies as well as The Southern Illinois University Foundation.





Mr. Kaiser's expertise in providing financial advisory services to the natural resource industry, past experience as a financial executive in several prominent mining companies and his education as a certified public accountant brings a unique expertise to the Board of Directors in relation to the financial aspects of mine development and production. This insight is valued by the Board of Directors regarding the Company's current focus on developing an oxide mine on the Borealis property and in Mr. Kaiser's role as Chairman of the Audit Committee. Accordingly, the Board believes that Mr. Kaiser should continue to serve on the Board of Directors.

**Terence J. Cryan, 48**, was appointed to our board on September 3, 2009. Mr. Cryan graduated with honours from Tufts University in Medford, Massachusetts with a Bachelor of Arts degree in Economics/Political Science. He then attended the London School of Economics to earn his Masters of Science degree in Economics in December 1984. Mr. Cryan began his career in 1985 as a Portfolio Manager/Investment Officer for Chase Investment Management Corp in New York, NY. In 1987 he located to London, England with Lazard where he gained extensive knowledge of cross border corporate finance as well as mergers and acquisitions. Mr. Cryan's career continued as a managing director at Paine Webber (following its acquisition of Kidder, Peabody) and then served as Senior Managing Director at Bear Stearns & Co. Mr. Cryan was also President & CEO to Medical Acoustics LLC from April 2007 to April 2010. Currently, Mr. Cryan serves as the Managing Director of Concert Energy Partners, LLC, an investment banking and private equity firm based in New York. Mr. Cryan has extensive experience as a director of a number of publicly traded companies.

Mr. Cryan's extensive knowledge of cross border corporate finance as well as mergers and acquisitions and his Masters of Science degree in Economics, brings unique insight into the Company's financing activities. This experience is important to the Board's consideration of financing the development of an oxide mine on the Borealis Property. Accordingly, the Board believes that Mr. Cryan should continue to serve on the Board of Directors.

**Ted Sharp, 54** was appointed Interim Chief Financial Officer on May 25, 2011, replacing Mr. Matthew A. Fowler, who is a member of Mr. Sharp's consulting firm. Mr. Sharp is a Certified Public Accountant, and has Bachelor of Business Administration Degree in Accounting from Boise State University. Mr. Sharp has served as Chief Financial Officer, Secretary and Treasurer of Goldrich Mining Company from February 2006 to the present. Concurrent with his position with Goldrich, from September 2008 through November 2010, Mr. Sharp served part-time as Chief Executive Officer, President and Chief Financial Officer of Texada Ventures, Inc, a natural resource exploration company trading on the FINRA OTCBB. Also concurrent with his position with Goldrich, from November of 2006 to June 2009, Mr. Sharp served part-time as Chief Financial Officer of Commodore Applied Technologies, Inc., an environmental solutions company trading on the FINRA OTCBB. Since 2003, he has been President of Sharp Executive Associates, Inc., a privately-held accounting firm providing Chief Financial Officer services to clients. Prior to 2003, he worked for 14 years in positions of Chief Financial Officer, Managing Director of European Operations and Corporate Controller for Key Technology, Inc., a publicly-traded manufacturer of capital goods. Mr. Sharp has more than 30 years of experience in treasury management, internal financial controls, SEC reporting and corporate governance.

**Lisanna M. Lewis, 37**, was appointed as our Vice President on August 1, 2010. Ms. Lewis continues to serve as Controller, Treasurer and Secretary. Ms. Lewis has been with Gryphon Gold Corporation since October 2005, and was originally hired as the Office Manager of the Company. In August 2007 Ms. Lewis was promoted to Controller of the Company and later in November 2008 as Secretary and Treasurer. As Vice President of the Company, Ms. Lewis will continue to be responsible for all administrative functions, financial reporting and investor relations activity. Ms. Lewis has a Commercial Accounting Certificate, an Accounting Technician Diploma, and is currently enrolled in the Certified General Accountants of British Columbia program.

### **Relationships between Directors and Officers**

Our Chief Executive Officer is related by blood to our General Manager of our wholly owned subsidiary.

### **Arrangements between Directors and Officers**

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.

### **Legal Proceedings, Cease Trade Orders and Bankruptcy**

As of the date of this annual report, no director or executive officer of the Company and no shareholder holding more than 5% of any class of voting securities in the Company, or any associate of any such director, officer or shareholder is a party adverse to the Company or any of our subsidiaries or has an interest adverse to the Company or any of our subsidiaries.

No director or executive officer of the Company is, as at the date of this annual report, or was within 10 years before the date of this annual report, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this annual report, or has been within the 10 years before the date of this annual report, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within 10 years before the date of this annual report, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

- (c) has, within 10 years before the date of this annual report, been the subject of, or a party to, any U.S. federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (i) any U.S. federal or state securities or commodities law or regulation; or (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- (d) has, within 10 years before the date of this annual report, been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C.78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C.1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **CORPORATE GOVERNANCE**

### **BOARD OF DIRECTORS STRUCTURE**

#### **General Structure**

The Company's current bylaws require the Board of Directors to have at least one (1) and no more than nine (9) Directors. The current Board is composed of four (4) directors.

#### **Director Independence**

We had four (4) directors at March 31, 2011, including three independent directors, as follows:

- John L. Key;
- Donald W. Gentry (independent);
- Marvin K. Kaiser (independent); and
- Terence J. Cryan (independent).

An independent director is a director whom the Board of Directors has determined satisfies the requirements for independence under the Sarbanes-Oxley Act of 2002, section 10A(m)(3) and under section 803A of the NYSE Amex Company Guide.

## **MEETINGS OF THE BOARD AND BOARD MEMBER ATTENDANCE OF ANNUAL MEETING**

During the fiscal year ended March 31, 2011, the Board held 8 meetings of the Board. None of the incumbent Directors attended fewer than 75% of the Board meetings held while they are a Director.

Board members are not required to attend the Annual Meeting. Last year 1 member of the Board attended the Annual Meeting.

## **COMMUNICATIONS TO THE BOARD**

Stockholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Secretary, Lisanna M. Lewis, Gryphon Gold Corporation, 711-675 West Hastings Street, Vancouver, BC V6B 1N2. The Company's Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to the particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Secretary will review all communications before forwarding them to the appropriate Board member.

## **DIVERSITY OF THE BOARD**

The Company does not have a formal policy regarding diversity in the selection of nominees for directors. The Corporate Governance and Nominating Committee does however consider diversity as part of its overall selection strategy. In considering diversity of the Board as a criteria for selecting nominees, the Corporate Governance and Nominating Committee takes into account various factors and perspectives, including differences of viewpoint, professional experience, education, skills and other individual qualities and attributes that contribute to Board heterogeneity, as well as race, gender and national origin. The Corporate Governance and Nominating Committee seeks persons with leadership experience in a variety of contexts and, among public company leaders, across a variety of industries. The Corporate Governance and Nominating Committee believes that this expansive conceptualization of diversity is the most effective means to implement Board diversity. The Corporate Governance and Nominating Committee will assess the effectiveness of this approach as part of its annual review of its charter.

## **BOARD COMMITTEES**

Our Board of Directors has established four board committees: an Audit Committee, a Compensation Committee, a Corporate Governance and Nominating Committee, and a Project Development, Environmental & Sustainability Committee.

The information below sets out the current members of each of Gryphon Gold's Board committees and summarizes the functions of each of the committees in accordance with their mandates.

### **Audit Committee and Audit Committee Financial Experts**

Our Audit Committee has been structured to comply with Canadian Multilateral Instrument 52-110-Audit Committees (MI 52-110) and Section 3(a)(58)(A) of the Exchange Act. Our Audit Committee is comprised of Donald Gentry, Marvin Kaiser and Terence Cryan, of whom all are independent directors under MI 52-110, Section 10A-3 of the Exchange Act and the audit committee rules of the NYSE Amex. Marvin Kaiser is the Chairman of the Audit Committee. Marvin Kaiser satisfies the criteria for an audit committee financial expert under Item 407(d)(5) of Regulation S-K of the rules of the Securities and Exchange Commission.

The Audit Committee meets with management and Gryphon Gold's external auditors to review matters affecting financial reporting, the system of internal accounting and financial controls and procedures and the audit procedures and audit plans. The Audit Committee reviews Gryphon Gold's significant financial risks, will be involved in the

appointment of senior financial executives and will annually review Gryphon Gold's insurance coverage and any off-balance sheet transactions.

The Audit Committee is mandated to monitor Gryphon Gold's audit and the preparation of financial statements and to review and recommend to the board of directors all financial disclosure contained in Gryphon Gold's public documents. The Audit Committee is also mandated to appoint external auditors, monitor their qualifications and independence and determine the appropriate level of their remuneration. The external auditors report directly to the Audit Committee and to the board of directors. The Audit Committee and board of directors each have the authority to terminate the external auditor's engagement (subject to confirmation by stockholders). The Audit Committee will also approve in advance any services to be provided by the external auditors which are not related to the audit.

During the fiscal year ended March 31, 2011, the Audit Committee met 5 times. A copy of the Audit Committee charter can be found on the Company's website at [www.gryphongold.com](http://www.gryphongold.com).

### **Audit Committee Report**

The Company's Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors (the Board). The Committee has three members, each of whom is independent as determined under Rule 10A-3 of the Exchange Act, and the rules of the NYSE Amex. The Committee operates under a written charter adopted by the Board.

The Committee assists the Board by overseeing (1) the integrity of the Company's financial reporting and internal control, (2) independence and performance of the Company's independent auditors, (3) and provides an avenue of communication between management, the independent auditors, and the Board.

In the course of providing its oversight responsibilities regarding the 2011 financial statements, the Committee reviewed the 2011 audited financial statements, which appear in the 2011 Annual Report to Stockholders, with management and the Company's independent auditors. The Committee reviewed accounting principles, practices, and judgments as well as the adequacy and clarity of the notes to the financial statements.

The Committee reviewed the independence and performance of the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, and such other matters as required to be communicated by the independent auditors in accordance with Statement of Auditing Standards 61, as superseded by Statement of Auditing Standard 114 the Auditor's Communication With Those Charged With Governance, as modified or supplemented.

The Committee meets with the independent auditors to discuss their audit plans, scope and timing on a regular basis, with or without management present. The Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board for independent auditor communications with Audit Committees concerning independence, as may be modified or supplemented.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended March 31, 2011. The Committee and the Board have also recommended the selection of decoria-maichel-teague PS as independent auditors for the Company for the fiscal year ending March 31, 2012.

### **Submitted by the Audit Committee Members**

Marvin Kaiser

Donald Gentry

Terence Cryan

Additional information relating to the Audit Committee is contained in the following sections of the Company's Annual Report on Form 10-K for the year ended March 31, 2011: Item 10 Directors and Executive Officers and Item 14 Principal Accountant Fees and Services .

### **Compensation Committee**

The Compensation Committee is comprised of Donald Gentry (chairman), Marvin Kaiser and Terence Cryan, all of whom are independent directors under the standards of the NYSE Amex. The Compensation Committee is responsible for considering and authorizing terms of employment and compensation of Directors, executive officers and providing advice on compensation structures in the various jurisdictions in which Gryphon Gold operates. In addition, the Compensation Committee reviews both the overall salary objectives of Gryphon Gold and significant modifications made to employee benefit plans, including those applicable to directors and executive officers, and propose any awards of stock options, incentive and deferred compensation benefits.

The Compensation Committee does not and cannot delegate its authority to determine director and executive officer compensation. Our Compensation Committee and management did not engage the services of an external compensation consultant during fiscal year 2011.

During the fiscal year ended March 31, 2011, the Compensation Committee met 3 times. A copy of the Compensation Committee charter can be found on the Company's website at [www.gryphongold.com](http://www.gryphongold.com).

### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee is comprised of Donald Gentry (chairman), Marvin Kaiser and Terence Cryan, all of whom are independent directors. The Corporate Governance and Nominating Committee is responsible for developing Gryphon Gold's approach to corporate governance issues and compliance with governance rules. The Corporate Governance and Nominating Committee is also mandated to plan for the succession of Gryphon Gold, including recommending director candidates, review of board procedures, size and organization, and monitoring of senior management with respect to governance issues. The committee is responsible for the development and implementation of corporate communications to ensure the integrity of Gryphon Gold's internal control and management information systems. The purview of the Corporate Governance and Nominating Committee also includes the administration of the board's relationship with the management of Gryphon Gold, monitoring the quality and effectiveness of Gryphon Gold's corporate governance system and ensuring the effectiveness and integrity of Gryphon Gold's communication and reporting to stockholders and the public generally.

Shareholder nominees are subject to the same consideration as nominees selected by the Committee or the Board. The Committee does not have a set policy for whether or how stockholders are to recommend nominees for consideration by the Board. No shareholder or stockholders holding 5% or more of the Company's outstanding stock, either individually or in aggregate, recommended a nominee for election to the Board.

All of the Nominees included on the proxy card accompanying this proxy statement were nominated by the Nominating Committee and were recommended by the Company's current board of directors.

During the fiscal year ended March 31, 2011, the Corporate Governance and Nominating Committee did not meet. A copy of the Corporate Governance and Nominating Committee charter is available on the Company's website at [www.gryphongold.com](http://www.gryphongold.com).



## Project Development, Environmental & Sustainability Committee

The Project Development, Environmental & Sustainability Committee is comprised of John L Key (chairman) and Donald Gentry. The committee is to review and provide technical and commercial guidance for major project development plans, ensure management has appropriate systems in place to plan, implement and track performance of project development. The Committee shall establish environmental policy, monitor compliance and audit our performance relative to policy. The Committee shall establish health and safety policies monitor compliance and audit our practices and actions. The Committee shall establish policy for involving communities of interest in the design and implementation of project development towards sustainable mining development.

## Director Compensation

| Name          | Fees<br>Earned<br>or Paid<br>in<br>Cash | Stock<br>Awards | Option<br>Awards | Non-Equity                     |  |                                   | Total                 |
|---------------|---|-----------------|------------------|--------------------------------|--|-----------------------------------|-----------------------|
|               | (\$)(                                   | (\$)            | (\$)             | Incentive Plan<br>Compensation | Non-Qualified<br>Compensation<br>Earnings (\$) | All Other<br>Compensation<br>(\$) |                       |
| Donald Gentry | 18,000                                  | -               | 5,670            | -                              | -  | -                                 | 23,670 <sup>(1)</sup> |
| Marvin Kaiser | 18,000                                  | -               | 5,670            | -                              | -  | -                                 | 23,670 <sup>(2)</sup> |
| Terence Cryan | 18,000                                  | -               | 5,670            | -                              | -  | -                                 | 23,670 <sup>(3)</sup> |

(1) \$18,000 of fees has been paid in cash. 100,000 stock options, 75,000 have vested; 25,000 vest on June 30, 2011.

(2) \$18,000 of fees has been paid in cash. 100,000 stock options, 75,000 have vested; 25,000 vest on June 30, 2011.

(3) \$18,000 of fees has been paid in cash. 100,000 stock options, 75,000 have vested; 25,000 vest on June 30, 2011.

### *Compensation of Directors*

Beginning April 1, 2008, each independent board member shall receive \$1,500 per month. The fees cover attendance for all meetings, irrespective of the number of audit, compensation and board meetings. All fees have been paid through March 31, 2011.

Except as described above, and the payment of directors' fees, there are no service contracts of any director of Gryphon Gold and there is no arrangement or agreement made or proposed to be made between Gryphon Gold and any of its directors pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that officer's resignation, retirement or other termination of employment, or in the event of a change of control of Gryphon Gold or a change in the director's responsibilities following such change in control.

### *Director Compensation Agreements*

Gryphon Gold is a party to an employment contract for John Key. Pursuant to the agreement, he is entitled to compensation for termination of their employment in certain circumstances, including termination without cause and change of control. The employment agreements provide for the payment of compensation that will be triggered by a termination of the executive officer's employment by either Gryphon Gold or the executive officer following a change of control of Gryphon Gold, or by Gryphon Gold at any time, other than for cause. In such event, each officer will be entitled to receive an amount equal to one year's annual salary plus bonus (equal to the amount of bonus in the prior year) earned in the year of change of control, and existing benefits for a period of 12 months. The agreement with John Key includes limited non-competition and non-solicitation covenants for a period of 12 months following termination.



Except as described above, and the payment of directors' fees, there are no service contracts of any director of Gryphon Gold and there is no arrangement or agreement made or proposed to be made between Gryphon Gold and any of its directors pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that officer's resignation, retirement or other termination of employment, or in the event of a change of control of Gryphon Gold or a change in the director's responsibilities following such change in control.

## **OTHER GOVERNANCE MATTERS**

### **Board Leadership Structure**

The Board of Directors has reviewed our company's current Board of Directors leadership structure which consists of a combined Chairman and Chief Executive Officer in light of the composition of the Board of Directors, the Company's size, the nature of the Company's business, the regulatory framework under which the Company operates, the Company's shareholder base, the Company's peer group and other relevant factors, and has determined that a combined Chairman and Chief Executive Officer position is currently the most appropriate Board leadership structure for our company. The Board of Directors noted the following factors in reaching its determination:

- The Board acts efficiently and effectively under its current structure, where the Chief Executive Officer also acts as Chairman.
- A combined Chairman/Chief Executive Officer is in the best position to be aware of major issues facing the company on a day-to-day and long-term basis, and is in the best position to identify key risks and developments facing the Company to be brought to the Board's attention.
- A combined Chairman/Chief Executive Officer position eliminates the potential for confusion and duplication of efforts, including among employees.
- A combined Chairman/Chief Executive Officer position eliminates the potential for confusion as to who leads the Company, providing the Company with a single public face in dealing with stockholders, employees, regulators, analysts and other constituencies.
- A substantial majority of the Company's peer group utilizes a Board structure with a combined Chairman and Chief Executive Officer.

The Company does not have a lead independent director. Given the size of the Board of Directors, the Board of Directors believes that the presence of three independent directors out of the four Directors on the Board of Directors, each of whom sits on the Board's committees, is sufficient independent oversight of the Chairman/Chief Executive Officer. The independent directors work well together in the current board structure and the Board of Directors does not believe that selecting a lead independent director would add significant benefits to the Board of Directors oversight role.

### **The Role of the Board in Risk Oversight**

The understanding, identification and management of risk are essential elements for the successful management of the Company.

Risk oversight begins with the Board of Directors and the Audit Committee. The Audit Committee is chaired by Marvin Kaiser and each of the Company's three independent directors sits on the Audit Committee.

The Audit Committee reviews and discusses policies with respect to risk assessment and risk management. The Audit Committee also has oversight responsibility with respect to the integrity of the Company's financial reporting process and systems of internal control regarding finance and accounting, as well as its financial statements.



At the management level, an internal audit provides reliable and timely information to the Board of Directors and management regarding the company's effectiveness in identifying and appropriately controlling risks. Annually, management presents to the Audit Committee a report summarizing the review of the Company's methods for identifying and managing risks.

The Company also has a comprehensive internal risk framework, which facilitates performance of risk oversight by the Board of Directors and the Audit Committee. Our risk management framework is designed to:

- Provide that risks are identified, monitored, reported, and priced properly;
- Define and communicate the types and amount of risk the Company is willing to take;
- Communicate to the appropriate management level the type and amount of risk taken;
- Maintain a risk management organization that is independent of the risk-taking activities; and
- Promote a strong risk management culture that encourages a focus on risk-adjusted performance.

### **Code of Conduct**

We adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics summarizes the legal, ethical and regulatory standards that we must follow and will serve as a reminder to our directors, officers and employees, of the seriousness of that commitment. Compliance with this code and high standards of business conduct is mandatory for each of our employees.

The Code of Business Conduct and Ethics was filed with the SEC on February 10, 2006 as exhibit 14.1(2) to Form 10-QSB quarterly report for the quarter ending December 31, 2005. Further information and a copy of the Code of Business Conduct and Ethics is available on our website at [www.gryphongold.com](http://www.gryphongold.com). Any future violations of the Code of Business Conduct and Ethics will be reported on our website at [www.gryphongold.com](http://www.gryphongold.com).

### **Compensation Interlocks and Insider Participation**

There were no compensation committee or board interlocks among the members of our Board.

### **Legal Proceedings**

Neither we nor any of our properties, including the Borealis Property, are currently subject to any material legal proceedings or other regulatory proceedings to which any of our directors, officers, or affiliates, or any associate of any such director, officer, or affiliate, or securityholder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries, and to our knowledge no such proceedings are contemplated.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers, directors, and persons who beneficially own more than 10% of the Company's common stock ( 10% Stockholders ), to file reports of ownership and changes in ownership with the Securities and Exchange Commission ( SEC ). Such officers, directors and 10% Stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) forms that they file. Based solely upon information provided to us by individual officers, directors and 10% Stockholders, we believe that all of these filing requirements were satisfied by our officers, directors, and 10% Stockholders in the fiscal year ended March 31, 2011.

**EXECUTIVE COMPENSATION**

The following table sets forth compensation paid to each of the individuals who served as our Principal Executive Officers and our two other most highly compensated employees (the named executive officers ) for the fiscal years ended March 31, 2011 and 2010.

During the fiscal years ended March 31, 2011 and 2010, the Board authorized salary adjustments for directors, officers, and employees. These adjustments are indicated in the compensation table below. Further, the Board made stock and option grants to certain directors and executives to provide additional compensation, and the calculated value of such grants are indicated in the compensation table below.

| Name and Principal Position              | Year | Salary \$ | Bonus \$ | Stock Awards \$ | Options Awards \$ | Non-Equity Incentive Plan Compensation \$ | Non-Qualified Deferred Compensation Earnings \$ | All Other Compensation | Total                  |
|--|------|-----------|----------|-----------------|-------------------|---|---|------------------------|------------------------|
| John Key, CEO                            | 2011 | 222,000   | 97,500   | 23,317          | 35,121            | -   | -   | -                      | 377,938 <sup>(1)</sup> |
|  | 2010 | 152,000   | -        | -               | 67,482            | -   | -   | -                      | 219,482 <sup>(2)</sup> |
| Matthew A Fowler, Interim CFO            | 2011 | NIL       | -        | -               | 9,590             | -   | -   | 25,663                 | 35,283 <sup>(3)</sup>  |
|  | 2010 | NIL       | -        | -               | -                 | -   | -   | -                      | NIL                    |
| Lisanna Lewis, VP, Treasurer & Secretary | 2011 | 104,510*  | -        | -               | 10,941            | -   | -   | -                      | 127,109 <sup>(4)</sup> |
|  | 2010 | 86,634*   | 10,314*  | 11,658          | 14,670            | -   | -   | -                      | 111,618 <sup>(5)</sup> |
| R. William Wilson                        | 2011 | 33,100    | -        | -               | NIL               | -   | -   | -                      | 33,100                 |
|  | 2010 | 84,051    | -        | -               | 2,407             | -   | -   | -                      | 86,458 <sup>(7)</sup>  |
| Steven D Craig, VP Exploration           | 2011 | 163,000   | -        | 7,772           | 13,561            | -   | -   | -                      | 184,333 <sup>(6)</sup> |
|  | 2010 | NIL       | -        | -               | -                 | -   | -   | -                      | NIL                    |

- (1) \$319,500 of grand total was received as cash, \$35,121 was recorded as non-cash stock compensation expense, and \$23,317 in stock granted.
- (2) \$152,000 of grand total was received as cash; remaining \$67,482 was recorded as non-cash stock compensation expense.
- (3) Mr. Fowler was appointed Interim Chief Financial Officer on May 18, 2010. He is employed by Sharp Executives Associates, which is a contract CFO firm. \$10,000 was paid to Sharp Executives as a retainer and \$25,693 was billed by Sharp Executives Associates for CFO duties. \$9,590 was recorded as non-cash compensation for Sharp Executive Associates.
- (4) \$104,510 of grand total was received in cash, \$10,941 was recorded as non-cash stock compensation expense, and \$11,658 in stock granted.
- (5) \$96,948 of grand total was received in cash, \$14,670 recorded in non-cash stock compensation expense.
- (6) Mr. Craig was appointed VP Exploration on April 1, 2011. Of the grand total, \$163,000 was received in cash, \$13,561 recorded in non-cash stock compensation expense, and \$7,772 in stock granted.
- (7) \$84,051 of grand total was received as cash; remaining \$2,407 was recorded as non-cash stock compensation expense.

\* Based on the March 31, 2011 exchange rate of Cdn\$0.9696 equals US\$1.

## **Executive Compensation Agreements and Summary of Executive Compensation**

### ***Report on Executive Compensation***

During the year ended March 31, 2011, the Company's Compensation Committee was responsible for establishing compensation policy and administering the compensation programs of our executive officers.

The amount of compensation paid by the Company to each of our officers and the terms of those persons' employment is determined solely by the Compensation Committee. The Compensation Committee evaluates past performance and considers future incentive and retention in considering the appropriate compensation for the Company's officers. The Company believes that the compensation paid to the Company's directors and officers is fair to the Company.

Our Compensation Committee believes that the use of direct stock awards is at times appropriate for employees, and in the future intends to use direct stock awards to reward outstanding service or to attract and retain individuals with exceptional talent and credentials. The use of stock options and other awards is intended to strengthen the alignment of interests of executive officers and other key employees with those of our stockholders.

### *Executive Compensation Agreements*

Gryphon Gold is a party to employment contracts with John Key, Lisanna Lewis and Steven Craig. Pursuant to the agreement all three officers are entitled to compensation for termination of their employment in certain circumstances, including termination without cause and change of control. The employment agreement provides for the payment of compensation that will be triggered by a termination of the executive officer's employment by either Gryphon Gold or the executive officer following a change of control of Gryphon Gold, or by Gryphon Gold at any time, other than for cause.

Except as described above, and the payment of directors' fees, there are no service contracts of any officer of Gryphon Gold and there is no arrangement or agreement made or proposed to be made between Gryphon Gold and any of its named executive officers pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that officer's resignation, retirement or other termination of employment, or in the event of a change of control of Gryphon Gold or a change in the named executive officer's responsibilities following such change in control.

### **Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth the stock options and stock appreciation rights granted to our named executive officers as of the fiscal year ended March 31, 2011.

| Name   | Option Awards   |   |  |                            |                        | Stock Awards  |  |  |  |
|--|---|---|--|----------------------------|------------------------|---|--|--|--|
|  | Number of Securities Underlying Unexercised Options (1) (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Unexercised (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock that have not Vested (#) | Market Value of Shares or Units of Stock that have not Vested (\$) | Equity Incentive Plan Awards: Number of Shares, Units or Rights that have not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights that have not Vested (\$) |
| <b>John L Key<sup>(1)</sup></b><br>Chief Executive Officer | 150,000   |   |  | Cdn\$0.62                  | 11-Feb-13              |   |  |  |  |
|  | 350,000   |   |  | Cdn\$0.41                  | 1-Aug-13               |   |  |  |  |
|  | 200,000   |   |  | US\$0.22                   | 16-Sept-14             |   |  |  |  |
|  | 300,000   | 100,000   |  | US\$0.10                   | 24-Aug-15              |   |  |  |  |
|  | 40,000  |   |  | Cdn\$0.81                  | 10-Jan-12              |   |  |  |  |



|  |                    |        |           |                         |
|--|--------------------|--------|-----------|-------------------------|
|  | 50,000             |        | Cdn\$0.41 | 8-Apr-13                |
| <b>Lisanna Lewis</b> <sup>(2)</sup>      | 50,000             |        | Cdn\$0.38 | 8-Jul-13                |
| VP,<br>Treasurer,<br>Secretary.          | 100,000<br>112,500 | 37,500 | US\$0.22  | 16-Sept-14<br>24-Aug-15 |
| <b>Matthew Fowler</b>                    |                    |        |           |                         |
| Interim<br>Chief<br>Financial<br>Officer | 50,000             |        | US\$0.14  | 12-May-15               |
|  | 50,000             |        | Cdn\$0.80 | 26-Feb-12               |
|  | 85,000             |        | Cdn\$0.90 | 21-Sept-12              |
|  | 150,000            |        | Cdn\$0.38 | 8-Jul-13                |
| <b>Steven Craig</b> <sup>(3)</sup>       | 100,000            |        | US\$0.15  | 19-Apr-15               |
| VP<br>Exploration                        | 37,500             | 12,500 | US\$0.10  | 24-Aug-15               |
| <b>R. William Wilson</b>                 | NIL                | NIL    |           |                         |
| Former<br>CFO                            |                    |        |           |                         |

(1) 100,000 to vest June 30, 2011.

(2) 37,500 to vest June 30, 2011.

(3) 12,500 to vest June 30, 2011

### **Retirement, Resignation or Termination Plans**

We sponsor no plan, whether written or verbal, that would provide compensation or benefits of any type to an executive upon retirement, or any plan that would provide payment for retirement, resignation, or termination as a result of a change in control of our Company or as a result of a change in the responsibilities of an executive following a change in control of our Company, provided however that as described above each of John Key, Lisanna Lewis and Steve Craig have employment contracts that provide, in each case, for the payment of twelve (12) months of salary upon termination as a result of change in control of our Company.

### **EQUITY COMPENSATION PLANS**

We currently have one equity compensation plan, the 2006 Omnibus Incentive Plan.

#### **Securities Authorized for Issuance**

On March 29, 2005, our board of directors adopted a stock option plan which was approved by our shareholders on May 13, 2005. As of April 16, 2011, all options granted under this stock compensation plan have been forfeited or exercised (107,500) and the plan is not longer in effect.

On April 4, 2006 (amended July 24, 2006), the Board of Directors approved the 2006 Omnibus Incentive Plan, pursuant to which 7,000,000 shares of common stock were reserved for issuance to employees, officers, directors, consultants and advisors.. The 2006 Omnibus Incentive Plan, which replaced a prior plan (pursuant to which no options are outstanding) was ratified by the shareholders at the Company's annual general meeting on September 12, 2006, along with all options previously granted thereunder, pending such ratification.

On September 8, 2009, at the special meeting of the shareholders, the shareholders approved an increase in the number of shares of common stock issuable pursuant to the grant of stock options under the Omnibus Incentive Plan. After the shareholder approved increase, the 2006 Omnibus Incentive Plan authorizes the Company to grant 6,000,000 options and 1,000,000 restricted stock units. As of June 21, 2011 we had granted 9,707,000 stock options, of which 4,934,500 were forfeited, pursuant to the terms of our omnibus incentive plan as described below with expiry dates to 2015; 1,116,170 restricted stock units had been granted as of June 21, 2011, of which 132,750 have been forfeited and the equivalent of 42,500 were issued in cash pursuant to the terms of our omnibus incentive plan.

We have no equity compensation plans in place that have not been approved by our shareholders. Furthermore, we have not granted any options which are subject to ratification by shareholders. The table below shows securities issued under our equity compensation plans as of June 21, 2011.

|   | Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a) | Weighted-average exercise price of outstanding options, warrants, and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|--|--|---|
| Equity compensation plans approved by security holders <sup>(1)</sup> | 4,862,500 <sup>(1)</sup>   | \$0.38*  | 1,154,080 <sup>(2)</sup>  |
| Equity compensation plans not approved by security holders            | --   | --   | --  |
| <b>TOTAL</b>  | 4,862,500  | --   | 1,154,080   |

(1) Consists of 4,862,500 outstanding options granted from the 2006 Omnibus Incentive Plan. Does not reflect the increase to the number of shares reserved for issuance under the 2006 Omnibus Incentive Plan to 12,000,000 shares for stock options

(2) Consists of 1,137,500 options and 16,580 restricted stock units remaining under the 2006 Omnibus Incentive Plan.

\* Based on the March 31, 2011 exchange rate of Cdn\$0.9696 equals US\$1

### 2006 Omnibus Incentive Plan

The 2006 Omnibus Incentive Plan (the Omnibus Plan ) authorizes 6,000,000 shares of common stock and 1,000,000 shares of restricted stock for issuance to officers, directors, employees and consultants. For a description of the Omnibus Plan see below.

#### Summary of Outstanding Options and Awards

The following table sets out the total number of shares of common stock reserved for issuance under the Omnibus Plan in respect of outstanding options and awards and in respect of options and awards available for issuance as of June 21, 2011.

|   | Number of Shares | % of Outstanding Shares <sup>(1)</sup> |
|---|------------------|--|
| Options outstanding under the Omnibus Plan            | 4,862,500        | 2.51%                                  |
| Awards outstanding under the Omnibus Plan             | -                | -                                      |
| Options available for issuance under the Omnibus Plan | 1,137,500        | 0.59%                                  |
|   | 16,580           | **                                     |

|  |  |  |
|--|--|--|
| Awards available for issuance under the Omnibus Plan |  |  |
|--|--|--|

\*\* - denotes percentage less than 1%

(1) Calculated based on 193,769,882 shares outstanding as of June 21, 2011. Consists of 4,862,500 outstanding options granted from the 2006 Omnibus Incentive Plan. Does not reflect the increase to the number of shares reserved for issuance under the 2006 Omnibus Incentive Plan to 12,000,000 shares for stock options

**2006 Omnibus Incentive Plan**

**The following is a summary of important Omnibus Plan provisions. It is not a comprehensive discussion of all of the terms and conditions of the Omnibus Plan. The information provided below may be modified or altered by some provisions in the Omnibus Plan. A copy of the Omnibus Incentive Plan is available under the Company's profile at [www.sedar.com](http://www.sedar.com) or [www.sec.gov](http://www.sec.gov), as an attachment to the Proxy Statement dated August 18, 2006.**

### Purpose

The purpose of the Omnibus Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting and retaining employees, officers, consultants, independent contractors and directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to afford such persons an opportunity to acquire a proprietary interest in the Company.

### Persons Eligible

Any employee, officer, director, consultant, independent contractor, or director of or providing services to the Company or any parent, affiliate, or subsidiary of the Company is eligible to designate a participant in the Omnibus Plan. However, stock option grants may only be granted to full- or part-time employees, officers, or directors of the Company or one of its subsidiaries.

### Administration

The Omnibus Plan is administered by the Company's Compensation Committee, or such other committee as the Board may assign administrative responsibility in the best interests of the Company. The administering committee (the Committee) has the power to: (i) designate Omnibus Plan participants; (ii) determine the type or types of awards to be granted to participants under the Omnibus Plan; (iii) determine the number of shares to be covered by each award; (iv) determine the terms and conditions of any award or award agreement; (v) amend the terms and conditions of any award or award agreement and accelerate the exercisability of any option or waive any restrictions relating to any award; (vi) determine whether and to what extent, and under what circumstances, awards may be exercised in cash, shares of the Company, promissory notes (which don't conflict with the provisions of the Sarbanes-Oxley Act), other securities, or other property, or may be canceled, forfeited, or suspended; (vii) interpret and administer the Omnibus Plan and any awards or award agreements thereunder; (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it deems appropriate to administer the Omnibus Plan; (ix) made any determination with respect to the termination of options and awards upon termination or cessation of employment of a Participant, upon a director ceasing to serve on the board of directors of the Company or upon any person ceasing to provide services to the Company; (x) make any other determination or take any other action that the Committee deems necessary or desirable to the administration of the Omnibus Plan.

### Shares Available under the Omnibus Plan

The aggregate number of shares available to be issued under the Omnibus Plan is currently 7,000,000 shares of common stock, which represents 3.61% of the issued and outstanding shares. Of the aggregate total, the number of shares available for granting incentive stock options is currently 6,000,000 and the number of shares available for restricted stock grants and restricted stock units is 1,000,000 both subject to adjustment under the Omnibus Plan's anti-dilution provisions. The number of shares available for issuance in respect of awards (other than incentive stock options, restricted stock and restricted stock units), may not exceed the difference between 7,000,000 and the aggregate number of shares reserved for issuance in respect of incentive stock options, restricted stock and restricted stock units, less the number of shares issued upon exercise of such incentive stock options, restricted stock and restricted stock units. After giving effect to options previously granted and prior grants of restricted stock units, 4,862,500 shares are reserved for issuance under the Omnibus Plan in respect to outstanding options, 1,137,500 shares are reserved for issuance in respect of options available for issuance under the Omnibus Plan, and 16,580 share are reserved for issuance for restricted stock units under the Omnibus Plan.

The board has approved an increase in the number of shares authorized for issuance under the Omnibus Plan to 12,000,000 shares for stock options (representing 6.19% of the outstanding shares as at June 21, 2011). After giving effect to the increase the 12,000,000 shares will be reserved for issuance for outstanding options (4,862,500) and for

future of options (7,154,080). In addition, 16,580 shares will be reserved for issuance for restricted stock units.

### Limitations on Awards to Insiders

Awards in any form to Company insiders (generally, directors, officers, and 10% stockholders) are limited under the Omnibus Plan. No award shall be granted under the Omnibus Plan which may result in the aggregate number of common shares of the Company issued to insiders as a group pursuant to the terms of awards previously granted within any one-year period, and issuable to insiders, at any time under the Omnibus Plan and any other security based compensation arrangement of the Company exceeding 10% of the common shares of the Company issued and outstanding at the relevant time. In addition, no award may be granted under the Omnibus Plan which may result in the aggregate number of common shares issuable to any insider at any time under the Omnibus Plan or any other security based compensation plan arrangement of the Company exceeding 5% of the common shares of the Company issued and outstanding at the relevant time.

### Options

The exercise price of options granted under the Omnibus Plan is determined by the Committee provided that the exercise price may not be less than 100% of the fair market value of a share on the date of the grant.

The term of each option shall be fixed by the Committee at the time of the grant, but may not exceed 10 years. The Committee also determines the vesting schedule of options and the method in which payment of the exercise price may be made.

The aggregate fair market value of incentive stock options granted under the Omnibus Plan which become exercisable by any participant during any calendar year may not exceed \$100,000 in aggregate fair market value. Incentive stock options granted under the Omnibus Plan terminate no later than 10 years after the date of grant, except incentive stock options granted to 10% stockholders terminate 5 years after the date of grant. Incentive stock options must have an exercise price of at least 100% of the fair market value, but incentive stock options granted to 10% stockholders will have an exercise price of at least 110% of the fair market value.

Fair market value is defined under the Omnibus Plan to mean fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing and unless otherwise determined by the Committee, the Fair market value of a share as of a given date shall be, if the shares are then listed on the Toronto Stock Exchange, the volume weighted average trading price of one share as reported on the Toronto Stock Exchange for the five trading days immediately preceding such date.

### Stock Appreciation Rights

The Committee is authorized to grant Stock Appreciation Rights to eligible persons subject to the terms of the Omnibus Plan. Each Stock Appreciation Right granted under the Omnibus Plan shall confer on the holder upon exercise the right to receive, as determined by the Committee, cash or a number of Shares equal to the excess of (a) the fair market value of one share on the date of exercise (or, if the Committee shall so determine, at any time during a specified period before or after the date of exercise) over (b) the grant price of the Stock Appreciation Right as determined by the Committee, which grant price shall not be less than 100% of the fair market value of one share on the date of grant of the Stock Appreciation Right.

Options may not be converted into Stock Appreciation Rights, except at the discretion of the Committee which has the power to substitute any award granted under the Omnibus for any other award available under the Omnibus Plan, subject to and pursuant to the terms of the Omnibus Plan.

### Restricted Stock

The Committee is authorized to grant Restricted Stock to eligible persons under the Omnibus Plan. Shares of Restricted Stock shall be subject to such restrictions as the Committee may impose (including, without limitation, a restriction on or prohibition against the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.

### Restricted Stock Units

The Committee is authorized to grant Restricted Stock Units to eligible persons under the Omnibus Plan. A Restricted Stock Unit award will be subject to a Restricted Stock Unit Award Agreement containing such terms and conditions, not inconsistent with the provisions of the Omnibus Plan, as the Committee determines.

### Performance Awards

The Committee is authorized to grant Performance Awards to eligible persons subject to the terms of the Omnibus Plan. A Performance Award granted under the Omnibus Plan (i) may be denominated or payable in cash, shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Omnibus Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

### Other Stock Grants

The Committee is authorized, subject to the terms of the Omnibus Plan, to grant to eligible persons shares without restrictions thereon as are deemed by the Committee to be consistent with the purpose of the Omnibus Plan.

### Financial Assistance.

The Company may provide financial assistance to Eligible Persons to purchase Shares under the Plan subject to applicable law, including but not limited to Section 402 of the Sarbanes-Oxley Act of 2002, and the rules and policies of any securities regulatory authority or stock exchange with jurisdiction over the Company or a trade in its securities.

### Forms of Payment under Awards

Subject to the terms of the Omnibus Plan, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, promissory notes provided, however, that the acceptance of such promissory notes does not conflict with Section 402 of the Sarbanes-Oxley Act of 2002, other securities, other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents with respect to installment or deferred payments. Gryphon Gold may provide financial assistance to eligible persons to purchase shares of common stock under the Incentive Plan, subject to applicable law and the rules and policies of any securities regulatory authority or stock exchange with jurisdiction over the Corporation or a trade in its securities. Any financial assistance so provided will be repayable with full recourse and the term of any such financing shall not exceed the term of the



option to which the financing applies.

Limits on Transfer of Awards

No Award (other than Other Stock Grants) and no right under any such Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution and the Company is not be required to recognize any attempted assignment of such rights by any Participant; provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant; provided, further, that, if so determined by the Committee, a Participant may transfer a Non-Qualified Stock Option to any Family Member (as such term is defined in the General Instructions to Form S-8 or successor to such Instructions or such Form) at any time that such Participant holds such Option, provided that the Participant may not receive any consideration for such transfer, the Family Member may not make any subsequent transfers other than by will or by the laws of descent and distribution and the Company receives written notice of such transfer, provided, further, that, if so determined by the Committee, and except in the case of an Incentive Stock Option, Awards may be transferable as determined by the Committee. Except as otherwise determined by the Committee (for awards other than an Incentive Stock Option), each Award or right under any such Award is exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. Except as otherwise determined by the Committee (for Awards other than an Incentive Stock Option), no Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or other encumbrance thereof is void and unenforceable against the Company or any Affiliate.

Term of Awards

Subject to the terms of Omnibus Plan, the term of each Award shall be for such period as may be determined by the Committee. Whether Options, Restricted Stock Units ( RSUs ) or other Awards terminate on termination of employment is determined by the Committee in the context of each grant. The Committee may adopt policies from time to time in respect of termination provisions on termination of employment. Generally, Options and RSUs terminate upon termination of employment as follows:

- (A) Upon retirement, the Options and RSUs which have vested at the date of retirement will continue to be exercisable until the original expiry date.
- (B) Upon termination of employment or service for any reason that does not involve cause or a breach of a contractual commitment owing to the Company, the Options and RSUs which vested on the date of such termination will continue to be exercisable for a period of 30 days from the termination date, unless extended by the Committee, and lapse immediately thereafter.
- (C) Upon termination of employment or service by the Company for cause or a breach of a contractual commitment owing to the Company, the Options and RSUs lapse immediately upon termination.
- (D) Upon death or disability, the Options and RSUs may, depending on the individual grant, either become fully exercisable (also referred to as fully vested) at the time of death or disability and continue to be exercisable for a period of 12 months (or longer, but in no event beyond the original expiry date) following death or disability, or only the Options and RSUs which were exercisable (also referred to as vested) within a period of up to 90 days following death or disability continue to be exercisable for a period of 12 months following death or disability (or longer, but in no event beyond the required expiry date).

Additional Conditions in Connection with Awards Granted to Participants Employed in Canada

Notwithstanding any other provision of the Omnibus Plan, the following additional terms, conditions and restrictions apply to Awards granted to Participants employed in Canada:

Options

- (A) Payment by the Participant of the exercise price with respect to an Option may not be made in Shares.
- (B) Upon the exercise of an Option the sole form in which payment to the Participant may be made by the Company shall be in Shares, unless the Company offers the Participant the right to elect to receive cash or other consideration in lieu of Shares and the Participant, in its sole discretion, so elects.
- (C) The Committee may not cancel an Option and pay to the Participant cash in the amount of the excess of the fair market value of the Shares over the exercise price unless the Participant, in its sole discretion, agrees to receive cash in lieu of Shares.
- (D) Tax withholding obligations may not be satisfied by the Participant electing to have the Company withhold Shares otherwise to be delivered upon exercise of an Option or by the Participant delivering Shares to the Company.
- (E) No undertakings shall be given by the Company, any person or partnership non-arm's length with the Company or any partnership or trust of which the Company or a non-arm's length person is a member or beneficiary, and no agreement shall be entered into by any such person with the Participant, with respect to any Shares held by the Participant, including any agreement or undertaking relating to the redemption, acquisition or cancellation of the Shares or the reduction of the Company's paid-up capital.

Restricted Stock Unit Awards

Restricted Stock Unit Awards shall be settled in Shares, unless the Company offers the Participant the right to receive cash in lieu of Shares and the Participant, in its sole discretion, so elects.

Restricted Stock

Participants employed in Canada are not eligible to receive a grant of Restricted Stock pursuant to Section 6(c) of the Omnibus Plan.

Other Awards

With respect to any other Award granted to a Participant employed in Canada, the Committee shall have the right, but not the obligation, to take account of Canadian income tax considerations in determining the terms and conditions of the Award or any other amendment thereto.

Amendment of the Omnibus Plan

Subject to the terms of Omnibus Plan, the term of each Award shall be for such period as may be determined by the Committee but in any case, not longer than 10 years. Whether Options, Restricted Stock Units ("RSUs") or other Awards terminate on termination of employment is determined by the Committee in the context of each grant. The Committee may adopt policies from time to time in respect of termination provisions on termination of employment. Such termination provisions do not form part of the Omnibus Plan, but rather form part of the agreement governing each award. Generally, Options and RSUs terminate upon termination of employment as follows:

- (A) The persons who are eligible for the grant of awards;

- (B) The authority of the Committee and the Board in respect of the grant of Awards;
- (C) The extension of the term of any award, provided the term of any Option shall not be more than ten years from the date of grant;
- (D) The procedure for the tendering of a notice of exercise of awards and the exercise of awards;
- (E) The adjustment in shares in the event that the authorized capital of the Company as presently constituted is consolidated into a lesser number of Shares or subdivided into a greater number of Shares;

- (F) The interpretation by the Board of any questions of interpretation of the Omnibus Plan;
- (G) The determination of the exercise price of the options;
- (H) The text of any part of the Plan to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent the Committee shall deem desirable to carry its Plan into effect; and
- (I) Any other matter which does not expressly require the approval of stockholders of the Company as provided below.

Subject to regulatory approval and the limitations below, the Board may amend, without shareholder approval, the terms of any outstanding Award provided that the terms of such amendment are made in accordance with the Omnibus Plan;

Subject to regulatory approval, the Board may amend any of the provisions of the Omnibus Plan relating to the following, provided the Board obtains the approval of the stockholders of the Company in respect thereof:

- (A) The limitations on grants of Options to Insiders, and the number of Shares that may be reserved for issuance to Insiders;
- (B) The maximum number of shares reserved for issuance upon exercise of awards granted under the Omnibus Plan; or
- (C) The reduction in the exercise price or an extension of its term beyond the original expiry date, of any Award held by an insider.

None of the amendments listed above may, without the consent of any holder of awards under the Omnibus Plan, be made if such amendment will have the effect of impairing, derogating from or otherwise adversely affecting such holder's rights under the Omnibus Plan, unless additional similar rights comparable thereto, or other compensation of equal or greater value, is given to such holder.

#### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following tables set forth information as of June 21, 2011 regarding the ownership of our common stock by:

- 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 shares of common stock outstanding as of June 21, 2011.

For the purposes of the information provided below, shares subject to options and warrants that are exercisable within 60 days following June 21, 2011 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**

| <b><u>Name and Address of Beneficial Owner</u></b> <sup>(1)</sup>  | <b>Shares</b> | <b>Percent</b> |
|--|---------------|----------------|
| <b>Top Gold AG M V K</b> <sup>(3)</sup><br>Landstrasse 14<br>9496 Balzers<br>Principality of Liechtenstein | 10,000,000(3) | 5.16%(2)       |

(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) The Investment Advisor with ultimate voting and dispositive power is Luxor Asset Management Trust reg., Balzers, which is represented by Mr. Martin Frick, Balzer.s

**Security Ownership of Management**

| <b><u>Name and Address of Beneficial Owner</u></b> (1)  | <b>Shares</b> | <b>Percent</b> |
|---|---------------|----------------|
| <b>John Key</b><br>Chief Executive Officer<br>611 N Nevada Street<br>Carson City, NV 89703                            | 1,150,000(2)  | 0.59%(2)       |
| <b>Donald W Gentry</b><br>Director<br>611 N Nevada Street<br>Carson City, NV, 89703                                   | 467,500       | 0.24%(3)       |
| <b>Marvin Kaiser</b><br>Director<br>611 N Nevada Street<br>Carson City, NV 89703                                      | 325,000       | 0.17%(4)       |
| <b>Terence Cryan</b><br>Director<br>611 N Nevada Street<br>Carson City, NV, 89703                                     | 250,000       | 0.13%(5)       |
| <b>Lisanna Lewis</b><br>Vice President, Treasurer, Secretary<br>711-675 West Hastings Street<br>Vancouver, BC V6B 1N2 | 429,100(3)    | 0.22%(6)       |
| <b>Steven Craig</b><br>VP Exploration<br>611 N Nevada Street<br>Carson City, NV 89703                                 | 497,500       | 0.26%(7)       |
| <b>Ted A Sharp</b><br>Interim CFO<br>714 Whisperwood Court<br>Nampa, ID 83686   | 50,000        | 0.03%(8)       |
| <b>Gerald W. Baughman</b><br>Former Officer and Director<br>5490 Longley Lane   | 4,000,000     | 2.06%          |

Reno, NV, 89511

**Matthew Fowler**

50,000

0.03%(9)

Former Interim CFO

714 Whisperwood Court

Nampa, ID 83686

- (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 1,000,000 shares of common stock.
- (3) Includes vested options exercisable to acquire 350,000 share of common stock.
- (4) Includes vested options exercisable to acquire 250,000 shares of common stock and warrants exercisable to acquire 25,000 shares of common stock.
- (5) Includes vested options exercisable to acquire 250,000 shares of common stock.
- (6) Includes vested options exercisable to acquire 352,500 shares of common stock.
- (7) Includes vested options exercisable to acquire 422,500 shares of common stock
- (8) Includes vested options exercisable to acquire 50,000 shares of common stock
- (9) Includes vested options exercisable to acquire 50,000 shares of common stock



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 June 21, 2011, we had approximately 2,100 shareholders of record of our common stock.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Except for the transactions described below, none of our directors, senior officers or principal shareholders, nor any associate or affiliate of the foregoing have any interest, direct or indirect, in any transaction, since the beginning of the fiscal year ended March 31, 2012, or in any proposed transactions, in which such person had or is to have a direct or indirect material interest.

Related party transactions are reviewed and approved by the Board of Directors.

#### **Purchases of Securities**

During and subsequent to the fiscal year ending March 31, 2011, officers, directors and 10% shareholders of Gryphon Gold purchased securities of Gryphon Gold on the following terms:

| <b><u>Officer, Director, 10% Shareholder</u></b> | <b><u>Type of Security</u></b> | <b><u>Price of Security</u></b> | <b><u>Date of Purchase</u></b> |
|--|--------------------------------|---------------------------------|--------------------------------|
| Lisanna Lewis                                    | 300 common shares              | Cdn\$0.175                      | May 6, 2010                    |
| Lisanna Lewis                                    | 500 common shares              | Cdn\$0.155                      | September 20, 2010             |
| Lisanna Lewis                                    | 200 common shares              | Cdn\$0.21                       | October 15, 2010               |

Other than compensatory arrangements described under Executive Compensation and the transactions described above, we have had no other transactions, directly or indirectly, during the past fiscal year with our directors, senior officers or principal shareholders, or any of their associates or affiliates in which they had or have a direct or indirect material interest.

**PROPOSAL 2 RATIFICATION OF  
THE APPOINTMENT OF THE  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**What am I voting on?**

The Audit Committee has selected decoria-maichel-teague PS to be its Independent Registered Public Accounting Firm for the current fiscal year ending March 31, 2012.

This proposal seeks shareholder ratification of the appointment of decoria-maichel-teague PS.

**INFORMATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

decoria-maichel-teague PS was the Independent Registered Public Accounting Firm for the Company in the fiscal year ended March 31, 2011.

If a representative of dm-t does attend the Annual Meeting, they will be given an opportunity to make a statement, should they choose to do so. The Company does not know if the representative, if one does attend the Annual Meeting, would make himself or herself available for questions at the Annual Meeting.

**Audit Fees**

The aggregate fees billed by the Company's auditors for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for fiscal 2011 and 2010 and reviews of the consolidated financial statements included in the Company's Forms 10-K and 10-Q for fiscal 2011 and 2010 were \$106,433 and \$95,983, respectively. The aggregate fees billed by the Company's independent registered public accounting firm for any additional fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under Audit Fees above for 2011 and 2010 were \$0.

**Tax Fees**

The aggregate fees billed by the Company's auditors for professional services for tax compliance, tax advice, and tax planning for fiscal 2011 and 2010 were \$14,848 and \$18,576, respectively.

**All Other Fees**

The aggregate fees billed by the Company's auditors for professional services for tax compliance, tax advice, and tax planning for fiscal 2011 and 2010 were \$14,848 and \$18,576, respectively.

**Policy on Pre-Approval by Audit Committee of Services Performed by Independent Auditors**

Our audit committee approves all services provided by our independent accountant.

**CHANGE IN CERTIFYING ACCOUNTANT**

Effective on August 12, 2010, the Company terminated the services of its principal registered independent public accountant, Ernst & Young LLP ( Ernst & Young ), and as of August 20th, 2010, the Company appointed decoria-maichel-teague PS as its independent registered public accounting firm.

In Ernst & Young's principal accountant reports on the Company's financial statements for each of the past two fiscal years ended March 31, 2010 and 2009, no adverse opinion was issued and no opinion of Ernst & Young was modified

as to audit scope or accounting principles. Ernst & Young's principal accountant reports on the Company's financial statements for the last two fiscal years ended March 31, 2010 and 2009, each contained a disclaimer paragraph concerning uncertainty as to the Company's ability to continue as a going concern. The financial statements did not include any adjustments that might have resulted from the outcome of this uncertainty. No other reports in each of the past two fiscal years contained a disclaimer of opinion or were modified as to uncertainty.

The change in auditor was recommended and approved by the Company's audit committee.

In the two most recent fiscal years and any interim period preceding the dismissal of Ernst & Young LLP, the Company is not aware of any disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Ernst & Young LLP, would have caused it to make references to the subject matter of the disagreement(s) in connection with its report.

The Company is not aware of any reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K) that have occurred during the two most recent fiscal years and the interim period preceding the dismissal of Ernst & Young.

The Company has engaged decoria-maichel-teague PS, as its new principal registered independent accountant effective on August 20, 2010, to audit its financial records. decoria-maichel-teague PS is registered with the Public Company Accounting Oversight Board. During the two most recent fiscal years and the interim period preceding the appointment of decoria-maichel-teague PS, the Company has not consulted decoria-maichel-teague PS regarding the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on its financial statements, and neither a written report nor oral advice was provided to the Company that the Company considered an important factor in reaching a decision as to the accounting or financial reporting issue; or any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

**The Board recommends a vote FOR the ratification of the appointment of the independent registered public accounting firm. All proxies executed and returned without an indication of how shares of common stock should be voted will be voted FOR the appointment of the independent registered public accounting firm.**

### **PROPOSAL 3 APPROVAL OF THE OPTION SHARE INCREASE**

#### **What am I voting on?**

The Company's Board of Directors has approved an increase in the number of shares authorized for issuance under the Company's 2006 Omnibus Incentive Plan (the "Omnibus Plan") as well as minor changes to clarify that Directors may make certain amendments without shareholder approval. The Board determined that it was in the best interests of the Company and the stockholders for the Company to increase the number of shares available for issuance under the 2006 Omnibus Incentive Plan for the issuance of options under the plan, to reflect an increase in the number of common shares issued and outstanding. Currently, the Company's option plan as approved by the shareholders provide for the issuance of up to 6,000,000 of common stock for stock options and 1,000,000 shares for restricted stock units (of which only 16,580 shares remain available for issuance pursuant to restricted stock units)

Based on 193,769,882 common shares issued and outstanding as of July 11, 2011, the Board has recommended an increase of 6,000,000 shares of common stock to the shares available for issuance of options under the Omnibus Plan. Following the amendment, the Omnibus Plan will provide for 13,000,000 shares of common stock for all awards representing 6.71% of the outstanding shares as at June 21, 2011, and 16,580 shares of common stock for restricted stock units, representing less than 1% of the outstanding shares as at June 21, 2011.

The aggregate number of shares available to be issued under the Omnibus Plan will be 12,016,580 shares of common stock (subject to approval of Option Share Increase), which represents 6.20% of the issued and outstanding shares. Of the aggregate total, the number of shares available for granting incentive stock options will be 12,000,000 and the number of shares available for restricted stock grants and restricted stock units is 16,580 both subject to adjustment under the Omnibus Plan's anti-dilution provisions. The number of shares available for issuance in respect of awards (other than incentive stock options, restricted stock and restricted stock units), may not exceed the difference between 12,016,580 and the aggregate number of shares reserved for issuance in respect of incentive stock options, restricted stock and restricted stock units, less the number of shares issued upon exercise of such incentive stock options, restricted stock and restricted stock units.

This proposal is to ratify the share increase as approved by the Board.

#### **Who is eligible to participate in the Omnibus Plan?**

Any employee, officer, director, consultant, independent contractor, or director of or providing services to the Company or any parent, affiliate, or subsidiary of the Company is eligible to be designated a participant in the Omnibus Plan.

Currently, this includes, but is not limited to, the following directors and executives:

- John L. Key, Chief Executive Office, Director;
- Donald W. Gentry, Director;
- Marvin K. Kaiser, Director;
- Terence J. Cryan, Director;
- Lisanna M. Lewis, Vice President, Treasurer, Secretary;
- Steve Craig, Vice President of Exploration;

In total there are approximately 20 officers, directors, and employees eligible under the Plan

**What benefit amounts will be received under the Plan?**

Benefit amounts will be determined by the Committee. Currently, the Board has not authorized the issuance of options covered by the share increase. The following is a summary of the current options issued under the Company's equity compensation plans to current officers and directors:

| Directors & Officers | Number of options granted | Number of vested options |
|----------------------|---------------------------|--------------------------|
| John L Key           | 1,100,000                 | 1,000,000                |
| Lisanna Lewis        | 390,000                   | 352,500                  |
| Steve Craig          | 435,000                   | 422,500                  |
| Ted Sharp            | 50,000                    | 50,000                   |
| Donald Gentry        | 400,000                   | 375,000                  |
| Marvin Kaiser        | 300,000                   | 275,000                  |
| Terence Cryan        | 300,000                   | 275,000                  |

**A description of the material provisions of the Omnibus Plan is provided above under the section heading Equity Compensation Plans .**

**The Board recommends a vote FOR the ratification of the Option Share Increase.**

**OTHER MATTERS**

As of the date of this Proxy Statement, management does not know of any other matter that will come before the Annual Meeting.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE ANNUAL MEETING TO BE HELD ON SEPTEMBER 8, 2011.**

Under rules recently adopted by the SEC, we are now furnishing proxy materials on the Internet. **The 2011 Annual Report and this Proxy Statement can be accessed on the following website [www.envisionreports.com/GGN](http://www.envisionreports.com/GGN). Directions for attending the Annual Meeting can also be found at this website.**

By Order of the Board of Directors,

/s/ Lisanna M. Lewis

Lisanna M. Lewis  
*Secretary*

Vancouver, BC  
July 11, 2011

**ANNUAL MEETING OF STOCKHOLDERS OF  
GRYPHON GOLD CORPORATION**

September 8, 2011

**PROXY SOLICITED BY BOARD OF DIRECTORS**

MAIL Sign, date and mail your proxy card in the envelope provided as soon as possible

FACSIMILE - Sign, date and fax your proxy card to Corporate Secretary at (604) 608-3262

INTERNET Follow the provided instructions to submit your proxy over the internet

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.**

**PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE**

**The Board of Directors Recommends  
a Vote FOR ALL NOMINEES in Item 1.  
Item 1. ELECTION OF DIRECTORS.**

NOMINEES  
 FOR ALL  Donald W. Gentry  
NOMINEES  
 John L. Key  
 Marvin K. Kaiser  
WITHHOLD  
AUTHORITY  
FOR ALL  
NOMINEES\*  
 Terence J. Cryan

**The Board of Directors Recommends  
a Vote FOR Items 2 and 3  
Items 2 and 3**

|   | FOR                      | AGAINST                  | ABSTAIN                  |
|---|--------------------------|--------------------------|--------------------------|
| <b>Item 2.</b> Ratification of the Appointment of Independent Registered Public Accounting Firm | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Item 3.</b> Approval of the Option Share Increase  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Vote FOR an individual nominee by filling in the appropriate circle above.

INSTRUCTION: By marking Withhold Authority for All Nominees your shares will not be voted FOR or AGAINST any Nominee. However, your shares will still be counted for the purposes of establishing quorum at the annual meeting.

INSTRUCTION: To withhold authority to A vote to ABSTAIN will have the same effect as a vote AGAINST vote for any individual nominee(s), strike Items 2 and 3 and your shares will still be counted for the purposes through the name of the individual of establishing a quorum at the annual meeting. nominee(s).

To change the address on your account, please check this box  and indicate your new address in the space below. Please note that changes to the registered name(s) on the account may not be submitted via this method.

**If votes are not specified on a returned proxy, a vote FOR ALL NOMINEES in Item 1 and FOR Items 2 and 3 will be voted at the annual meeting.**

**Cumulative voting rights are not authorized for the election of directors.**

**MARK HERE IF YOU PLAN TO ATTEND THE ANNUAL MEETING:**   
**PLEASE SIGN YOUR PROXY ON THE REVERSE SIDE**

A-1

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**OUR RECORDS STATE THAT YOUR NAME AND SHAREHOLDINGS ARE AS FOLLOWS:**

[PASTE LABEL HERE]

**PLEASE SIGN YOUR PROXY BELOW (JOINT HOLDERS MUST BOTH SIGN):**

Signature of Stockholder: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature of Stockholder: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.