

Teranga Gold to Acquire Gryphon Minerals

Gryphon Minerals Limited (**Gryphon**) (ASX:GRY) is pleased to announce that it has entered into a Scheme Implementation Agreement (the **SIA**) with Teranga Gold Corporation (**Teranga**) (TSX:TGZ) (ASX:TGZ) pursuant to which Teranga will acquire all of the ordinary shares of Gryphon (**Gryphon Shares**) by way of a scheme of arrangement under the Corporations Act between Gryphon and its shareholders (the **Transaction**).

Under the SIA, each Gryphon Share will be exchanged for 0.169 common shares of Teranga (**Teranga Shares**) or 0.169 Teranga Shares in the form of ASX-listed CHESS Depositary Interests (**CDIs**).

Based on the closing price of Teranga CDIs on Australian Securities Exchange (the **ASX**) on 17 June 2016:

- the Transaction values each Gryphon Share at A\$0.206
- the Transaction implies a total equity value for Gryphon of approximately A\$86 million on a fully-diluted basis^A
- the consideration received by Gryphon shareholders represents a 53% premium over the closing price of Gryphon Shares on the ASX on 17 June 2016 and a premium of 45% over the 20-day volume weighted average price (**VWAP**) ending on the same date.

The number of Teranga Shares to be issued under the Transaction will be approximately 70.1^A million, on the basis that all Gryphon performance rights will vest and be subject to the Transaction.

Teranga owns and operates the Sabodala Gold mine, the only gold mine and mill in Senegal, West Africa. Located approximately 650km southeast of Dakar, the capital of Senegal, Sabodala has been in operation since 2009. As at 31 December 2015 Teranga's total proven and probable open pit reserves were 2.6 million ounces of gold, including measured and indicated open pit resources of 4.4 million ounces of gold and inferred open pit mineral resources of 0.94 million ounces of gold. The Sabodala Gold mine has a 13.5 year mine life based on current production and proven and probable reserves.

Steve Parsons, Managing Director of Gryphon stated: "We are very pleased to be joining forces with Teranga Gold Corporation as we look to create a pre-eminent West African mid-tier gold producer. This transaction gives an immediate uplift for Gryphon shareholders and provides significant exposure to Teranga's Sabodala gold mine in Senegal. The combined company can leverage off its strong balance sheet and mining cash flows to help bring the 3.6Moz Banfora Gold Project into development and production in the near term. The combination of the companies provides a great opportunity to leverage off the skill sets of both groups with Teranga's mining and development team and Gryphon's expertise and social licence to operate in Burkina Faso as well as its excellent track record on exploration and discovery".

"This acquisition is an exciting opportunity to add a second high quality gold asset to Teranga's asset base to create a geographically diversified company with an enhanced gold production profile, progressing the company towards its vision of becoming a mid-tier West African producer," said Richard Young, Teranga President and Chief Executive Officer. "Banfora provides excellent optionality with attractive economics over a variety of development scenarios along a highly prospective land package which we intend to purposefully explore. Banfora's similar mining characteristics to Sabodala allow us to leverage our experienced mine construction and operating teams with Gryphon's mine development and exploration teams to successfully develop and operate the new mine. Adding Banfora to our low-cost Sabodala operation should position Teranga to produce around 300,000 oz per year with all-in sustaining cash costs below industry average.

^A Based on a total 401,596,447 Gryphon shares on issue and 16,390,000 to-be-issued Gryphon shares pursuant to the accelerated vesting of Gryphon performance rights.



Corporate Directory

Non-Executive Chairman
Mel Ashton

Managing Director
Stephen Parsons

Non-Executive Directors
Didier Murcia
Bruce McFadzean

Company Secretary
Carl Travaglini

3.6 Moz Banfora Gold Project, Burkina Faso¹

Fully permitted
Shovel ready
Exploration upside

Highly Prospective Exploration Pipeline, Burkina Faso

Golden Hill and Gourma Gold Projects

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ASX CODE
GRY

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The SIA has been unanimously approved by the boards of directors of Gryphon and Teranga. The Transaction will be subject to, among other things, Gryphon shareholder approval, receipt of all necessary regulatory and Australian court approvals and the satisfaction of certain other conditions customary for a transaction of this nature. Full details of the conditions to the Transaction and all other material terms are in the SIA, a copy of which accompanies this announcement.

The SIA includes customary deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal and a mutual reimbursement fee payable by Gryphon or Teranga in specified circumstances.

Closing of the Transaction is expected to occur during October 2016.

The Gryphon Directors unanimously recommend that Gryphon shareholders vote in favour of the Transaction in the absence of a superior proposal and subject to an Independent Expert concluding that the Transaction is in the best interests of Gryphon shareholders. On the same basis, Gryphon Directors intend to vote the Gryphon Shares they hold or control at the time of the Gryphon shareholder meeting in favour of the Transaction.

Benefits to Gryphon Shareholders

Shareholders of Gryphon are expected to realize the following benefits from the Transaction:

- Meaningful upfront premium to Gryphon shareholders (based on 17 June 2016 close prices of Teranga CDIs and Gryphon Shares on ASX) of 53%, and a 45% premium to the 20-day VWAP of Gryphon Shares on the same basis.
- Participation in a multi-jurisdiction mid-tier gold producer with combined potential for ~300,000 ounces of annual gold production over a 15+ year mine life.
- Significant exploration potential associated with the combined Sabodala, Banfora, Golden Hill and Gourma regions.
- Improved trading liquidity and capital markets access associated with the enhanced size of the combined group and a listing in the mining centric TSX.
- Access to Teranga's strong balance sheet and projected free cash flows from Sabodala to fund the development of Banfora.
- Combines highly skilled development, mine production and exploration teams with proven track records in West Africa.
- Ability to leverage board, management and social license to pursue further West African consolidation.
- Choice of consideration as CDIs listed on the ASX or Teranga Shares listed on the TSX.

Advisors

Gryphon's financial advisor is Maxit Capital LP, its Australian legal counsel is King & Wood Mallesons and its Canadian legal counsel is Blake, Cassels & Graydon LLP.

Yours faithfully

Steve Parsons
Managing Director



Forward Looking Statements

This release contains forward-looking statements. Wherever possible, words such as “intends”, “expects”, “scheduled”, “estimates”, “anticipates”, “believes”, and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this release reflect management’s current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, The Company cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company’s actual results, events, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended, including those risk factors discussed in the Company’s public filings. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. Any forward-looking statements are made as of the date of this release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law. This release may contain certain forward looking statements and projections regarding: estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives.

Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of the Company. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. The Company does not make any representations and provides no warranties concerning the accuracy.

Footnotes

1. For more information on the 3.6Moz Resource estimate, refer to ASX announcement dated 4 February 2014. Gryphon Minerals is not aware of any new information or data that materially effects the information included in the said announcement.



CONFORMED COPY

SCHEME IMPLEMENTATION AGREEMENT

Teranga Gold Corporation

Gryphon Minerals Limited

EXECUTION COPY

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Details

Date

2016

Parties**Teranga**

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Email ryoung@terangagold.com
Attention Mr Richard Young, President & CEO

Gryphon

Name Gryphon Minerals Limited
ABN 31 107 690 657
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Australia
Fax +61 8 9287 4334
Email steve.parsons@gryphonminerals.com.au
Attention Mr Stephen Parsons, Managing Director

BACKGROUND

- A The parties have agreed that Teranga will acquire all of the issued Gryphon Shares in exchange for Teranga Shares or Teranga CDIs pursuant to the Scheme, subject to the approval of the holders of the Gryphon Shares and the Court.
- B Gryphon intends to propose the Scheme and issue the Scheme Booklet.
- C Teranga and Gryphon have agreed to do the things required by this agreement in order to enable the Scheme to be proposed, approved and implemented.

In consideration of the mutual covenants and agreements in this agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties covenant and agree as follows:

AGREED TERMS**1 DEFINED TERMS & INTERPRETATION****1.1 Defined terms**

In this agreement:

Accounting Standards has the meaning given to that term in section 9 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).

Burkina Faso Mining Code Consent means the consent (if any) of the relevant authority in Burkina Faso under the Burkina Faso Mining Code 2015 for the deemed transfer of the Material Permits resulting from the Transaction.

Business Day means:

- (a) for receiving a notice under clause 13, Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day or on which the TSX is not open for trading; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in Toronto, Ontario or Perth, Western Australia.

Canadian GAAP means generally accepted accounting principles in Canada, including the International Financial Reporting Standards as issued by the International Accounting Standards Board, at the relevant time, applied on a consistent basis.

Canadian Securities Authorities means the securities regulatory authorities in the provinces of Canada.

Canadian Tax Act means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended.

Cancellation Consideration means the consideration to be provided to holders of Gryphon Share Appreciation Rights, being one Teranga Share Appreciation Right for each Gryphon Share Appreciation Right held on the Record Date, notionally adjusted for the Bank of Canada CAD/AUD exchange rate as at 12.00pm (EDT or EST (as applicable)) on the Business Day prior to the Implementation Date, the exchange ratio of Teranga Shares for Gryphon Shares under the Scheme and otherwise having the same milestones (including expiry date) as the Gryphon Share Appreciation Rights.

Cancellation Deed has the meaning given to that term in clause 5.8.

CDN means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 25414), in its capacity as depository of CHESS Depository Interests under the ASX Settlement Rules.

Claim means any obligation, debt, cause of action, disability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

Communications has the meaning given to that term in clause 3.4.2.

Competing Proposal means any proposal or offer received by Gryphon or any member of the Gryphon Group from a third party (other than Teranga or its Related Entities) to evaluate or enter into any transaction that is similar to the Transaction or under which (other than as required or contemplated by the Scheme):

- (a) other than with respect to on-market purchases of Gryphon Shares with no involvement by Gryphon (or a Related Entity of Gryphon), a person would acquire a relevant interest or voting power in 50% or more of Gryphon Shares or of the securities of any of member of the Gryphon Group;

- (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 50% or more of Gryphon Shares or of the securities of any member of the Gryphon Group;
- (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or property of, the Gryphon Group;
- (d) a person would acquire Control of Gryphon or any material member of the Gryphon Group; or
- (e) a person may otherwise acquire, or merge with, Gryphon or any member of the Gryphon Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure or joint venture).

The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

Conditions Precedent means the conditions precedent set out in clause 3.1.

Confidentiality Agreement means the amended and restated confidentiality agreement dated 8 June 2016 between Teranga and Gryphon.

Control has the meaning given to that term in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Counterproposal has the meaning given to that term in clause 10.6.3.

Court means the Federal Court of Australia.

Deed Poll means the deed poll substantially in the form of schedule 4 (or in such other form as agreed between Gryphon and Teranga, each acting reasonably).

EDT means Eastern Daylight Savings Time in Canada.

Effective means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act.

Effective Date means the date on which the Scheme becomes Effective.

EGM Notice means of the notice of meeting issued by Gryphon and dated 24 May 2016.

Election Form means the form accompanying the Scheme Booklet, pursuant to which holders of Gryphon Shares (other than Ineligible Shareholders) may elect whether to receive their Scheme Consideration in the form of Teranga Shares or Teranga CDIs.

Encumbrance means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by Law or contract.

End Date means 31 December 2016, or such later date as agreed to in writing between the parties in accordance with clause 3.8.

EST means Eastern Standard Time in Canada.

Exclusivity Period means the period commencing on the date of this agreement and ending on the earlier of the date this agreement is terminated, the Implementation Date or the End Date.

Explanatory Statement means the statement pursuant to section 412 of the Corporations Act, which will be registered by ASIC in relation to the Scheme, copies of which will be included in the Scheme Booklet.

Financial Advisor means any advisor or advisors retained by Gryphon or Teranga, as applicable, in relation to the Scheme or a Competing Proposal from time to time.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (f) obligation to deliver goods or provide services paid in advance by any financier, other than in the ordinary course of business.

First Court Date means the first day on which an application made to the Court for an order under section 411(4)(a) of the Corporations Act convening the Scheme Meeting is heard.

Gryphon Board means the board of directors of Gryphon.

Gryphon Budget means the budget of the Gryphon Group detailed in the Gryphon Disclosure Letter or, if the Second Court Date has not occurred by 30 September 2016, thereafter means such written budget of the Gryphon Group as mutually agreed between Gryphon and Teranga (in good faith and acting reasonably).

Gryphon Costs has the meaning given to that term in clause 11.2.2.1.

Gryphon Director means a director of Gryphon.

Gryphon Disclosure Letter means the letter dated the date of this agreement delivered by Gryphon to Teranga in a form accepted by Teranga with respect to certain matters in this agreement.

Gryphon Equity Incentive Plan means the Gryphon Equity Incentive Plan (detailed in the Rules of the Plan) proposed for approval by Gryphon in the EGM Notice and the equity incentive plans previously adopted by Gryphon on 18 July 2012 and 19 October 2015.

Gryphon Financial Statements means the audited consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of Gryphon for the financial year ended 30 June 2015, together with the accompanying notes and the audit reviewed consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of Gryphon for the half year ended 31 December 2015, together with the accompanying notes.

Gryphon Group means Gryphon and its Related Entities.

Gryphon Information means all information contained in the Scheme Booklet, but does not include Teranga Information or the Independent Expert's report that is included in or accompanies the Scheme Booklet.

Gryphon Material Adverse Event means:

- (a) the failure of any of the key permits or licenses identified in the Gryphon Disclosure Letter to be renewed or extended by 8.00am on the Second Court Date; or
 - (b) one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:
 - (i) the result that the business, trading or financial position and assets of a member of the Gryphon Group (including Material Permits) are materially adversely affected provided that, there will only be a material adverse effect under this paragraph if: (a) the relevant change, event, occurrence, fact or matter is reasonably likely to have an effect over a material period of time; and (b) it has the effect of a diminution in the consolidated net assets of the Gryphon Group, taken as a whole from that shown on Gryphon's statement of financial position as at 31 December 2015 (calculated on the basis of applicable accounting principles), of at least A\$5 million; or
 - (ii) the result that any Material Permit has expired, been terminated or surrendered such that no member of the Gryphon Group retains a majority interest in that Material Permit,
- other than those changes, events, occurrences or matters:
- (iii) required or permitted by this agreement, the Scheme or transactions contemplated by them;
 - (iv) that took place with the written consent of Teranga;
 - (v) fully and fairly disclosed in, or deemed to be disclosed in, the Gryphon Disclosure Letter;
 - (vi) that are or that arise from: (a) changes in world gold prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) from changes in Law in jurisdictions in which the Gryphon Group operates, in each case, which impact producers of, or explorers for, gold

in a similar matter, but excluding for the avoidance of doubt (x) changes in government, civil disorder, political coup, a declaration of a state of emergency, and (y) changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which a member of either the Gryphon Group operates which are directed at the Gryphon Group's existing operations; or

- (vii) arising from changes to any generally accepted accounting principles in Australia or the interpretation of those principles by any professional body or Regulatory Agency.

For the avoidance of doubt, a fall in the trading price of a Gryphon Share will not itself constitute a Gryphon Material Adverse Event.

Gryphon Permits means the exploitation mining and exploration permits detailed in Schedule 5.

Gryphon Prescribed Occurrence means other than:

- (a) as contemplated in this agreement or the Scheme;
- (b) matters which have been fully and fairly disclosed in, or deemed to be disclosed in, the Gryphon Disclosure Letter;
- (c) the issue of 5,000,000 Performance Rights to Mr Stephen Parsons as contemplated in the EGM Notice; or
- (d) as agreed to in writing by Teranga,

the occurrence of any of the following between the date of this agreement and 8.00am on the Second Court Date:

- (a) Gryphon converting all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Gryphon Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) any member of the Gryphon Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the Gryphon Group declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) a member of the Gryphon Group issuing securities, including without limitation shares, or granting an option (over its shares, or agreeing to make such an issue or grant such an option other than to Gryphon or to a direct or indirect wholly-owned subsidiary of Gryphon or pursuant to the exercise on an option disclosed to ASX prior to the date of this agreement), including pursuant to a dividend reinvestment or other share plan;

- (f) a member of the Gryphon Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Gryphon Shares, including pursuant to the Gryphon Equity Incentive Plan, a dividend reinvestment or other share plan;
- (g) Gryphon or the Gryphon Board amending, adding to, revoking or substituting all or any of the provisions of the Rules of the Gryphon Equity Incentive Plan or the terms of any Performance Rights or Share Appreciation Rights granted under the Gryphon Equity Incentive Plan, in any respect;
- (h) a member of the Gryphon Group making any change to its constitution;
- (i) a member of the Gryphon Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (j) a member of the Gryphon Group:
 - (i) acquiring, leasing or disposing of;
 - (ii) agreeing to acquire, lease or dispose of; or
 - (iii) irrevocably offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds A\$500,000 (individually or in aggregate);
- (k) a member of the Gryphon Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;
- (l) a member of the Gryphon Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (m) except as detailed in the Gryphon Budget, a member of the Gryphon Group:
 - (i) entering into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Gryphon Group in excess of A\$500,000 (individually or in aggregate) other than any payment required by law; or
 - (ii) (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of this agreement of more than A\$500,000 (individually or in aggregate);
 - (iii) waiving any material third party default where the financial impact on the Gryphon Group will be in excess of A\$250,000 (individually or in aggregate);
 - (iv) accepting as a compromise of a matter less than the full compensation due to a member of the Gryphon Group, where the result of the compromise is that the member will receive an amount which is more than A\$250,000 (individually or in aggregate) less than the amount of full compensation; or

- (v) otherwise waiving, releasing, granting or transferring any rights with a value of more than A\$250,000 (individually or in aggregate);
- (n) other than pursuant to commitments that existed prior to the date of this agreement, a member of the Gryphon Group providing financial accommodation other than to members of the Gryphon Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of A\$250,000 (individually or in aggregate);
- (o) a member of the Gryphon Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of gold or to interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
- (p) an Insolvency Event occurs in relation to any material member of the Gryphon Group;
- (q) a member of the Gryphon Group entering into or resolving to enter into a transaction with any related party of Gryphon (other than a related party which is a member of the Gryphon Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
- (r) a material member of the Gryphon Group being deregistered as a company or otherwise dissolved except in the case of a member of the Gryphon Group with less than A\$125,000 (individually or in aggregate) in net assets as at the date of this agreement;
- (s) a member of the Gryphon Group amending in any material respect any arrangement with its Financial Advisors, or entering into arrangements with a new Financial Advisor which arrangements with any such new Financial Advisor may involve the payment of fees of in excess of A\$125,000 (individually or in aggregate), in respect of the Transaction; or
- (t) a member of the Gryphon Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in Accounting Standards.

Gryphon Registry means the manager from time-to-time of the Register.

Gryphon Representations and Warranties means the representations and warranties of Gryphon set out in Schedule 3.

Gryphon Share means a fully paid ordinary share in the capital of Gryphon.

Gryphon Shareholder means each person who is registered in the Register as the holder of Gryphon Shares.

GST means a goods and services tax or similar value added tax levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by the parties.

Independent Expert means a person to be appointed by Gryphon pursuant to clause 5.1.4 as an independent expert to prepare a report to be provided to the Gryphon Board and Gryphon Shareholders stating whether, in the expert's opinion, the Scheme is in the best interests of Gryphon Shareholders.

Ineligible Shareholder means a Gryphon Shareholder whose address shown in the Register is in a jurisdiction outside Australia, New Zealand and Canada in which Teranga determines, acting reasonably, does not permit the issue of the Teranga Shares or Teranga CDIs to that Gryphon Shareholder either unconditionally or after compliance with terms that Teranga reasonably regards as acceptable and practical.

Insolvency Event means in relation to a person:

- (a) the person is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act, or would be presumed to be insolvent if that Act applied;
- (b) the person suspends or threatens to suspend payment of its debts generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is set aside within 14 days;
- (d) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (e) the appointment of an administrator to the person;
- (f) the entry by a person into any compromise or arrangement with creditors; or
- (g) the person ceases or threatens to cease to carry on business.

Laws means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, treaties, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any permit of or from any Regulatory Authority or self-regulatory authority (including the TSX and ASX).

Listing Rules means the official listing rules of ASX.

Material Permits means the Gryphon Permits so identified in Schedule 5.

Notice of Meeting means the notice convening the Scheme Meeting together with the proxy forms for that meeting.

Performance Right means a performance right issued by Gryphon.

Record Date means 5.00pm on the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Gryphon and Teranga may agree in writing.

Register means the share register of Gryphon kept pursuant to the Corporations Act.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to Teranga and Gryphon, which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approval has the meaning given to that term in clause 3.1.1.

Regulatory Authority includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute; and
- (d) in particular, ASX, ASIC, TSX, and the Canadian Securities Authorities.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC provides a letter indicating whether or not it proposes to appear to make submissions, or will intervene to oppose the Scheme, when the application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Reimbursement Fee Amount means A\$805,000.

Related Entity means, in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

Representatives means, in relation to an entity:

- (a) each of the entity's Related Entities; and
- (b) each of its and its Related Entities' directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert.

Required Consultation Period means the shorter of:

- (a) five Business Days after both parties becoming aware that clause 3.8.1.1, 3.8.1.2, or 3.8.1.3 as the case may be, is triggered; and
- (b) the period commencing at the time both parties become aware that clause 3.8.1.1, 3.8.1.2, or 3.8.1.3 or, as the case may be, is triggered and ending at 8.00am on the Second Court Date.

RG 60 means Regulatory Guide 60 issued by ASIC on 22 September 2011 (as amended).

Sale Agent means a person appointed by Teranga to sell the Teranga Shares and/or Teranga CDIs that are attributable to Ineligible Shareholders.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Gryphon and Gryphon Shareholders, the form of which is contained in schedule 2,

together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Teranga and Gryphon.

Scheme Booklet means the information to be despatched to all Gryphon Shareholders and approved by the Court in connection with the Scheme, including the Scheme, the Explanatory Statement in respect of the Scheme, an independent expert's report prepared by the Independent Expert and the Notice of Meeting.

Scheme Consideration means 0.169 Teranga CDIs or, if so elected, 0.169 Teranga Shares, for every one Gryphon Share.

Scheme Meeting means the meeting of Gryphon Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Scheme Participant means each person who is a Gryphon Shareholder as at 5:00pm on the Record Date (other than Teranga).

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

Security Arrangements has the meaning given in clause 5.9.1.3.

Senior Executive has the meaning given to that term in clause 6.1.2.1.

Share Appreciation Right means a share appreciation right granted by Gryphon.

Subsidiaries has the meaning given to that term in section 9 of the Corporations Act.

Superior Offer means a bona fide Competing Proposal that the Gryphon Board, acting reasonably and in good faith, and after taking advice from its legal advisers and Financial Advisors, determines:

- (a) is reasonably capable of being completed on a timely basis, taking into account all aspects of the Competing Proposal and the person making it, including without limitation having regard to legal, regulatory and financial matters and any conditions precedent; and
- (b) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to Gryphon Shareholders than the Scheme, after taking into account all of the terms and conditions of, and the identity, reputation and standing of the person making, the Competing Proposal.

Teranga Board means the board of directors of Teranga.

Teranga CDI means a CHESS Depository Interest, issued by CDN, representing a beneficial interest in one Teranga Share.

Teranga Costs has the meaning given to that term in clause 11.1.2.1.

Teranga Disclosure Letter means the letter dated the date of this agreement delivered by Teranga to Gryphon in a form accepted by Gryphon with respect to certain matters in this agreement.

Teranga Financial Statements means the audited consolidated balance sheets, audited consolidated statements of operations, comprehensive income (loss) and deficit and audited consolidated statements of cash flows of Teranga for the financial year ended December 31, 2015.

Teranga Group means Teranga and its Related Entities.

Teranga Information means the information about Teranga detailed in, and provided to Gryphon by Teranga under, clause 5.3.1.

Teranga Material Adverse Event means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (a) the result that the business, trading or financial position and assets of the Teranga Group (including the Teranga Permits) are materially adversely affected; provided that, there will only be a material adverse effect under this paragraph if: (a) the relevant change, event, occurrence, fact or matter is reasonably likely to have an effect over a material period of time; and (b) it has the effect of a diminution in the consolidated gross assets of the Teranga Group, taken as a whole from that shown on Teranga's balance sheet as at 31 December 2015 (calculated on the basis of Canadian GAAP), of at least US\$20 million; or
- (b) the result that the Teranga Permits have expired, been terminated or surrendered, other than those changes, events, occurrences or matters:
- (c) required or permitted by this agreement, the Scheme or transactions contemplated by them;
- (d) that took place with the written consent of Gryphon;
- (e) that Teranga fully and fairly disclosed in the Teranga Disclosure Letter;
- (f) that are or that arise from: (a) changes in world gold prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which Teranga Group operates, in each case, which impact producers of, or explorers for, gold in a similar matter, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which Teranga Group operates which are directed at the Teranga Group's existing operations; or
- (g) arising from changes to Canadian GAAP or the interpretation of those principles by any professional body or Regulatory Authority.

For the avoidance of doubt, a fall in the trading price of a Teranga Share will not of itself alone constitute a Teranga Material Adverse Event.

Teranga Option means an option to acquire a Teranga Share.

Teranga Permits means the exploitation mining and exploration permits detailed in Schedule 6.

Teranga Prescribed Occurrence means other than:

- (a) as required by this agreement, Scheme or the Deed Poll;
- (b) matters which have been fully and fairly disclosed in the Teranga Disclosure Letter; or
- (c) as agreed to in writing by Gryphon,

the occurrence of any of the following between the date of this agreement and 8.00am on the Second Court Date:

- (a) Teranga converting all or any of its shares into a larger or smaller number of shares;
- (b) Teranga making any change to its constituent documents;
- (c) the Canadian Securities Authorities, or any of them, issuing a temporary or permanent cease trading order prohibiting the trading in any class of securities of Teranga that has not been lifted or remedied by 8.00am on the Second Court Date;
- (d) a material member of the Teranga Group disposing, or agreeing to dispose, of the whole or a substantial part, of its business or property;
- (e) any member of the Teranga Group (other than a direct or indirect wholly-owned subsidiary of Teranga):
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement; or
- (f) if a Teranga Insolvency Event occurs.

Teranga Representations and Warranties means the representations and warranties of Teranga set out in Schedule 3.

Teranga Share means one fully paid common share in the capital of Teranga.

Teranga Share Appreciation Rights means a share appreciation right granted by Teranga.

Terms of Invitation means the document bearing that name issued to each holder of Performance Rights by Gryphon.

Third Party Bidder has the meaning given to that term in clause 10.4.2.

Timetable means the indicative timetable for the implementation of the Transaction as set out in Schedule 1, or as otherwise may be agreed by Teranga and Gryphon, acting reasonably.

Transaction means the acquisition by Teranga of all of the Gryphon Shares by means of the Scheme in accordance with the terms of this agreement.

TSX means the Toronto Stock Exchange.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- 1.2.1 the singular includes the plural and vice versa, and a gender includes other genders;

- 1.2.2 another grammatical form of a defined word or expression has a corresponding meaning;
- 1.2.3 a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this agreement, and a reference to this agreement includes any schedule;
- 1.2.4 a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- 1.2.5 a reference to **A\$, dollar** or **\$** is to Australian currency;
- 1.2.6 a reference to **C\$** is to the lawful currency of Canada;
- 1.2.7 a reference to **US\$** is to the lawful currency of the United States;
- 1.2.8 a reference to time is to time in Perth, Western Australia, unless otherwise noted;
- 1.2.9 a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- 1.2.10 a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- 1.2.11 a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 1.2.12 a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- 1.2.13 the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- 1.2.14 any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- 1.2.15 any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- 1.2.16 any statement made by a party on the basis of its awareness or knowledge, including for the purposes of the representations and warranties set forth in Schedule 3, is made on the basis that the party has, in order to establish that the statement is true and not misleading in any respect:
- 1.2.16.1 made all reasonable enquiries of the officers, managers, employees and other persons who could reasonably be expected to have information relevant to the matters to which the statement relates; and
- 1.2.16.2 where those enquiries would have prompted a reasonable person to make further enquiries, made those further enquiries,

- 1.2.17 and that, as a result of those further enquiries, the party has no reason to doubt that the statement is true and not misleading in any respect;
- 1.2.18 a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- 1.2.19 if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2 AGREEMENT TO PROPOSE SCHEME

2.1 Proposal and Implementation of Scheme

- 2.1.1 Gryphon agrees to propose and implement the Scheme upon and subject to the terms of this agreement.
- 2.1.2 Teranga agrees to assist Gryphon to propose and give effect to the Scheme on and subject to the terms of this agreement.

3 CONDITIONS PRECEDENT

3.1 Conditions Precedent to implementation of the Scheme

Subject to this clause 3, the Scheme will not become Effective unless each of the following conditions precedent are satisfied (or, where permitted, waived by a party in accordance with clause 3.2) on or prior to the Second Court Date (or such other date as specified in the relevant Condition Precedent);

- 3.1.1 **Regulatory Approvals:** before 5.00pm on the Business Day before the Second Court Date:
- 3.1.1.1 **ASIC:** ASIC issues or provides such consents, approvals, modifications or exemptions, or does such other acts which the parties agree are reasonably necessary or desirable to implement the Scheme;
- 3.1.1.2 **ASX:** ASX issues or provides such consents, approvals, waivers or does such other acts which the parties agree are reasonably necessary to implement the Scheme;
- 3.1.1.3 **TSX:** TSX conditionally approves the listing of the Teranga Shares to be issued pursuant to the Scheme, subject only to the satisfaction by Teranga of customary listing conditions of the TSX (which shall not include a requirement to obtain approval by Teranga shareholders); and
- 3.1.1.4 all other regulatory approvals required to implement the Scheme being granted or obtained and those regulatory approvals not being withdrawn,

cancelled, revoked or varied in a manner that is materially adverse to the parties;

(together **Regulatory Approvals**);

- 3.1.2 **Gryphon Shareholder Approval:** Gryphon Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act;
- 3.1.3 **Restraining Orders:** as at 8.00am on the Second Court Date, no temporary restraining order, preliminary or permanent injunction or other order or decision has been issued or made by any court of competent jurisdiction or any Regulatory Authority, and there is no other legal restraint or prohibition, preventing the consummation of any aspect of the Transaction on the Implementation Date;
- 3.1.4 **Court Approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- 3.1.5 **Independent Expert Report:** the Independent Expert provides a report to Gryphon that concludes that the Scheme is in the best interests of Gryphon Shareholders and the Independent Expert not withdrawing or adversely modifying that conclusion before 8.00am on the Second Court Date;
- 3.1.6 **ASX Quotation:** the Teranga CDIs to be issued pursuant to the Scheme have, before 8.00am on the Second Court Date, been approved for official quotation on the ASX;
- 3.1.7 **No Gryphon Material Adverse Event:** no Gryphon Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;
- 3.1.8 **No Gryphon Prescribed Occurrence:** no Gryphon Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
- 3.1.9 **Gryphon Representations and Warranties:** the Gryphon Representations and Warranties given by Gryphon pursuant to clause 7 are true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date;
- 3.1.10 **No Teranga Material Adverse Event:** no Teranga Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;
- 3.1.11 **No Teranga Prescribed Occurrence:** no Teranga Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
- 3.1.12 **Teranga Representations and Warranties:** the Teranga Representations and Warranties given by Teranga pursuant to clause 7 are true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date; and
- 3.1.13 **Burkina Faso Mining Code Consent:** Teranga receiving written evidence (in a form satisfactory to it, acting reasonably) that Burkina Faso Mining Code Consent has been obtained, on terms acceptable to Teranga acting reasonably.

3.2 Waiver of Conditions Precedent

3.2.1 The Conditions Precedent in:

- 3.2.1.1 clauses 3.1.1 (Regulatory Approvals), 3.1.2 (Gryphon Shareholder Approval), 3.1.3 (Restraining Orders), 3.1.4 (Court Approval) and 3.1.6 (ASX Quotation) are for the benefit of both parties, and cannot be waived;
- 3.2.1.2 clauses 3.1.7 (No Gryphon Material Adverse Event), 3.1.8 (No Gryphon Prescribed Occurrence), 3.1.9 (Gryphon Representations and Warranties) and 3.1.13 (Burkina Faso Mining Code Consent) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, Teranga; and
- 3.2.1.3 clauses 3.1.5 (Independent Expert Report), 3.1.10 (No Teranga Material Adverse Event), 3.1.11 (No Teranga Prescribed Occurrence) and 3.1.12 (Teranga Representations and Warranties) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, Gryphon.

3.2.2 Teranga must waive the Condition Precedent in clause 3.1.13 (Burkina Faso Mining Code Consent) if it determines or becomes satisfied, acting reasonably and in good faith, that Burkina Faso Mining Code Consent is not required.

3.2.3 A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant to this clause 3.2 may do so in its absolute discretion.

3.2.4 Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- 3.2.4.1 a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- 3.2.4.2 a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.3 Reasonable endeavours to satisfy Conditions Precedent

Each of the parties will use its reasonable endeavours to procure that:

- 3.3.1 each of the Conditions Precedent is satisfied as soon as practicable after the date of this agreement and continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- 3.3.2 there is no occurrence within the control of Gryphon or Teranga (as the context requires) or their Related Entities that would prevent the Conditions Precedent being satisfied.

3.4 Pre-implementation steps

Without limiting the generality of clause 3.3:

- 3.4.1 **Regulatory Approvals:** each party must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the Regulatory Approval

process, including responding to requests for information at the earliest practicable time;

- 3.4.2 **Consultation:** each party must consult with the other in advance in relation to all communications (whether written or oral, and whether direct or via agents or advisers) with any Regulatory Authority relating to any Regulatory Approval (**Communications**) including:

- 3.4.2.1 providing the other party with drafts of any material written Communications to be sent to a Regulatory Authority and making such amendments thereto as the other party reasonably requires; and
- 3.4.2.2 providing copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so; and

- 3.4.3 **Participation:** each party will have the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval.

3.5 Assistance of Representatives

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other party, and the other party's Representatives, to satisfy the Conditions Precedent.

3.6 Notice of failure to satisfy Condition Precedent

- 3.6.1 A party must promptly give the other notice of a failure to satisfy a Condition Precedent or of any event that will prevent a Condition Precedent being satisfied.
- 3.6.2 Gryphon or Teranga (as the case may be) must give written notice to the other party as soon as reasonably practicable (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Certificates in relation to Conditions Precedent

Each party must:

- 3.7.1 give the Court on the Second Court Date a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent have been satisfied or waived; and
- 3.7.2 give the other party a draft of its certificate by 5.00pm on the Business Day prior to the Second Court Date.

3.8 Conditions Precedent not met

3.8.1 If:

- 3.8.1.1 there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement;
- 3.8.1.2 there is an act, failure to act, event or occurrence which will prevent a Condition Precedent being satisfied by the date specified in clause 3.1 for its satisfaction (and the breach or non-fulfilment of the Condition Precedent which would otherwise occur has not already been waived in accordance with this agreement), or
- 3.8.1.3 if it becomes probable that the Scheme will not become Effective by the End Date,

the parties must consult in good faith with a view to:

- 3.8.1.4 considering and if agreed, determining whether the Scheme or a transaction that results in Teranga having beneficial ownership of all of the Gryphon Shares, may proceed by way of alternative means or methods;
- 3.8.1.5 considering and if agreed, extending the time or date for satisfaction of the relevant Condition Precedent or the End Date; or
- 3.8.1.6 considering and if agreed, changing the date of application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by the parties (being a date no later than five Business Days before the End Date).

3.8.2 If the parties are unable to reach agreement under clause 3.8.1 within the Required Consultation Period, either party may, provided that Condition Precedent is for the benefit of that party, terminate this agreement by notice in writing to the other without incurring any liability to the other party because of that termination (other than under clause 11 if applicable), unless the relevant occurrence or the breach or non-fulfilment of the Condition Precedent arises out of a breach of clauses 3.3 or 3.4 by the terminating party.

3.8.3 Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of clause 8.4), on termination of this agreement, no party shall have any rights against or obligations to any other party under this agreement except for those rights and obligations which accrued prior to termination.

3.8.4 If the Condition Precedent in clause 3.1.2 is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice within three Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable.

- 3.8.5 If the Court refuses to make an order approving the Scheme satisfying clause 3.1.4, at Teranga's request Gryphon must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Senior Counsel indicates that, in his or her view, an appeal would have negligible prospects of success before the End Date). Gryphon may bring an appeal even if not requested by Teranga. If any such appeal is undertaken at the request of Teranga, Teranga will bear Gryphon's costs of the appeal (including costs of the independent Senior Counsel) unless the parties otherwise agree. If any such appeal is undertaken by Gryphon, without the prior request from Teranga, Gryphon will bear Teranga's costs of the appeal unless the parties otherwise agree.

3.9 Trigger of Gryphon Material Adverse Event

If the parties determine, acting reasonably and in good faith, that a Gryphon Material Adverse Event will be triggered pursuant to the application of paragraph (a) of the definition of Gryphon Material Adverse Event, the parties undertake to negotiate in good faith and to take all reasonable steps required to ensure that the Second Court Date is deferred to a date (not being a date later than the End Date) on which a Gryphon Material Adverse Event is not so triggered pursuant to the application of paragraph (a) of the definition of Gryphon Material Adverse Event.

4 TRANSACTION STEPS

4.1 Scheme

- 4.1.1 Gryphon must propose the Scheme to Gryphon Shareholders.
- 4.1.2 If the Scheme becomes Effective, on the Implementation Date:
- 4.1.2.1 all of the Gryphon Shares held by Scheme Participants on the Record Date will be transferred to Teranga;
 - 4.1.2.2 in exchange, each Scheme Participant will receive the Scheme Consideration for each Gryphon Share held by them at the Record Date; and
 - 4.1.2.3 Teranga will pay the Cancellation Consideration to each holder of Share Appreciation Rights that has agreed to the cancellation of his or her Share Appreciation Rights and cancel their Share Appreciation Rights in accordance with the Cancellation Deeds.

4.2 No amendment to the Scheme without consent

Gryphon must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Teranga.

4.3 Election Procedure

The parties agree that each Scheme Participant will be entitled to elect to receive as consideration for the transfer of its Gryphon Shares to Teranga, under the Scheme, either Teranga Shares or Teranga CDIs by completing the Election Form and returning it to the address specified so that it is received by 5:00pm on the Record Date. An election must be made in accordance with the terms and condition on the Election Form.

4.4 Consideration

- 4.4.1 Subject to clause 4.4.2, Teranga undertakes and warrants to Gryphon (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to Teranga of each Gryphon Share held by a Scheme Participant under the terms of the Scheme, on the Implementation Date, Teranga will provide to each Scheme Participant the Scheme Consideration, in accordance with the terms of this agreement, the Scheme and Deed Poll.
- 4.4.2 Where the calculation of the number of Teranga Shares (or Teranga CDIs, if so elected) to be issued to a particular Gryphon Shareholder would result in the issue of a fraction of a Teranga Share (or Teranga CDI), the fractional entitlement will be rounded down to the nearest whole number of Teranga Shares (or Teranga CDIs).
- 4.4.3 Gryphon acknowledges that the undertaking by Teranga in clause 4.4.1 is given to Gryphon in its capacity as agent for each Scheme Participant.

4.5 Ineligible Shareholders

- 4.5.1 Teranga has no obligation under this agreement to allot or issue, and will not issue, any Teranga Shares (or Teranga CDIs) to any Ineligible Shareholder and, instead, will issue the Teranga Shares (or Teranga CDIs) to which the Ineligible Shareholder would have otherwise been entitled to the Sale Agent, in trust for the Ineligible Shareholder who is the beneficial owner thereof.
- 4.5.2 Teranga will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Sale Agent:
- 4.5.2.1 sells all of the Teranga Shares (or Teranga CDIs) issued to the Sale Agent pursuant to clause 4.5.1 in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith; and
 - 4.5.2.2 remits to the Ineligible Shareholder the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).

4.6 Shares to rank equally

Teranga covenants in favour of Gryphon (in its own right and on behalf of the Scheme Participants) that:

- 4.6.1 the Teranga Shares to be issued pursuant to the Scheme (including those issued to CDN) are duly and validly authorised and are of the same class of Teranga Shares currently on issue and will rank equally in all respects with all existing Teranga Shares on issue;
- 4.6.2 the Teranga CDIs to be issued pursuant to the Scheme are of the same class of Teranga CDIs currently on issue and will rank equally in all respects with all existing Teranga CDIs on issue; and
- 4.6.3 each such Teranga Share and Teranga CDI issued pursuant to the Scheme will be validly issued, fully paid, free from any Encumbrance or other third party rights and, in the case of Teranga Shares only, non-assessable.

4.7 Timetable

The parties must use their commercially reasonable endeavours to implement the Transaction and perform their respective obligations substantially in accordance with the Timetable.

5 IMPLEMENTATION

5.1 Gryphon's obligations

Gryphon must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable (and must consult with Teranga on a regular basis about its progress in that regard), and in particular Gryphon must:

- 5.1.1 **promote merits of Transaction:** participate in, and ensure the Gryphon Board participates in, efforts reasonably requested by Teranga to promote the merits of the Transaction, including meeting with key members of Gryphon at the reasonable request of Teranga;
- 5.1.2 **prepare Scheme Booklet:** prepare the Scheme Booklet in respect of the Scheme in accordance with all applicable Laws and in particular with the Corporations Act, RG 60 and the Listing Rules;
- 5.1.3 **directors' recommendation:** include in the Scheme Booklet a statement by the Gryphon Board:
 - 5.1.3.1 unanimously recommending that Gryphon Shareholders vote in favour of the Scheme in the absence of any Superior Offer unless there has been a change of recommendation permitted under this agreement; and
 - 5.1.3.2 that each Gryphon Board member will (in the absence of a Superior Offer) vote, or procure the voting of any Gryphon Shares (as applicable) held by or on behalf of a Gryphon Board Member at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting;
- 5.1.4 **commission Independent Expert's report:** promptly appoint the Independent Expert, and any investigating accountant to be appointed in connection with the preparation of the Scheme Booklet or the Independent Expert's report, and provide all assistance and information reasonably requested by them in connection with the preparation of the Independent Expert's report for inclusion in the Scheme Booklet (including any updates to such report) and any other materials to be prepared by them for inclusion in the Scheme Booklet (including any updates to the Scheme Booklet);
- 5.1.5 **amend Scheme Booklet:** implement such changes to those parts of the Scheme Booklet relating to Teranga which are provided to Gryphon by Teranga in accordance with clause 5.3.1 as reasonably requested by Teranga prior to finalising the Regulator's Draft;
- 5.1.6 **consultation with Teranga:** as soon as practicable after the date of this agreement:
 - 5.1.6.1 provide to Teranga a draft of the Scheme Booklet and the Independent Expert's Report for the purpose of enabling Teranga to review and

- comment on those draft documents provided that, in relation to the Independent Expert's Report, Teranga's review is to be limited to a factual accuracy review;
- 5.1.6.2 take the comments made by Teranga into account in good faith when producing revised drafts of the Scheme Booklet; and
 - 5.1.6.3 provide Teranga with revised drafts of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable Teranga to review the Regulator's Draft at least two Business Days before its submission to ASIC;
- 5.1.7 **liaise with ASIC:** as soon as reasonably practicable after the date of this agreement but no later than 14 days before the First Court Date, provide a copy of the Regulator's Draft to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;
- 5.1.8 **keep Teranga informed:** during the Regulatory Review Period:
- 5.1.8.1 promptly provide to Teranga and include in revised drafts of the Scheme Booklet any new information in relation to the Gryphon Group not included in the Regulator's Draft which is required by the Corporations Act or RG 60 to be included in the Scheme Booklet; and
 - 5.1.8.2 promptly inform and consult with Teranga in relation to any matters raised by ASIC in connection with the Scheme Booklet or the Scheme including in relation to any presentation and/or the making of any submission in writing or at any proposed meeting with ASIC, and co-operate with Teranga to resolve any such matters (which will include allowing Teranga to participate in Gryphon's meetings and discussions with ASIC);
- 5.1.9 **Court direction and advice:** promptly after, apply to the Court for orders under section 411(1) of the Corporations Act directing Gryphon to convene the Scheme Meeting to consider the Scheme and take all reasonable steps necessary to comply with the orders of the Court;
- 5.1.10 **registration of Scheme Booklet and provision of copy to Teranga:** request ASIC to register the Explanatory Statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act and, promptly after such registration, provide a copy of the registered Scheme Booklet to Teranga;
- 5.1.11 **section 411(17)(b) Statement:** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- 5.1.12 **Scheme Meeting:** promptly convene the Scheme Meeting in accordance with any orders which are made by the Court pursuant to section 411(1) of the Corporations Act;
- 5.1.13 **waiver or approval in relation to cancellation of Share Appreciation Rights:** to the extent ASX requires Gryphon to obtain a waiver from Listing Rule 6.23.2 to enable the Share Appreciation Rights to be cancelled in consideration for the Cancellation Consideration, Gryphon shall submit a waiver application to ASX;

- 5.1.14 **Court documents:** consult with Teranga in relation to the content of the documents required for the purpose of each Court hearing held, including for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, customary affidavits (including an affidavit from a suitably qualified Canadian lawyer opining on due execution of the Deed Poll and enforceability in Canada), submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, reasonable comments from Teranga and its Representatives on those documents;
- 5.1.15 **Court approval:** as soon as practicable after Gryphon Shareholders approve the Scheme at the Scheme Meeting, subject to clause 3.9, apply (and to the extent necessary, re-apply) to the Court for an order approving the Scheme under section 411(4) of the Corporations Act substantially in accordance with the Timetable;
- 5.1.16 **lodge copy of Court orders:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme, lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(10) of the Corporations Act on the day such office copy is received or such later date as agreed in writing by Teranga;
- 5.1.17 **certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming whether or not the Conditions Precedent have been satisfied or waived in accordance with this agreement. A draft of such certificate shall be provided by Gryphon to Teranga by 5:00pm on the Business Day prior to the Second Court Date;
- 5.1.18 **registration in relation to Gryphon Shares in relation to vesting of Performance Rights:** if Gryphon Shareholders approve the Scheme at the Scheme Meeting, ensure that the Gryphon Shares that are to be issued to holders of Performance Rights in accordance with paragraph (b) of the "Change of control" provision of the Terms of Invitation are issued promptly after the Effective Date and the holders of those Gryphon Shares so issued are registered as the holders of those Gryphon Shares in the Register before the Record Date and that Teranga is provided with the names of those holders and the number of Gryphon Shares issued to each of them. To this end, the Gryphon Board shall, prior to the Second Court Date, pass a resolution authorising the issue of the Gryphon Shares pursuant to this clause 5.1.18, and the registration of the holders of those Gryphon Shares in the Register, subject only to the Scheme becoming Effective.
- 5.1.19 **registration generally:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme:
- 5.1.19.1 close the Register as at the Record Date to determine the identity of the Scheme Participants and their entitlements to the Scheme Consideration;
 - 5.1.19.2 provide to Teranga all information about the Scheme Participants that Teranga reasonably requires in order for Teranga to provide the Scheme Consideration to the Scheme Participants in accordance with the Scheme;
 - 5.1.19.3 execute proper instruments of transfer of the Gryphon Shares and effect and register the transfer of the Gryphon Shares in accordance with the Scheme;

- 5.1.19.4 register all transfers of Gryphon Shares to Teranga on, or as soon as practicable after, the Implementation Date; and
- 5.1.19.5 do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court;
- 5.1.20 **access to information:** provide to Teranga and its Representatives reasonable access to employees, officers and other facilities and properties of the Gryphon Group and to the books and records of the Gryphon Group, for the purpose of implementing the Transaction;
- 5.1.21 **compliance with Laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all Laws applicable in relation to the Transaction (including, without limitation, doing everything reasonably within its powers to ensure the Transaction complies with all applicable securities laws or is otherwise exempt therefrom);
- 5.1.22 **listing:** not do anything to cause Gryphon Shares to cease being quoted on the ASX or to become permanently suspended from quotation or listing prior to completion of the Transaction, unless Teranga has agreed in writing;
- 5.1.23 **merged co-information:** Gryphon will prepare and promptly provide to Teranga any information regarding the Gryphon Group, which Teranga reasonably requires in order to prepare the information regarding the merged Gryphon–Teranga entity following implementation of the Scheme for inclusion in the Scheme Booklet;
- 5.1.24 **Gryphon Prescribed Occurrence:** between the date of this agreement and 8.00am on the Second Court Date, ensure that no Gryphon Prescribed Occurrence occurs; and
- 5.1.25 **Gryphon incentive plans:** on and from the date of this agreement, suspend all of its executive and employee incentive plans that will or could result in securities being issued to the Gryphon Group employees including the Gryphon Equity Incentive Plan, save for the issue of 5,000,000 Performance Rights to Mr Stephen Parsons as proposed in the EGM Notice.

5.2 Gryphon Registry details

For the purpose of clause 5.1.19, Gryphon must give all necessary directions to the Gryphon Registry to ensure that any information that Teranga reasonably requests in relation to the Register, including any CHESS sub-register and any issuer sponsored sub-register, is promptly provided to Teranga and, where requested by Teranga, Gryphon must procure that such information is made available in such electronic form as is reasonably requested by Teranga.

5.3 Teranga's obligations

Teranga must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable, and in particular Teranga must:

- 5.3.1 **Teranga Information:** prepare and provide to Gryphon all information in relation to Teranga and merged entity that is required to be included in the Scheme Booklet to comply with applicable Laws relevant to that information (**Teranga Information**),

make available to Gryphon drafts of the Teranga Information, consult with Gryphon in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts, comments from Gryphon and its Representatives on that information;

- 5.3.2 **assist Independent Expert:** subject to the Independent Expert entering into arrangements with Gryphon, including in relation to confidentiality in a form reasonably acceptable to Teranga, provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report to be sent together with the Scheme Booklet;
- 5.3.3 **review drafts of Scheme Booklet:** as soon as practicable after delivery, review drafts of the Scheme Booklet prepared by Gryphon and provide comments on those drafts in good faith;
- 5.3.4 **approval of Regulator's Draft:** as soon as practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by ASIC, procure that a meeting of the Teranga Board is convened to consider approving those sections of the Regulator's Draft that relate to the Teranga Information as being in a form appropriate for provision to ASIC for review;
- 5.3.5 **Teranga Shares listing:** as soon as practicable make application for the Teranga Shares to be issued under the Scheme to be conditionally approved for listing on the TSX, subject to the customary listing requirements (which shall not include a requirement to obtain approval by Teranga shareholders), and do everything reasonably necessary to advance such applications;
- 5.3.6 **Teranga CDIs Listing:** as soon as practicable make application for the Teranga CDIs to be issued under the Scheme to be conditionally approved for listing on ASX, subject to the customary listing requirements, and do everything reasonably necessary to advance such applications;
- 5.3.7 **trading:** do everything reasonably necessary to ensure that trading on the TSX and ASX in the Teranga Shares or Teranga CDIs (as applicable) issued under the Scheme, is permitted to commence by the third Business Day after the Implementation Date;
- 5.3.8 **compliance with Laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all Laws applicable in relation to the Transaction (including, without limitation, doing everything reasonably within its powers to ensure the Transaction complies with all applicable securities laws or is otherwise exempt therefrom);
- 5.3.9 **Teranga Scheme Consideration:** if the Scheme becomes Effective, provide the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme and the Deed Poll;
- 5.3.10 **Teranga Cancellation Consideration:** if the Scheme becomes Effective, provide the Cancellation Consideration in the manner and amount contemplated by the Cancellation Deeds;
- 5.3.11 **Teranga Prescribed Occurrence:** ensure that no Teranga Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;

- 5.3.12 **Deed Poll:** before the First Court Date, execute the Deed Poll; and
- 5.3.13 **access to information:** provide to Gryphon and its Representatives reasonable access to officers of the Teranga Group and to the books and records of the Teranga Group, for the purpose of implementing the Transaction.

5.4 Scheme Booklet

- 5.4.1 Gryphon must consult with Teranga as to the content of the Scheme Booklet (other than Teranga Information).
- 5.4.2 Teranga must consult with Gryphon as to the content of Teranga Information.
- 5.4.3 The parties agree that:
- 5.4.3.1 the efficient preparation of the Scheme Booklet is in the interests of the parties and Gryphon Shareholders; and
 - 5.4.3.2 they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to produce the Scheme Booklet as soon as reasonably practicable and in substantial accordance with the Timetable.
- 5.4.4 Teranga's obligations under clauses 5.3.3 and 5.3.4 relate only to the factual accuracy of Teranga Information and Teranga takes no responsibility for information in the Scheme Booklet other than Teranga Information. To that end, the Scheme Booklet will include a statement:
- 5.4.4.1 by Gryphon that Teranga is not responsible for any information contained in the Scheme Booklet other than Teranga Information; and
 - 5.4.4.2 by Teranga that Gryphon is not responsible for any Teranga Information contained in the Scheme Booklet.
- 5.4.5 Gryphon must undertake appropriate due diligence and verification processes in respect to the Gryphon Information and will make such verification material available to Teranga on request by it.
- 5.4.6 Teranga must undertake appropriate due diligence and verification processes in respect to the Teranga Information and will make such verification material available to Gryphon on request by it.
- 5.4.7 The parties must promptly inform the other if they have any reason to believe that any information in the Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise) whether because of Teranga Information or otherwise.
- 5.4.8 If there is a dispute as to the content of any part of the Scheme Booklet (including Teranga Information), the parties must consult in good faith and use their reasonable endeavours to resolve the dispute within two Business Days. If the parties fail to agree on the form or content of the Scheme Booklet:
- 5.4.8.1 Gryphon will have the final decision on the form or content of any Gryphon Information; and

- 5.4.8.2 Teranga will have the final decision on the form or content of any Teranga Information.

Even if there is a dispute as to the form or content of the Scheme Booklet and the parties use this procedure, the parties will continue to perform their obligations under this agreement.

5.5 Good faith co-operation

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to implement the Scheme and to prepare all documents required relating to the Scheme.

5.6 Gryphon Board recommendation

- 5.6.1 Subject to clause 5.6.2, the Gryphon Board must:

- 5.6.1.1 unanimously recommend that, in the absence of a Superior Offer and subject to the Independent Expert concluding that the Scheme is in the best interests of Gryphon Shareholders, Gryphon Shareholders vote in favour of all resolutions to be proposed at the Scheme Meeting in relation to the Scheme and approve the Scheme, and not subsequently change, withdraw or modify that recommendation in the absence of a Superior Offer; and
- 5.6.1.2 not make any public statement or take any other action that contradicts or qualifies the recommendation of the Scheme by the Gryphon Directors in the absence of a Superior Offer,

and the Scheme Booklet must state that each Gryphon Director who holds Gryphon Shares, or on whose behalf Gryphon Shares are held, intends to vote in favour of the Scheme in the absence of a Superior Offer.

- 5.6.2 The Gryphon Board collectively, and the members of the Gryphon Board individually, must not, change, withdraw or modify his or her recommendation unless:

- 5.6.2.1 the Independent Expert fails to provide a report to Gryphon that concludes that the Scheme is in the best interests of Gryphon Shareholders; or
- 5.6.2.2 the Gryphon Directors have unanimously:
- (a) made the determination contemplated by clause 10.7.2 in respect of a Superior Offer after Teranga's rights under clause 10.6.3 have been exhausted and after evaluation of any Counterproposal; and
 - (b) publicly recommended that the Superior Offer is in the interests of Gryphon Shareholders.

5.7 Appointment of Directors

Gryphon must, as soon as practicable:

- 5.7.1 after the Second Court Date (provided the Scheme is approved by the Court), and subject to the receipt of appropriate consents to act, take all actions necessary to cause the appointment of such number of nominees of Teranga to the Gryphon Board and all other actions, which gives those nominees, acting together, Control of a majority of the votes that may be cast at a meeting of the Gryphon Board;
- 5.7.2 on the Implementation Date, ensure that all directors on the Gryphon Board (other than the Teranga's nominees appointed pursuant to clause 5.7.1) resign and release Gryphon from any Claims they may have against Gryphon other than in connection with Gryphon's undischarged obligations in respect of the director's employment arrangements; and
- 5.7.3 on the Implementation Date, take all actions to ensure that subject to clause 5.7.2, all directors on the boards of each Gryphon Group member (other than the nominees of the Teranga appointed pursuant to clause 5.7.1), resign and release Gryphon and the applicable Gryphon Group member and, subject to the receipt of appropriate consents to act, to cause the appointment of nominees of Teranga to those boards.

5.8 Share Appreciation Rights

- 5.8.1 As soon as reasonably practicable after the date of this agreement, but in any event within 10 Business Days of that date, Gryphon must use all reasonable endeavours to procure that each person who is a holder of Share Appreciation Rights enters into a written agreement with Gryphon and Teranga to have his or her Share Appreciation Rights cancelled, with effect from the Implementation Date, in consideration for the issue on the Implementation Date of the Cancellation Consideration, subject to the Scheme becoming Effective and to any necessary ASX waivers (**Cancellation Deed**). The form of agreement to be used for this purpose must be acceptable to Teranga, acting reasonably. Teranga must take all necessary steps (including, but not limited to, the obtaining of any necessary shareholder approvals or Regulatory Approvals) to enable it to issue the Cancellation Consideration on the Implementation Date.
- 5.8.2 Teranga covenants in favour of Gryphon (in its own right and on behalf of each holder of Share Appreciation Rights who is to receive Cancellation Consideration) that:
 - 5.8.2.1 it will issue the Teranga Share Appreciation Rights as and when contemplated under the Cancellation Deeds; and
 - 5.8.2.2 the Teranga Share Appreciation Rights comprising the Cancellation Consideration will be free from any Encumbrance.

5.9 Interim funding

- 5.9.1 If the Scheme has not become Effective by 30 September 2016, and provided Gryphon uses all reasonable endeavours to sell any marketable securities it holds at market value prior to requesting any financial accommodation from Teranga, Teranga will, within 10 Business Days of the written request of Gryphon, lend to

Gryphon up to A\$5 million (**Loan**) for working capital purposes in respect of the period 1 October to 31 December 2016, on the following terms:

- 5.9.1.1 the Loan will become repayable on the date that is 6 months from the date on which this agreement terminates (**Repayment Date**);
- 5.9.1.2 interest at the rate of 5 % pa will be payable on the drawn amount of the Loan, up to the date of repayment; and
- 5.9.1.3 the Loan will be unsecured.
- 5.9.2 At Teranga's election and at any time prior to the Repayment Date, the Loan (or part thereof) will, subject to the receipt of any required Gryphon Shareholder approval, convert into Gryphon Shares at a price equal to the 20 day volume weighted average price of Gryphon Shares on the ASX (up to the trading day prior to the date on which Teranga gives written notice of its election to convert the Loan).
- 5.9.3 Upon notice from Gryphon following Gryphon determining that it may or will draw down on the Loan facility contemplated in clause 5.9.1, the parties will negotiate in good faith with a view to entering into a formal agreement to document the Loan facility and its terms. If any such formal agreement is entered into, this clause 5.9 will be superseded. If no such formal agreement is entered into, this clause 5.9 will continue to govern the Loan and will remain binding.

6 CONDUCT OF BUSINESS

6.1 Conduct of business by Gryphon

- 6.1.1 From the date of this agreement until the Implementation Date, Gryphon must conduct its business, and must cause its Subsidiaries to conduct their respective businesses, in the ordinary course of business consistent with past practice, including making all reasonable efforts to:
 - 6.1.1.1 maintain its business and assets including using commercially reasonable efforts to maintain an available cash balance in accordance with the Gryphon Budget;
 - 6.1.1.2 maintain the Gryphon Permits in good standing and use best efforts to obtain renewals of any Gryphon Permits that may expire prior to the Implementation Date;
 - 6.1.1.3 maintain the insurance (or reinsurance) policies of the Gryphon Group;
 - 6.1.1.4 other than as a result of retirement, redundancy, non-renewal of contracts or resignation in the ordinary course, keep available the services of its directors, officers and key employees for the operations of the Gryphon Group;
 - 6.1.1.5 maintain and preserve their relationships with Regulatory Authorities, customers, suppliers, licensors, licensees and others having business dealings with a member of the Gryphon Group (including, using reasonable endeavours to obtain consents from Third Parties to any change of control provisions which Teranga reasonably requests in

contracts or arrangements to which a member of the Gryphon Group is a party); and

6.1.1.6 not enter into any lines of business or other activities in which members of the Gryphon Group are not engaged as of the date of this agreement,

except:

6.1.1.7 as may be required or contemplated by this agreement or to the Scheme; or

6.1.1.8 as may be undertaken with the prior approval of Teranga; or

6.1.1.9 as is contemplated in the Gryphon Disclosure Letter.

6.1.2 Notwithstanding clause 6.1.1, Gryphon must not, and ensure that its Subsidiaries do not:

6.1.2.1 increase the remuneration of or pay any bonus (excluding sales commission under existing sales commission arrangements) or issue any shares, options, performance rights or other securities to, or otherwise vary the employment agreements with, any of its directors or any employees with an existing annual total fixed remuneration greater than A\$200,000 (**Senior Executive**), save for the issue to Mr Stephen Parsons of Performance Rights under the Gryphon Equity Incentive Plan detailed in the EGM Notice;

6.1.2.2 accelerate the rights of any of its directors or Senior Executives to benefits of any kind;

6.1.2.3 pay a director or Senior Executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been disclosed to Teranga;

6.1.2.4 enter into any enterprise bargaining agreement or industrial instrument or long term supply agreement with a term of more than 12 months other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement and which have been disclosed in writing to Teranga prior to the date of this agreement;

6.1.2.5 give or agree to give a financial benefit to a related party of Gryphon other than in accordance with the exceptions set out in Chapter 2E of the Corporations Act;

6.1.2.6 amend in any material respect any arrangement with its Financial Advisors in respect of the transactions contemplated by this agreement;

6.1.2.7 enter into any new financing arrangements;

6.1.2.8 make any financial commitment or guarantee which has a value in excess of A\$100,000 over its term;

6.1.2.9 conduct its operations in a manner that is materially inconsistent with the Gryphon Budget, except in an emergency situation acting reasonably;

- 6.1.2.10 except pursuant to an agreement with a Financial Advisor that was entered into prior to the date hereof, pay any fee to any adviser where such fee is contingent on completion of the Transaction;
- 6.1.2.11 take any action that would be reasonably expected to give rise to a Gryphon Prescribed Occurrence;
- 6.1.2.12 modify the rules of the Gryphon Equity Incentive Plan in respect of, or the terms of issue of, the Performance Rights or Share Appreciation Rights;
- 6.1.2.13 take any action:
- (a) in respect of its information technology systems which would have a material adverse impact on those systems; or
 - (b) in respect of its distribution and logistics arrangements which would have a material adverse impact on those arrangements;
- 6.1.2.14 satisfy or settle any Claim, dispute, liability or obligation, except such as have been included in the Gryphon Financial Statements or which constitutes a Claim between Gryphon and the Gryphon Group;
- 6.1.2.15 grant any waiver, exercise any option or relinquish any material contractual rights; or
- 6.1.2.16 enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments; or
- 6.1.2.17 agree to do any of the matters set out above,
- except:
- 6.1.2.18 with the prior written consent of Teranga; or
- 6.1.2.19 as required by law or necessary to give effect to the transactions contemplated in this agreement or the Scheme; or
- 6.1.2.20 as is contemplated in the Gryphon Disclosure Letter.

6.2 Transaction implementation and access to information

6.2.1 From the date of this agreement until the Implementation Date:

6.2.1.1 Gryphon must:

- (a) provide Teranga with reasonable access to such officers, documents, records and other information which Teranga or its Related Entities reasonably require for the purposes of:
 - (i) understanding the Gryphon Group's financial position, prospects and affairs including its cash flow and working capital position;
 - (ii) implementing the Scheme; and

- (iii) preparing to carry on the business of the Gryphon Group following implementation of the Scheme; and
- (b) without limiting clause 6.2.1.1, provide Teranga with:
 - (i) monthly management reports; and
 - (ii) details of any material agreements that are proposed to be entered into during that period.

6.2.1.2 Teranga must:

- (a) provide Gryphon with reasonable access to such officers, documents, records and other information which Gryphon or its Related Entities reasonably require for the purposes of:
 - (i) understanding the Teranga Group's financial position, prospects and affairs including its cash flow and working capital position; and
 - (ii) implementation of the Scheme.

6.2.2 The rights and obligations of the parties under this clause 6.2 are subject to the terms of the Confidentiality Agreement.

6.2.3 Nothing in this clause 6.2 requires Gryphon or Teranga to act at the direction of the other. The business of each party and their Subsidiaries will continue to operate independently of the other until the Implementation Date.

6.3 Conduct of business by Teranga

From the date of this agreement until the Implementation Date, Teranga must conduct its business, and must cause its Subsidiaries to conduct their respective businesses, in the ordinary course of business consistent with past practice, including making all reasonable efforts to:

- 6.3.1 maintain its business and assets;
- 6.3.2 maintain the insurance (or reinsurance) policies of Teranga; and
- 6.3.3 maintain and preserve their relationships with Regulatory Authorities, material customers, suppliers, licensors, licensees and others having material business dealings with Teranga;

except:

- 6.3.4 as may be required or contemplated by this agreement or to the Scheme; or
- 6.3.5 as may be undertaken with the prior approval of Gryphon, such approval not to be unreasonably withheld or delayed; or
- 6.3.6 as is contemplated in the Teranga Disclosure Letter.

6.4 Deeds of access, indemnity and insurance

- 6.4.1 Teranga must procure that Gryphon and each member of the Gryphon Group preserves the indemnities and other rights under the deeds of indemnity access and insurance made by them in favour of their respective directors and officers and in existence as at the date of this agreement and, in particular, must not take any action which would prejudice or adversely affect any directors' and officers run-off insurance cover taken out prior to the Implementation Date.
- 6.4.2 Teranga acknowledges that, notwithstanding any other provision of this agreement, Gryphon may, prior to the Implementation Date, enter into a run-off insurance policy in respect of any Gryphon Group directors and officers for a 7 year period from their respective retirement dates and that any actions to facilitate that insurance or in connection therewith (including paying any amounts to ensure such maintenance upfront) will not be a Gryphon Prescribed Event or breach any provision of this agreement, provided that Gryphon has not acted unreasonably and has consulted with Teranga in respect of the entry into any such policy.
- 6.4.3 The undertakings contained in this clause 6.4 are subject to any restriction under the Corporations Act or any other applicable legislation and will be read down accordingly. Gryphon receives and holds the benefit of this clause 6.4, to the extent it relates to the directors and officers of Gryphon and other members of the Gryphon Group, as trustee for them.

7 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

7.1 Teranga's representations and warranties

Teranga represents and warrants to Gryphon that each of the Teranga Representations and Warranties are true and correct in all material respects.

7.2 Qualifications on Teranga Warranties

The Teranga Representations and Warranties under clause 7.1 and Schedule 3 are subject to matters that have been fully and fairly disclosed in the Teranga Disclosure Letter and to matters that Gryphon or any of its Representatives has actual knowledge of before the date of this agreement.

7.3 Gryphon's representations and warranties

Gryphon represents and warrants to Teranga that each of the Gryphon Representations and Warranties are true and correct in all material respects.

7.4 Qualifications on Gryphon Warranties

The Gryphon Representations and Warranties under 7.3 and Schedule 3 are subject to matters that have been fully and fairly disclosed in the Gryphon Disclosure Letter and to matters that Teranga or any of its Representatives has actual knowledge of before the date of this agreement.

7.5 No survival of representations and warranties

Each representation and warranty made or given under clauses 7.1 and 7.3 merges on termination of this agreement or completion of the Scheme.

7.6 Timing of representation and warranties

Each representation and warranty made or given under clauses 7.1 or 7.3 is given:

- 7.6.1 at the date of this agreement; and
- 7.6.2 at 8.00am on the Second Court Date; or
- 7.6.3 where expressed to be given at a particular time, at that time.

7.7 Liability of directors and officers

- 7.7.1 Each party agrees that it will release its rights against, and will not make any Claim against, any past or present director or employee of the other in relation to information provided to it or in relation to its entry into this agreement. In this clause 7.7.1, the reference to any past or present director or employee of the other refers to any past or present director or employee of the Teranga Group or the Gryphon Group.
- 7.7.2 Each party holds the releases in clause 7.7.1 in respect of its directors and employees as trustee for its past and present directors and employees.

8 TERMINATION RIGHTS

8.1 Termination events

Without limiting any other provision of this agreement:

- 8.1.1 either party (**non-defaulting party**) may terminate this agreement by notice in writing to the other party:
 - 8.1.1.1 if the End Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under this agreement);
 - 8.1.1.2 if each of the following has occurred:
 - (a) the other party (**defaulting party**) is in breach of a material provision of this agreement (other than for breach of a representation or warranty in parts 1 or 2 of Schedule 3) at any time prior to 8.00am on the Second Court Date;
 - (b) the non-defaulting party has given notice to the defaulting party setting out the relevant circumstances of the breach and stating an intention to terminate the agreement; and
 - (c) the relevant circumstances have continued to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) from the time the notice in clause 8.1.1.2(b) is given;
 - 8.1.1.3 if the required majorities of Gryphon Shareholders do not approve the Scheme at the Scheme Meeting;

- 8.1.1.4 if a Court or other Regulatory Authority has issued an order, decree or ruling or taken other action that permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed; or
- 8.1.1.5 in accordance with clause 3.8.2; or
- 8.1.2 Teranga may terminate this agreement by notice in writing to Gryphon if at any time prior to 8:00am on the Second Court Date:
- 8.1.2.1 Gryphon breaches any representation or warranty in part 1 of Schedule 3 and:
- (a) the breach:
 - (i) cannot be remedied by subsequent action on the part of Gryphon before 8.00am on the Second Court Date; and
 - (ii) was of a kind that, had it been disclosed to Teranga prior to its entry into this agreement, could reasonably be expected to have resulted in Teranga either not entering into this agreement or entering into it on materially different terms; or
 - (b) the breach amounts to, results in, or discloses anything, that could reasonably be expected to amount to a Gryphon Material Adverse Event;
- 8.1.2.2 a Gryphon Director fails to recommend the Scheme or the Transaction or makes or withdraws his recommendation that Gryphon Shareholders vote in favour of the Scheme or makes a public statement indicating that he or she no longer supports the Scheme;
- 8.1.2.3 a Gryphon Prescribed Occurrence occurs prior to 8:00am on the Second Court Date;
- 8.1.2.4 the Gryphon Board recommends a Superior Offer; or
- 8.1.2.5 a Competing Proposal is announced, made, or becomes open for acceptance and, pursuant to that Competing Proposal, the bidder for Gryphon acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Gryphon and that Competing Proposal is (or has become) free from any defeating conditions.
- 8.1.3 Gryphon may terminate this agreement by notice in writing to Teranga if:
- 8.1.3.1 at any time prior to 8.00am on the Second Court Date, Teranga breaches any representation or warranty in part 2 of Schedule 3 and:
- (a) the breach:
 - (i) cannot be remedied by subsequent action on the part of Teranga before 8.00am on the Second Court Date; and

- (ii) was of a kind that, had it been disclosed to Gryphon prior to its entry into this agreement, could reasonably be expected to have resulted in Gryphon either not entering into this agreement or entering into it on materially different terms; or

- (b) the breach amounts to, results in, or discloses anything, that could reasonably be expected to amount to a Teranga Material Adverse Event;

8.1.3.2 at any time prior to the date of the Scheme Meeting, a majority of the Gryphon Directors have changed, withdrawn or modified their recommendation in accordance with clause 5.6.2.2;

8.1.3.3 the Gryphon Board wishes to, and proceeds to, recommend a Superior Offer; or

8.1.3.4 a Teranga Prescribed Occurrence occurs prior to 8:00am on the Second Court Date.

8.2 Notice of breach

Each party must give notice to the other as soon as practicable after it becomes aware of a breach by it of this agreement (including in respect of any representation or warranty).

8.3 Termination right

8.3.1 Any right to terminate this agreement under clauses 8.1.1, 8.1.2 or 8.1.3 that arises before the Second Court Date ceases at 8.00am on the Second Court Date.

8.3.2 Subject to clause 8.3.1, any right to terminate this agreement ceases when the Scheme becomes Effective.

8.4 Effect of termination

8.4.1 If a party terminates this agreement, each party will be released from all further obligations under this agreement other than under clauses 1, 3.8.3, 5.9, 7.7, 9, 11, 12, 13 and 14.

8.4.2 Termination of this agreement does not affect any accrued rights or remedies of a party (including in respect of any past breach of this agreement by the other party).

9 PUBLIC ANNOUNCEMENTS

9.1 Announcement of transaction

9.1.1 Immediately after the execution of this agreement, the parties must issue public announcements in a form agreed to in writing between them, each party acting reasonably.

9.1.2 The Gryphon announcement must include a unanimous recommendation by the Gryphon Board to Gryphon Shareholders that, in the absence of a Superior Offer and subject to the Independent Expert's report concluding that the Transaction is in the

best interests of Gryphon Shareholders, Gryphon Shareholders vote in favour of the Scheme and that all the members of the Gryphon Board will vote (or will procure the voting of) all Gryphon Shares held by or on behalf of a member of the Gryphon Board in favour of the Scheme.

9.2 Public announcements

- 9.2.1 Subject to clause 9.2.2, no public announcement or disclosure in relation to the Transaction or any subject matter thereof, or any other transaction the subject of this agreement or the Scheme (including any staff or client announcements or presentations) may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable efforts to provide such approval as soon as practicable.
- 9.2.2 Where a party is required by law and/or the Listing Rules, the listing rules of the TSX or pursuant to Canadian securities laws to make any announcement or make any filing or disclosure in relation to the Transaction or any other transaction the subject of this agreement or the Scheme, it may do so only after it has given as much notice as possible to, and has consulted (to the fullest extent reasonable in the circumstances) with the other party prior to making the relevant disclosure.
- 9.2.3 Teranga and Gryphon agree to consult with each other in advance in relation to:
- 9.2.3.1 overall communication plans;
 - 9.2.3.2 approaches to Gryphon Shareholders, holders of Share Appreciation Rights and Teranga Shareholders;
 - 9.2.3.3 approaches to the media;
 - 9.2.3.4 proxy solicitations; and
 - 9.2.3.5 written presentations,
- including to provide each other a reasonable advance opportunity to comment, to ensure that the information used in clauses 9.2.3.1 to 9.2.3.5 above is consistent with the information in the Scheme Booklet.

9.3 Statements on termination

The parties must act in good faith and use all reasonable endeavours to issue agreed statements in respect of any termination of this agreement and, to that end but without limitation, clause 9.2 applies to any such statements or disclosures.

10 EXCLUSIVITY

10.1 No-shop

During the Exclusivity Period, Gryphon must ensure that none of it, its Subsidiaries, or any of their respective Representatives directly or indirectly:

- 10.1.1 solicits, invites, facilitates, encourages or initiates any enquiries, negotiations, discussions or proposals;

- 10.1.2 subject to clause 10.7, provides or makes available any information (including by way of providing information and access to perform due diligence on the Gryphon Group);
- 10.1.3 subject to clause 10.7, enter into any agreement, arrangement or understanding (whether or not in writing and whether or not legally binding); or
- 10.1.4 communicates any intention to do any of these things,
- in relation to, or which may reasonably be expected to lead to, a Competing Proposal.

10.2 No-talk

During the Exclusivity Period, but subject to clause 10.7, Gryphon must ensure that none of it, its Subsidiaries, or any of its or their Representatives directly or indirectly:

- 10.2.1 initiates, negotiates or enters into or participates in negotiations or discussions with any person; or
- 10.2.2 communicates any intention to do any of these things,
- in relation to, or which may reasonably be expected to lead to:
- 10.2.3 a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by Gryphon or any of its Representatives or the person has publicly announced the Competing Proposal; or
- 10.2.4 the Transaction not completing.

10.3 Due diligence information

During the Exclusivity Period, Gryphon must ensure that none of it, its Subsidiaries, or any of their respective Representatives in relation to a Competing Proposal:

- 10.3.1 solicits, invites, initiates, encourages, or subject to clause 10.7, facilitates any party other than Teranga to undertake due diligence investigations on Gryphon, the Gryphon Group or their respective businesses and operations; or
- 10.3.2 subject to clause 10.7, makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to Gryphon, any member of the Gryphon Group or their respective businesses and operations.

10.4 Notification of approaches

- 10.4.1 During the Exclusivity Period, Gryphon must promptly notify Teranga in writing if it, its Subsidiaries or any of their respective Representatives becomes aware of:
- 10.4.1.1 any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with Gryphon or any of its Representatives with respect to, or that could reasonably be expected to lead to, any Competing Proposal, whether unsolicited or otherwise;

- 10.4.1.2 any proposal whether written or otherwise made to Gryphon, its Representatives or any of its Subsidiaries or their respective Representatives, in connection with, or in respect of any exploration or consummation of, a Competing Proposal or a proposed or potential Competing Proposal, whether unsolicited or otherwise;
- 10.4.1.3 any request for information relating to Gryphon or any member of the Gryphon Group or any of their businesses or operations or any request for access to the books or records of Gryphon or any member of the Gryphon Group, which Gryphon has reasonable grounds to suspect may relate to a current or future Competing Proposal;
- 10.4.1.4 any intention by Gryphon or any of its Representatives to provide any information relating to Gryphon, any member of the Gryphon Group or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Proposal in reliance on clause 10.7;
- 10.4.1.5 any action by Gryphon or any of its Representatives, or any intention of Gryphon or any of its Representatives to take any action, in reliance on clause 10.7 (including under clause 10.4.1.4); or
- 10.4.1.6 any breach of this clause 10.4.
- 10.4.2 A notice given under this clause 10.4 must be accompanied by all material details of the relevant event (other than the identity of the person or persons taking any action referred to in clause 10.4.1.1 or 10.4.1.2 or on whose behalf any such action was taken or any person to whom Gryphon intends to provide information under clause 10.4.1.3 (**Third Party Bidder**)), including:
- 10.4.2.1 the terms and conditions of any Competing Proposal or any proposed Competing Proposal (to the extent known); and
- 10.4.2.2 the circumstances in which any information is provided to the Third Party Bidder.

10.5 Access to information

- 10.5.1 Where, in reliance on clause 10.7, and subject to applicable law, the Gryphon Group or any member of the Gryphon Group or any of their Representatives proposes to provide any information relating to the Gryphon Group to any Third Party Bidder in connection with or for the purposes of a current or future Competing Proposal, it must, to the extent that Teranga has not previously been provided with the information, provide Teranga with a complete copy of that information at the same time as it is provided to the Third Party Bidder.
- 10.5.2 Nothing in this clause 10 prevents Gryphon or any of its Representatives from:
- 10.5.2.1 providing information to its Representatives;
- 10.5.2.2 providing information required to be provided by law, a Court or any Regulatory Authority; or
- 10.5.2.3 making presentations to brokers, portfolio investors and analysts in the ordinary and usual course of business.

10.6 Gryphon's response to Third Party Bidder and Teranga's right to respond

- 10.6.1 If Gryphon is permitted by virtue of clause 10.7 to engage in activity that would otherwise breach clauses 10.2 and 10.3.2, Gryphon must (unless it agrees to release Teranga from the standstill provisions in the Confidentiality Agreement) enter into a confidentiality agreement with the Third Party Bidder which is on terms no less onerous to the Third Party Bidder than the Confidentiality Agreement is to Teranga.
- 10.6.2 Without prejudice to Teranga's rights under this clause 10, if at any time during the Exclusivity Period any Gryphon Director wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Proposal (other than a confidentiality agreement contemplated by clause 10.6.1), Gryphon must ensure that he or she does not do so:
- 10.6.2.1 unless the Competing Proposal is bona fide; and
- 10.6.2.2 until each of the following has occurred:
- (a) the Gryphon Directors have made the determination contemplated by clause 10.7.2 in respect of that Competing Proposal;
 - (b) Gryphon has given Teranga notice in writing: (a) of the identity of the Third Party Bidder; and (b) of its intention to enter into an agreement, commitment, arrangement or understanding relating to that Competing Proposal, subject to Teranga's rights under clause 10.6.3;
 - (c) Teranga's rights under clause 10.6.3 have been exhausted;
 - (d) the Gryphon Directors have made the determination contemplated by clause 10.7.2 in respect of that Competing Proposal after Teranga's rights under clause 10.6.3 have been exhausted and after evaluation of any Counterproposal; and
 - (e) that Competing Proposal has been publicly announced by that person.
- 10.6.3 If Gryphon gives notice to Teranga under clause 10.6.2.2(b), Teranga will have the right, but not the obligation, at any time during the period of 5 Business Days following receipt of the notice, to:
- 10.6.3.1 offer to amend the terms of the Scheme;
- 10.6.3.2 make a takeover bid for Gryphon; or
- 10.6.3.3 propose any other form of transaction,
- (each a **Counterproposal**), and if it does so then Gryphon and the Gryphon Directors must review the Counterproposal in good faith. If the Counterproposal would be at least as favourable to Gryphon and Gryphon Shareholders than the Competing Proposal (having regard to the matters noted in clause 10.7.2), then:

- 10.6.3.4 if the Counterproposal contemplates an amendment to the Scheme, the parties must enter into an amended agreement in relation to the Scheme reflecting the Counterproposal; or
- 10.6.3.5 if the Counterproposal contemplates any other form of transaction, Gryphon must announce promptly to the market that the Gryphon Directors unanimously recommend the Counterproposal (subject to a Superior Offer), and the parties must pursue implementation of the Counterproposal in good faith.
- 10.6.4 Where at any time before the Scheme Meeting, a Counterproposal is received in accordance with clause 10.6.3 then, subject to applicable Laws, at Teranga's request, Gryphon will:
- 10.6.4.1 apply to the Court for an order adjourning the Scheme Meeting to a date acceptable to Teranga, acting reasonably, which (where the Counterproposal involves a revision to the terms of the Scheme) must not be later than 10 Business Days after the scheduled date of the Scheme Meeting; and
- 10.6.4.2 if Teranga and Gryphon amend the terms of this agreement pursuant to clause 10.6.3.4 or the Gryphon Directors unanimously recommend the Counterproposal under clause 10.6.3.5 the parties must ensure that the details of such amended agreement or recommended Counterproposal are communicated to the Gryphon Shareholders as soon as practicable and in any event before the resumption of the adjourned Scheme Meeting.
- 10.6.4.3 For the purposes of this clause 10.6, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

10.7 Fiduciary and other carve-out

The restrictions in clauses 10.2 and 10.3 do not apply to the extent that they restrict Gryphon or the Gryphon Directors from taking or refusing to take any action with respect to a Competing Proposal (in relation to which there has been no contravention of this clause 10) provided:

- 10.7.1 the Competing Proposal is bona fide and is made in writing by or on behalf of a person that each of the Gryphon Directors consider is of reputable commercial standing; and
- 10.7.2 the Gryphon Directors have determined in good faith and acting reasonably:
- (a) the Competing Proposal is a Superior Offer, and
 - (b) after having received advice from its external legal adviser practising in the area of corporate law,

that failing to respond to such a bona fide Competing Proposal would constitute a meaningful risk of breaching the Gryphon Directors' fiduciary duties or statutory obligations.

10.8 No current discussions

Gryphon represents and warrants to Teranga that, as at the date of this agreement, neither it nor any of its Representatives:

- 10.8.1 is participating, directly or indirectly, in any discussions or negotiations with a third party that concern, or that could reasonably be expected to lead to, a Competing Proposal for that party; or
- 10.8.2 is a party to any agreement, arrangement or understanding with a third party in relation to a Competing Proposal for it or a possible Competing Proposal that would prevent it entering into this agreement or complying with its obligations under this agreement.

10.9 Legal advice

Gryphon represents and warrants that:

- 10.9.1 prior to entering into this agreement it has received legal advice on this agreement and the operation of this clause 10; and
- 10.9.2 it and the Gryphon Board consider this clause 10 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 10 in order to secure the significant benefits to it, and Gryphon Shareholders, resulting from the Transaction.

11 REIMBURSEMENT FEES

11.1 Teranga

11.1.1 Teranga Declaration

Teranga represents and warrants to Gryphon that it would not have entered into this agreement without the benefit of this clause 11.1 and it would not have entered into and continued the negotiations and conducted due diligence into Gryphon leading up to this agreement unless Teranga had a reasonable expectation that Gryphon would agree to enter into a clause of this kind.

11.1.2 Acknowledgments

11.1.2.1 Gryphon acknowledges that Teranga has incurred:

- (a) significant external advisory costs;
- (b) out of pocket expenses, including air fares and hotel accommodation;
- (c) commitment fees and other financing costs; and
- (d) reasonable opportunity costs incurred by Teranga in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives,

in relation to the Transaction and will incur further costs if the Transaction is not successful (**Teranga Costs**).

11.1.2.2 Gryphon represents and warrants that:

- (a) prior to entering into this agreement it has received legal advice on this agreement and the operation of this clause 11.1;
- (b) it has clear documentary evidence supporting the Gryphon Board's detailed consideration of this agreement and this clause 11.1 in particular; and
- (c) it and the Gryphon Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11.1 in order to secure the significant benefits to it, and Gryphon Shareholders, resulting from the Transaction.

11.1.3 Agreement on Teranga Costs

The parties acknowledge that the amount of the Teranga Costs is inherently unascertainable and that, even after termination of this agreement, the Teranga Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that Teranga will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 11.1, the Teranga Costs will be equal to the amount of the Reimbursement Fee Amount (it being acknowledged by the parties that the Teranga Costs would most likely be significantly in excess of this amount).

11.1.4 Reimbursement of Teranga Costs

11.1.4.1 Gryphon agrees to pay to Teranga the Reimbursement Fee Amount if at any time after execution of this agreement, any of the following events occur:

- (a) any Gryphon Director fails to recommend, or recommends against, qualifies their support of or withdraws its recommendation or approval of, the Transaction, in each case other than as a result of:
 - (i) the Independent Expert opining that the Scheme is not in the best interests of Gryphon Shareholders; or
 - (ii) the fact that a Teranga Material Adverse Event has occurred and is continuing;
- (b) any Gryphon Director recommends or promotes a Competing Proposal, including for greater certainty, making any determination under clause 10.6.2;
- (c) the Court fails (taking into account all appeals) to approve the Scheme for the purposes of section 411(1)(b) of the Corporations Act as a result of a material non-compliance by Gryphon with any of its obligations under this agreement;

- (d) the Effective Date of the Scheme has not occurred prior to the End Date as a consequence of non-compliance by Gryphon with any of its obligations under this agreement;
- (e) a Competing Proposal is announced before the date of the Scheme Meeting, the Scheme is not approved by the Gryphon Shareholders at the Scheme Meeting and, as contemplated by the Competing Proposal, a third party acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Gryphon within twelve months of the Competing Proposal being announced; or
- (f) Teranga terminates this agreement under clause 8.1.1.2 or 8.1.2.1 (other than as a result of a breach of the warranty in paragraph 1.17 (tax matters) of Schedule 3).

11.1.4.2 The payment of the Reimbursement Fee Amount to Teranga provided for in this clause 11.1.4 must be made within five Business Days of receipt of a written demand for payment by Teranga. The demand may only be made after the occurrence of an event referred to in clause 11.1.4.1 and termination of this agreement.

11.2 Gryphon

11.2.1 Gryphon Declaration

Gryphon represents and warrants to Teranga that it would not have entered into this agreement without the benefit of this clause 11.2 and it would not have entered into and continued the negotiations and conducted due diligence into Teranga leading up to this agreement unless Gryphon had a reasonable expectation that Teranga would agree to enter into a clause of this kind.

11.2.2 Acknowledgments

11.2.2.1 Teranga acknowledges that Gryphon has incurred:

- (a) significant external advisory costs;
- (b) out of pocket expenses including air fares and hotel accommodation; and
- (c) reasonable opportunity costs incurred by Gryphon in pursuing the Transaction or in not pursuing other alternative strategic initiatives,

in relation to the Transaction and will incur further costs if the Transaction is not successful (**Gryphon Costs**).

11.2.2.2 Teranga represents and warrants that:

- (a) it has received legal advice on this agreement and the operation of this clause 11.2;

- (b) it has clear documentary evidence supporting the Teranga Board's detailed consideration of this agreement and this clause 11.2 in particular; and
- (c) it and the Teranga Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11.2 in order to secure the significant benefits to it, and Teranga Shareholders, resulting from the Transaction.

11.2.3 Agreement on Gryphon Costs

The parties acknowledge that the amount of the Gryphon Costs is inherently unascertainable and that, even after termination of this agreement, the Gryphon Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that Gryphon will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 11.2, the Gryphon Costs will be equal to the amount of the Reimbursement Fee Amount (it being acknowledged by the parties that the Gryphon Costs would most likely be significantly in excess of this amount).

11.2.4 Reimbursement of Gryphon Costs

- 11.2.4.1 Teranga agrees to pay to Gryphon the Reimbursement Fee Amount if at any time after execution of this agreement, any of the following events occur:
- (a) the Court fails (taking into account all appeals) to approve the Scheme for the purposes of section 411(1)(b) of the Corporations Act as a result of a material non-compliance by Teranga with any of its obligations under this agreement;
 - (b) the Effective Date of the Scheme has not occurred prior to the End Date as a consequence of non-compliance by Teranga with any of its obligations under this agreement; or
 - (c) Gryphon terminates this agreement under clause 8.1.1.2 or 8.1.3.1.

- 11.2.4.2 The payment of the Reimbursement Fee Amount to Gryphon provided for in this clause 11.2.4 must be made within five Business Days of receipt of a written demand for payment by Gryphon. The demand may only be made after the occurrence of an event referred to in clause 11.2.4.1 and termination of this agreement.

11.2.5 No amounts payable

- 11.2.5.1 Notwithstanding the occurrence of any event in 11.1.4 or 11.2.4, no Teranga Reimbursement Fee or Gryphon Reimbursement Fee is payable once the Scheme becomes Effective.
- 11.2.5.2 No Teranga Reimbursement Fee is payable by Gryphon if the Gryphon Shareholders do not approve the Scheme.

11.2.6 Compliance with law

11.2.6.1 If a court or the Takeovers Panel determines that any part of the Teranga Reimbursement Fee or Gryphon Reimbursement Fee:

(a) constitutes or would, if performed, constitute:

- (i) a breach of the fiduciary or statutory duties of the Gryphon Board or Teranga Board, as appropriate; or
- (ii) unacceptable circumstances within the meaning of the Corporations Act; or

(b) is unenforceable or would, if paid, be unlawful for any reason,

then Gryphon or Teranga (as appropriate) will not be obliged to pay such part of the Teranga Reimbursement Fee or Gryphon Reimbursement Fee and, if such fee has already been paid, then the relevant part or parties must within 5 Business Days after receiving written demand from the other party or parties refund that part of the Teranga Reimbursement Fee or Gryphon Reimbursement Fee.

11.2.6.2 If in Takeovers Panel proceedings detailed in clause 11.2.6.1, the Takeovers Panel indicates to a party that in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) it will make a declaration of unacceptable circumstances, each of the parties (as the case may be) may give that undertaking on their own behalf and must give reasonable consideration to giving that undertaking if requested by the other parties. Where such undertakings are given, this clause 11 will operate in a manner consistent with the terms of such undertakings.

11.3 Claims

The payment of a Reimbursement Fee Amount shall not preclude a party from seeking any other remedy against the other party at law or in equity or otherwise (including, without limitation, an order for specific performance) as a result of a breach by a party of any of its obligations under this agreement.

12 GST

12.1 Interpretation

In this clause 12 and the rest of this agreement, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

12.2 GST exclusive

12.2.1 Any consideration or amount payable under this agreement, including any non-monetary consideration (as reduced in accordance with clause 12.2.5 if required) (**Consideration**) is exclusive of GST.

- 12.2.2 If GST is or becomes payable on a Supply made under or in connection with this agreement, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- 12.2.3 The additional amount payable under clause 12.2.2 is payable at the same time and in the same manner as the consideration for the supply, subject to the provision of a valid Tax Invoice at or before that time. If a valid Tax Invoice is not provided at or before that time then the Additional Amount is only payable on receipt of a valid Tax Invoice.
- 12.2.4 If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 12.2.2:
- 12.2.4.1 the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
 - 12.2.4.2 the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
 - 12.2.4.3 the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- 12.2.5 Despite any other provision in this agreement:
- 12.2.5.1 if an amount payable under or in connection with this agreement (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred; and
 - 12.2.5.2 no Additional Amount is payable under clause 12.2.2 in respect of a Supply to which section 84-5 of the GST Act applies.
- 12.2.6 Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party and to which the Representative Member of a GST Group of which the party is a member is entitled.

13 NOTICES

13.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

13.1.1 in writing and in English directed to the recipient's address for notices specified in the Details, as varied by any Notice; and

13.1.2 hand delivered or sent by email to that address with a copy being sent to:

13.1.2.1 in the case of communications sent to Gryphon,
heath.lewis@au.kwm.com; and

13.1.2.2 in the case of communications sent to Teranga, marc.wilshaw@dla.com.

13.2 Effective on receipt

A Notice given in accordance with clause 13.1 takes effect when received (or at a later time specified in it), and is taken to be received:

13.2.1 if hand delivered, on delivery; or

13.2.2 if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the delivery or transmission under clause 13.2.1 or 13.2.2 is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

14 GENERAL

14.1 Alterations

This agreement may be altered only in writing signed by each party.

14.2 Approvals and consents

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

14.3 Assignment

A party may only assign this agreement or a right under this agreement with the prior written consent of the other party.

14.4 Entire agreement

This agreement and the Confidentiality Agreement contain the entire agreement between the parties as at the date of this agreement with respect to their subject matter and supersede all prior agreements and understandings between the parties in connection with them.

14.5 Costs and stamp duty

14.5.1 Except as otherwise provided in this agreement, each party must pay its own costs of negotiating, preparing, executing and performing this agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this agreement and the Scheme.

14.5.2 Any stamp duty payable on the transfer of Gryphon Shares to Teranga under the Scheme must be paid by Teranga.

14.6 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

14.7 Merger

The rights and obligations of the parties under this agreement merge on completion of any transaction contemplated by this agreement.

14.8 Severability

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or part of a term of this agreement continue in force.

14.9 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

14.10 Relationship

Except where this agreement expressly states otherwise, this agreement does not create a relationship of employment, trust, agency or partnership between the parties.

14.11 No representation or reliance

Each party acknowledges that:

14.11.1 no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;

14.11.2 it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and

- 14.11.3 clauses 14.11.1 and 14.11.2 above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

14.12 Governing law and jurisdiction

This agreement is governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

14.13 Specific performance

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by any party of an obligation under this agreement and that specific performance of that obligation is an appropriate remedy.

14.14 Effect of agreement

- 14.14.1 This agreement supersedes any previous understandings or agreements between the parties concerning the subject matter of this agreement.
- 14.14.2 Despite clause 14.14.1, the Confidentiality Agreement continues to apply to the parties in accordance with its terms.

14.15 Mutual further assurances

Each party must do all things necessary or expedient to be done by it in connection with the matters referred to in this agreement.

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SIGNING PAGE

Executed as an agreement on 19 June 2016

Executed by **Teranga Gold Corporation** in accordance with its constituent documents and the laws of its country of incorporation:

[Signed 'Richard Young']

.....
Signature of director

RICHARD YOUNG

.....
Name of director (print)

Executed by **Gryphon Minerals Limited ABN 31 107 690 657** in accordance with s127 of the Corporations Act 2001:

[Signed 'Stephen Andrew Parsons']

.....
Signature of director

STEPHEN ANDREW PARSONS

.....
Name of director (print)

[Signed 'Norman Mel Ashton']

.....
Signature of director/company secretary

NORMAN MEL ASHTON

.....
Name of director/company secretary (print)

SCHEDULE 1: TIMETABLE

Event	Target Date (Perth Time unless stated otherwise)
Signing of Scheme Implementation Agreement (both parties)	Sunday, 19 June 2016
Announcement of Scheme Implementation Agreement	Australia: pre-market open Monday, 20 June 2016 Canada: pre-market Monday, 20 June 2016 (Toronto time)
Complete drafts of Scheme Booklet (including draft of the Independent Expert's report)	Friday, 22 July 2016
Gryphon Board approved Scheme Booklet lodged with ASIC	Monday, 25 July 2016
Scheme Booklet settled; ASIC issues section 411(17) "no objection" confirmation	Monday, 8 August 2016
First Court Date	Friday, 12 August 2016
Commence printing of Scheme Booklet	Friday, 12 August 2016
Dispatch of Scheme Booklet to Gryphon Shareholders	Wednesday, 24 August 2016
Scheme Meeting	Monday, 26 September 2016
Second Court Date	Monday, 3 October 2016
Effective Date	Tuesday, 4 October 2016
Record Date	Tuesday, 11 October 2016
Implementation Date	Tuesday, 18 October 2016

SCHEDULE 2: SCHEME**SCHEME OF ARRANGEMENT MADE UNDER SECTION 411 OF THE CORPORATIONS ACT 2001 (CTH)****DETAILS**

Parties	Gryphon	
	Name	Gryphon Minerals Limited
	ABN	31 107 690 657
	Address	288 Churchill Road, Subiaco, Western Australia 6008, Australia
	Fax	+61 8 287 4334
	Email	steve.parsons@gryphonminerals.com.au
	Attention	Mr Stephen Parsons, Managing Director

The registered holders of the fully paid ordinary shares in the capital of Gryphon as at the Record Date

1 DEFINED TERMS & INTERPRETATION**1.1 Defined Terms**

In this Scheme, except where the context otherwise requires:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day or on which the TSX is not open for trading.

CDN means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 25414), in its capacity as depository of the Teranga CDIs under the ASX Settlement Rules.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement.

Conditions Precedent means the conditions precedent set out in clause 3.1 of the Implementation Agreement.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court of Australia.

Deed Poll means the deed poll between Gryphon and Teranga in the form of Schedule 4 of the Implementation Agreement.

Effective means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) in relation to the Scheme taking effect pursuant to section 411(10) of the Corporations Act, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Election Form means the form accompanying the Scheme Booklet, pursuant to which holders of Gryphon Shares (other than Ineligible Shareholders) may elect whether to receive their Scheme Consideration in the form of Teranga Shares or Teranga CDIs.

End Date means 31 December 2016, or such later date as agreed to in writing between Teranga and Gryphon.

Gryphon Share means a fully paid ordinary share in the capital of Gryphon.

Gryphon Shareholder means each person who is registered in the Register as the holder of Gryphon Shares.

Implementation Agreement means the Scheme Implementation Agreement dated on or about 19 June 2016 between Teranga and Gryphon, as amended or varied from time to time.

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by the parties.

Ineligible Shareholder means a Gryphon Shareholder whose address shown in the Register is in a jurisdiction outside Australia, New Zealand and Canada in which Teranga determines, acting reasonably, does not permit the issue of the Teranga Shares or Teranga CDIs to that Gryphon Shareholder either unconditionally or after compliance with terms that Teranga reasonably regards as acceptable and practical.

Performance Right means a Performance Right issued by Gryphon.

Record Date means 5.00pm on the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Gryphon and Teranga may agree in writing.

Register means the share register of Gryphon kept pursuant to the Corporations Act.

Sale Agent means a person appointed by Teranga to sell the Teranga Shares and/or Teranga CDIs that are attributable to Ineligible Shareholders.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Gryphon and the Gryphon Shareholders as set out in this document, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Teranga and Gryphon.

Scheme Consideration has the meaning given in the Implementation Agreement.

Scheme Meeting means the meeting of Gryphon Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Scheme Participant means each person who is a Gryphon Shareholder as at 5:00pm on the Record Date (other than Teranga).

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

Teranga means Teranga Gold Corporation, a company incorporated and existing under the laws of Canada, having its principal office at 121 King Street West, Suite 2600, Toronto, Ontario M5H 3T9, Canada.

Teranga CDIs means CHESS depositary interests, issued by CDN, each representing a beneficial interest in one Teranga Share.

Teranga Register means the share register of Teranga kept pursuant to applicable law in Canada.

Teranga Share means one fully paid common share issued in the capital of Teranga.

TSX means the Toronto Stock Exchange.

1.2 Interpretation

In this Scheme:

- 1.2.1 the singular includes the plural and vice versa, and a gender includes other genders;
- 1.2.2 another grammatical form of a defined word or expression has a corresponding meaning;
- 1.2.3 a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this document, and a reference to this agreement includes any schedule;
- 1.2.4 a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- 1.2.5 a reference to A\$, dollar or \$ is to Australian currency;

- 1.2.6 a reference to C\$ is to the lawful currency of Canada;
- 1.2.7 a reference to time is to Perth, Western Australia time, unless otherwise noted;
- 1.2.8 a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- 1.2.9 a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- 1.2.10 a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 1.2.11 a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- 1.2.12 the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- 1.2.13 any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- 1.2.14 a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- 1.2.15 if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2 THE SCHEME

- 2.1 Subject to and conditional on:
- 2.1.1 approval of the Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act and if applicable, Gryphon and Teranga having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- 2.1.2 lodgement with ASIC of an office copy of the order of the Court approving the Scheme pursuant to section 411(10) of the Corporations Act;
- 2.1.3 all of the Conditions Precedent being satisfied or waived (other than those Conditions Precedent that cannot be waived) in accordance with the Implementation Agreement by the times set out in the Implementation Agreement;

2.1.4 as at 8.00 am on the Second Court Date, the Implementation Agreement not having been terminated by Gryphon or Teranga; and

2.1.5 as at 8.00 am on the Second Court Date, the Deed Poll not having been terminated in accordance with its terms,

in consideration for the Scheme Consideration for the Gryphon Shares in accordance with the terms of this Scheme, the Gryphon Shares, and all rights and entitlements attaching to the Gryphon Shares, will be transferred to Teranga with effect from the Implementation Date and without the need for any further act by the holders of the Gryphon Shares (other than any acts performed by Gryphon or its directors or officers as attorney or agent for the Gryphon Shareholders) on the terms of this Scheme.

2.2 The satisfaction of each condition in paragraph 2.1 of this Scheme is a condition precedent to the operation of this Scheme.

2.3 Gryphon will provide to the Court on the Second Court Date a certificate signed by Teranga and Gryphon (or such other evidence as the Court requests) stating whether or not the conditions referred to in paragraph 2.1 (other than sub-paragraphs 2.1.1 and 2.1.2) have been satisfied or waived as at 8.00am on the Second Court Date. The certificate referred to in this paragraph 2.3 will constitute conclusive evidence of whether the conditions precedent referred to in paragraphs 2.1.3 to 2.1.5 of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

2.4 Subject to paragraph 2.5, this Scheme becomes Effective for all purposes on the Effective Date.

2.5 This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date in accordance with the Implementation Agreement, unless Teranga and Gryphon otherwise agree in writing.

2.6 In consideration of the transfer of the Gryphon Shares to Teranga (as detailed in paragraph 2.9), and subject to the other terms and conditions of this Scheme, on the Implementation Date:

2.6.1 a holder of Gryphon Shares (who is not an Ineligible Shareholder) will be issued the Scheme Consideration in respect of the Gryphon Shares held by the holder as at the Record Date; and

2.6.2 the Sale Agent will be issued the Scheme Consideration in respect of the Gryphon Shares held by all Ineligible Shareholders as at the Record Date.

2.7 Notwithstanding any rule of law or equity to the contrary, holders of Gryphon Shares will be entitled to exercise all voting and other rights attached to the Gryphon Shares pending their transfer pursuant to paragraph 2.9, subject to the restrictions on dealing in Gryphon Shares set out in paragraph 4.

2.8 If the Scheme becomes Effective, a holder of Gryphon Shares (other than an Ineligible Shareholder) will be deemed to have agreed to become a member of Teranga and to have accepted the Teranga Shares or Teranga CDIs issued to that holder under this Scheme subject to, and to be bound by, Teranga's constitution.

- 2.9 On the Implementation Date (but with effect from the Record Date) Gryphon must:
- 2.9.1 procure the delivery of a transfer in respect of all the Gryphon Shares to ASTC by a broker nominated in writing by Teranga to effect a valid transfer of all the Gryphon Shares to Teranga pursuant to section 1074D of the Corporations Act or, if such a procedure is not available for any reason, deliver to Teranga a duly completed and executed instrument or instruments of transfer transferring all of the Gryphon Shares to Teranga; and
 - 2.9.2 subject to Teranga having executed that instrument of transfer, enter the name of Teranga in the Register as the holder of the Gryphon Shares.
- 2.10 This Scheme attributes actions to Teranga but does not itself impose an obligation on Teranga to perform those actions. Teranga has agreed by executing the Deed Poll to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration to Scheme Participants.
- 2.11 Gryphon undertakes in favour of each Scheme Participant to enforce the Deed Poll against Teranga on behalf of and as agent and attorney for the Scheme Participants.

3 ELECTION PROCEDURE

- 3.1 Subject to the remaining provisions of this paragraph 3, each Gryphon Shareholder will be entitled to elect to receive as consideration for the transfer of its Gryphon Shares to Teranga, under this Scheme, either Teranga Shares or Teranga CDIs by completing the Election Form and returning it to the address specified in the Election Form so that it is received by 5:00pm on the Record Date. An election (other than a deemed election) under this paragraph 3 must be made in accordance with the terms and conditions on the Election Form.
- 3.2 An Ineligible Shareholder may not make an election pursuant to this paragraph 3 and any election purportedly made by an Ineligible Shareholder will be invalid. Ineligible Shareholders will be deemed to have elected Teranga CDIs and will be dealt with in accordance with paragraph 7.
- 3.3 A Gryphon Shareholder (who is not an Ineligible Shareholder) who does not validly elect between Teranga Shares and Teranga CDIs will be deemed to have elected to receive Teranga CDIs. Accordingly, a Gryphon Shareholder who wishes to receive Teranga CDIs does not need to make an election under this paragraph 3.
- 3.4 Subject to paragraph 3.5, an election made, or deemed to be made by a Gryphon Shareholder under this paragraph 3 will be deemed to apply in respect of the Gryphon Shareholder's entire registered holding of Gryphon Shares at the Record Date, regardless of whether the Gryphon Shareholder's holding of Gryphon Shares at the Record Date is greater or less than the Gryphon Shareholder's holding of at the time of the election.
- 3.5 A Gryphon Shareholder who is noted on the Register as holding one or more parcels of Gryphon Shares as trustee or nominee for, or otherwise on account of, another person, may make a separate election under this paragraph 3 in relation to each of those parcels of Gryphon Shares (subject to it providing to Gryphon and Teranga any substantiating information they reasonably require), and an election made in respect of any such parcel or an

omission to make an election in respect of any such parcel, will not be taken to extend to the other parcels.

- 3.6 Gryphon may, with the agreement of Teranga, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any election under this paragraph 3, and any such decision will be conclusive and binding on Gryphon, Teranga and the relevant Gryphon Shareholder.

4 DEALINGS IN GRYPHON SHARES

- 4.1 To establish the identity of Scheme Participants, dealings in Gryphon Shares will only be recognised if:
- 4.1.1 in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as holder of the relevant Gryphon Shares on or before the Record Date; and
 - 4.1.2 in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.
- 4.2 Gryphon must register any transmission application or transfer received in accordance with paragraph 4.1 by the Record Date.
- 4.3 If the Scheme becomes Effective:
- 4.3.1 no dealing in Gryphon Shares, whenever effected, will be given effect to if it is received after the Record Date;
 - 4.3.2 any purported dealing in Gryphon Shares after the Record Date will be void and of no effect; and
 - 4.3.3 with the exception of Gryphon Shares to be issued in respect of vested Performance Rights, in accordance with clause 5.1.20 of the Implementation Agreement, no Gryphon Shares or options to subscribe for Gryphon Shares will be allotted or issued by Gryphon after the Effective Date.
- 4.4 For the purpose of determining entitlements to the Scheme Consideration, Gryphon will maintain the Register in accordance with the provisions of this paragraph 4 until the Scheme Consideration has been paid to the Scheme Participants and Teranga has been entered in the Register as the holder of all the Gryphon Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.
- 4.5 Subject to provision of the Scheme Consideration and registration of the transfer to Teranga contemplated in paragraph 2.9, any statements of holding in respect of Gryphon Shares will cease to have effect after 5.00pm on the Record Date as documents of title in respect of those shares. After 5.00pm on the Record Date, each entry current on the Register as at 5.00pm on the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.

- 4.6 As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date, Gryphon will ensure that details of the names, registered addresses and holdings of Gryphon Shares for each Scheme Participant, as shown in the Register at 5.00pm on the Record Date are available to Teranga in such form as Teranga reasonably requires.
- 4.7 Gryphon will apply to ASX to suspend trading on ASX in Gryphon Shares with effect from the close of trading on ASX on the Effective Date.
- 4.8 After the Scheme has been fully implemented, Gryphon will apply:
- 4.8.1 for termination of the official quotation of Gryphon Shares on ASX; and
 - 4.8.2 to have itself removed from the official list of the ASX.

5 NOTICE TO HOLDERS OF GRYPHON SHARES

- 5.1 If the Court makes an order approving the Scheme, Gryphon will send to each holder of Gryphon Shares notice of that fact on the Implementation Date.
- 5.2 The notice given under paragraph 5.1 will:
- 5.2.1 (except in the case of an Ineligible Shareholder) be accompanied by documents of title in respect of the Scheme Consideration (being a share certificate in respect of Teranga Shares and holding statements in the case of Teranga CDIs) to which the holder of Gryphon Shares is entitled pursuant to paragraph 2.6; and
 - 5.2.2 be sent in the manner provided in, and to the address determined in accordance with, paragraph 9.3.
- 5.3 In the case of joint holders of Gryphon Shares:
- 5.3.1 share certificates for the Teranga Shares; and
 - 5.3.2 holdings statements for the Teranga CDIs,
- will be sent to the joint holder whose name appears first in the Register as at the Record Date.
- 5.4 If the Court refuses to make an order approving the Scheme, then Gryphon will send to each holder of Gryphon Shares notice of that fact not later than 5 Business Days after the date of such refusal. The notice will be sent in the manner provided in, and to the address determined in accordance with, paragraph 9.3.

6 ISSUE OF TERANGA SHARES AND TERANGA CDIS

- 6.1 Not later than 1 Business Day after the Record Date, Gryphon will give to Teranga a notice specifying the persons to whom Teranga Shares or Teranga CDIs are to be issued pursuant to paragraph 2.6 and the numbers of Teranga Shares or Teranga CDIs to which they are entitled respectively. Where the calculation of the number of Teranga Shares or Teranga CDIs to be issued to a particular Gryphon Shareholder would result in the issue of a fraction of a Teranga

Share or Teranga CDI, the fractional entitlement will be rounded down to the nearest whole number of Teranga Shares or Teranga CDIs.

- 6.2 The obligation of Teranga to issue the Scheme Consideration in the form of Teranga Shares under this Scheme will be satisfied by Teranga procuring that:
- 6.2.1 the name and address of each Scheme Participant is entered into the Teranga Register on the Implementation Date in respect of the Teranga Shares to which it is entitled; and
 - 6.2.2 a share certificate is sent to the registered address of each Scheme Participant, representing the number of Teranga Shares issued to the Scheme Participant.
- 6.3 The obligation of Teranga to issue the Scheme Consideration in the form of Teranga CDIs under this Scheme will be satisfied by Teranga:
- 6.3.1 issuing to CDN to be held on trust that number of Teranga Shares that will enable CDN to issue Teranga CDIs envisaged by paragraph 6.3.3 on the Implementation Date;
 - 6.3.2 procuring that the name and address of CDN is entered into the Teranga Register in respect of those Teranga Shares on the Implementation and that a share certificate in the name of CDN representing those Teranga Shares is sent to CDN;
 - 6.3.3 procuring that, on the Implementation Date, CDN issues to each such Scheme Participant the number of Teranga CDIs to which it is entitled;
 - 6.3.4 procuring that, on the Implementation Date, the name of each such Scheme Participant is entered into the records maintained by CDN as the holder of Teranga CDI issued to that Scheme Participant on the Implementation Date;
 - 6.3.5 in the case of such Scheme Participant who held Gryphon Shares on the CHESS subregister, procuring that the Teranga CDIs are held on the CHESS subregister on the Implementation Date and sending or procuring the sending of an allotment advice that sets out the number of Teranga CDIs issued and procuring that ASX Settlement will provide at the end of the month of allotment a Teranga CDI holding statement confirming the number of Teranga CDIs held on the CHESS subregister by that Scheme Participant; and
 - 6.3.6 in the case of each such Scheme Participant who held Gryphon Shares on the issuer sponsored subregister, procuring that the CDIs are held on the issuer sponsored subregister on the Implementation Date and sending or procuring the sending of a Teranga CDI holding statement to each such Scheme Participant which sets out the number of Teranga CDIs held on the issuer sponsored subregister by that Scheme Participant.

7 INELIGIBLE SHAREHOLDERS

- 7.1 The Teranga CDIs that would, but for this paragraph, have been issued to an Ineligible Shareholder must be issued by Teranga to the Sale Agent.

7.2 Teranga must procure that the Sale Agent:

- 7.2.1 as soon as reasonably practicable sells those Teranga CDIs for the benefit of the Ineligible Shareholders;
- 7.2.2 accounts to the Ineligible Shareholders for the net proceeds of sale (on an averaged basis so that all Ineligible Shareholders receive the same price per Teranga CDI, subject to rounding to the nearest whole A\$ cent), and any income referable to those Teranga CDIs, after deduction of any applicable brokerage, taxes and charges, at the Ineligible Shareholders' risk in full satisfaction of the Ineligible Shareholders' rights under this Scheme; and
- 7.2.3 remits the net proceeds of sale to the Ineligible Shareholders in A\$ in the manner provided in, and to the address determined in accordance with, paragraph 9.3.

8 WHEN SCHEME BECOMES BINDING

- 8.1 This Scheme will become binding on Gryphon, Teranga and each holder of Gryphon Shares only if the Court makes an order under section 411(4)(b) of the Corporations Act approving the Scheme and that order becomes effective in accordance with section 411(10). Gryphon must lodge an office copy of that order with ASIC not later than 5:00pm on the Business Day after the order has been made.
- 8.2 If this Scheme becomes binding as provided by paragraph 8.1, the rights of any holder at the Record Date of a Gryphon Share are the same as the rights that the Scheme Participant who held that Gryphon Share immediately prior to the Effective Date would have had if he had remained the holder of the Gryphon Share until the Record Date.
- 8.3 Where this Scheme becomes binding as provided by paragraph 8.1, a holder of Gryphon Shares (and any person claiming through that holder) may only assign, transfer or otherwise deal with those Gryphon Shares on the basis that the rights so assigned, transferred or dealt with are limited in the manner described in paragraph 8.1.

9 GENERAL

- 9.1 Gryphon may by its counsel or solicitors consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition, which the Court may think fit to approve or impose and to which Teranga has consented (such consent not to be unreasonably withheld).
- 9.2 The accidental omission to give notice of the Scheme Meeting to any holder of Gryphon Shares or the non-receipt of such a notice by any holder of Gryphon Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.
- 9.3 For the purpose of paragraph 5, the expression "send" or "sent" means:

- 9.3.1 for the purpose of paragraph 5, sending by ordinary pre-paid post to a holder at the Record Date of a Gryphon Share at the address of that holder appearing in the Register at the Record Date;
- 9.3.2 for the purpose of paragraph 2.6.2, sending by ordinary pre-paid post to the Sale Agent at its address; or
- 9.3.3 delivery to the relevant address by any other means at no cost to the recipient.
- 9.4 If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Gryphon, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Gryphon's registered office or at the office of the registrar of Gryphon Shares.
- 9.5 Each holder of Gryphon Shares will be deemed (without the need for any further act) to have irrevocably appointed Gryphon and each of its officers, jointly and severally as the holder's attorney for the purpose of executing any document necessary to give effect to this Scheme, including executing a share transfer form or master share transfer form for the Gryphon Shares.
- 9.6 The Gryphon Shareholders:
- 9.6.1 agree to the transfer of their Gryphon Shares to Teranga in accordance with the terms of this Scheme and consent to Gryphon doing all things necessary for or incidental to the implementation of this Scheme; and
- 9.6.2 acknowledges that this Scheme binds Gryphon and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting).
- 9.7 Gryphon must execute all deeds and other documents and do all acts and things as may be necessary or expedient on its part to implement this Scheme in accordance with its terms.
- 9.8 Neither Gryphon nor any of its officers will be liable for anything done or for anything omitted to be done in performance of this Scheme in good faith.
- 9.9 To the extent of any inconsistency, this Scheme overrides Gryphon's constitution and binds Gryphon, Teranga and the holders of Gryphon Shares.
- 9.10 The proper law of this Scheme is the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

SCHEDULE 3: REPRESENTATIONS AND WARRANTIES**1 REPRESENTATIONS AND WARRANTIES**

- 1.1 **status:** Gryphon is a company limited by shares and is validly existing under the Corporations Act and each of Gryphon's Subsidiaries is a corporation validly existing under the laws of its place of incorporation;
- 1.2 **share capital:**
- 1.2.1 all of the issued and outstanding shares and other ownership interests in Gryphon and each Subsidiary and Related Entity in the Gryphon Group have been duly authorised and validly issued, and are fully paid and non-assessable (where such concept exists under the laws governing such Related Entity); and
 - 1.2.2 all of the issued and outstanding shares of each Subsidiary and Related Entity in the Gryphon Group are owned, directly or indirectly, by Gryphon; and except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Subsidiary or Related Entity in the Gryphon Group, the issued and outstanding shares of each Subsidiary and Related Entity in the Gryphon Group are owned free and clear of all Encumbrances and Gryphon is not liable to any creditor in respect thereof;
- 1.3 **corporate power:** Gryphon has full legal capacity to enter into this agreement and carry out the transactions contemplated by this agreement;
- 1.4 **corporate authorisations:** Gryphon has taken all necessary corporate action to authorise the entry into this agreement and, subject to Gryphon Shareholders approving the Scheme, has full authority to carry out the transactions contemplated by this agreement and the Scheme in accordance with its terms;
- 1.5 **binding obligations:** this agreement constitutes legal, valid and binding obligations of Gryphon, enforceable against it, in accordance with its terms;
- 1.6 **no contravention:** this agreement does not contravene:
- 1.6.1 any rule, law or regulation to which Gryphon or any member of the Gryphon Group's property is subject to;
 - 1.6.2 any material term or provision of any material contract to which Gryphon or any member of the Gryphon Group is a party to; or
 - 1.6.3 Gryphon's or any member of the Gryphon Group's constitution;
- 1.7 **issued securities:** the issued Gryphon securities and rights to be issued Gryphon securities as of the date of this agreement are:
- 1.7.1 401,596,447 Gryphon Shares;
 - 1.7.2 11,390,000 Performance Rights; and

- 1.7.3 5,849,841 Share Appreciation Rights.
- 1.8 **no obligation to issue securities:** other than under the Gryphon Equity Incentive Plan, neither Gryphon nor any member of the Gryphon Group has issued, or agreed to issue, or is required to issue any other securities or instruments which are still in force and may convert into Gryphon Shares, shares in a member of a Gryphon Group or any other securities in Gryphon or any member of the Gryphon Group;
- 1.9 **valid issue:** all issued and outstanding Gryphon Shares have been validly issued and are fully paid;
- 1.10 **no additional rights:** Gryphon Shares are free of pre-emptive rights
- 1.11 **financial matters:**
- 1.11.1 the Gryphon Financial Statements were prepared in accordance with applicable accounting principles, consistently applied, and fairly present in all material respects the consolidated financial condition of Gryphon at the respective dates indicated and the results of operations of Gryphon for the periods covered on a consolidated basis; and
- 1.11.2 no member of the Gryphon Group has any liability (including, without limitation, liabilities to fund any operations or work or exploration program, to give any guarantees or for taxes other than taxes not yet due), whether accrued, absolute, contingent or otherwise, not reflected in the Gryphon Financial Statements, except liabilities incurred in the ordinary course of business since 31 December 2015, which liabilities relate to budgeted expenditures disclosed to Teranga or would not reasonably be expected to result in a Gryphon Material Adverse Event;
- 1.12 **solvency:** no material member of the Gryphon Group is affected by an Insolvency Event;
- 1.13 **regulatory action:** no member of the Gryphon Group has received notice of any regulatory action of any nature taken, or to be taken, in relation to any member of the Gryphon Group which would prevent, inhibit or otherwise have a material adverse effect on Gryphon's ability to fulfil its obligations under this agreement;
- 1.14 **litigation:**
- 1.14.1 there are no material actions, suits, arbitrations, legal or administrative proceedings pending or, to the knowledge of Gryphon, threatened against Gryphon or any member of the Gryphon Group;
- 1.14.2 neither Gryphon nor any member of the Gryphon Group is the subject of any material pending or, to the knowledge of Gryphon, threatened litigation or investigation; and
- 1.14.3 neither Gryphon nor any member of the Gryphon Group nor the respective assets, properties or business of Gryphon or any member of the Gryphon Group is subject to any judgement, order, writ, injunction or decree of any court, Regulatory Authority or arbitration tribunal;

1.15 interests in Material Permits: the Material Permits are:

- 1.15.1 registered in the name of a member of the Gryphon Group or the joint venture partner of a member of the Gryphon Group;
- 1.15.2 in good standing, valid and enforceable, free and clear of any Encumbrances (other than the terms and conditions of the Material Permits and as may be imposed by legislation, regulation or the applicable mining code) and no material royalty is payable in respect of any of them, except as set out in the Gryphon Disclosure Letter. Except as set out in the Gryphon Disclosure Letter, no other mineral rights or other property rights are necessary for the conduct of the Gryphon Group's business as it is currently being conducted; and there are no material restrictions on the ability of the Gryphon Group to use, transfer or otherwise exploit any of the Material Permits except as required by applicable law. No member of the Gryphon Group has received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Gryphon Group under any of the Material Permits, or affecting or questioning the rights of the Gryphon Group to the continued possession of the Material Permits, except as disclosed in the Gryphon Disclosure Letter.

1.16 mineral reserves and resources the estimated mineral reserves and mineral resources publicly disclosed by Gryphon as set out in Gryphon's 2015 annual report have been prepared and disclosed in all material respects in accordance with sound mining, engineering, geoscience, and other applicable industry standards, and in accordance with all applicable laws including, without limitation, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition), to its knowledge there has been no material reduction in the aggregate amount of estimated mineral resources at the Material Permits taken as a whole, from the amounts disclosed publicly by Gryphon;**1.17 tax matters:** except as would not, individually or in the aggregate, reasonably be expected to result in a Gryphon Material Adverse Event:

- 1.17.1 Gryphon and each member of the Gryphon Group has duly and timely:
 - 1.17.1.1 prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects;
 - 1.17.1.2 duly and timely paid all taxes due;
 - 1.17.1.3 withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it; and
 - 1.17.1.4 collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it; and

- 1.17.2 the charges, accruals and reserves for taxes reflected in the Gryphon Financial Statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of Gryphon, adequate under applicable accounting principles to cover taxes with respect to Gryphon and the Gryphon Group for the periods covered thereby;
- 1.18 **reporting status and compliance:**
- 1.18.1 the Gryphon Shares are admitted to official quotation on the ASX, and are not listed or traded on any other stock exchange;
- 1.18.2 Gryphon is in compliance in all material respects with applicable listing and corporate governance rules and regulations of the ASX;
- 1.19 **no order:** Gryphon is not subject to any order of the ASX or any Regulatory Authority and, to the knowledge of Gryphon, no investigation or other proceedings involving Gryphon, that may operate to prevent or restrict trading of any securities of Gryphon, are currently in progress or pending before the ASX or any Regulatory Authority;
- 1.20 **no Prescribed Occurrence:** no Gryphon Prescribed Occurrence has occurred since 31 December 2015, other than as publicly disclosed prior to the date of this agreement;
- 1.21 **disclosure:**
- 1.21.1 Gryphon has complied in all material respects with its continuous disclosure obligations under the Corporations Act and the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure (other than the fact of this deed, and the negotiations preceding it); and Gryphon has not been the subject of a continuous disclosure review by ASIC within the last 24 months;
- 1.21.2 Gryphon has not intentionally withheld from Teranga any information actually known to it (having made reasonable enquiries) as at the date of this agreement regarding matters affecting or relating to it which might reasonably be expected to have resulted in Teranga not entering into this agreement at all or entering into this agreement on materially different terms; and
- 1.22 **Scheme Booklet not false or misleading:** as at the date of dispatch of the Scheme Booklet, the Scheme Booklet (other than Teranga Information) will not contain any statement which is false or misleading (including because of a material omission).

2 TERANGA REPRESENTATIONS AND WARRANTIES

- 2.1 **status:** Teranga is a body corporate validly existing under the laws of its jurisdiction of incorporation and each of Teranga's Subsidiaries is a corporation validly existing under the laws of its jurisdiction of incorporation;
- 2.2 **share capital:**
- 2.2.1 all of the issued and outstanding shares and other ownership interests in Teranga and each Subsidiary and Related Entity in the Teranga Group have been duly authorised and validly issued, and are fully paid and non-assessable (where such concept exists under the laws governing such Related Entity) and
- 2.2.2 all of the issued and outstanding shares of each Subsidiary and Related Entity in the Teranga Group are owned, directly or indirectly, by Teranga; and except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Subsidiary or Related Entity in the Teranga Group, the issued and outstanding shares of each Subsidiary and Related Entity in the Teranga Group are owned free and clear of all Encumbrances and Teranga is not liable to any creditor in respect thereof;
- 2.3 **corporate power:** Teranga has full legal capacity to enter into this agreement and carry out the transactions contemplated by this agreement;
- 2.4 **corporate authorisations:** Teranga has taken all necessary corporate action to authorise the entry into this agreement and the Scheme and has taken all necessary corporate action to carry out the transactions contemplated by this agreement and the Scheme in accordance with their terms;
- 2.5 **binding obligations:** this agreement constitutes legal, valid and binding obligations of Teranga, enforceable against it, in accordance with its terms;
- 2.6 **no contravention:** this agreement does not contravene:
- 2.6.1 any rule, law or regulation to which Teranga or any member of the Teranga Group's property is subject to;
- 2.6.2 any material term or provision of any material contract to which Teranga or any member of the Teranga Group is a party to; or
- 2.6.3 Teranga's or any member of the Teranga Group's constituent documents;
- 2.7 **issued securities:** the issued Teranga securities and rights to be issued Teranga securities as of the date of this agreement are:
- 2.7.1 392,106,811 Teranga Shares; and
- 2.7.2 19,541,080 Teranga Options;

- 2.8 **no obligation to issue securities:** other than as disclosed in the Teranga Disclosure Letter, Teranga has not issued, or agreed to issue, or is not required to issue any other securities or instruments which are still in force and may convert into Teranga Shares;
- 2.9 **valid issue:** all issued and outstanding Teranga Shares have been validly issued and are fully paid;
- 2.10 **no additional rights:** Teranga Shares are free of pre-emptive rights;
- 2.11 **financial matters:**
- 2.11.1 the Teranga Financial Statements were prepared in accordance with applicable accounting principles, consistently applied, and fairly present in all material respects the consolidated financial condition of Teranga at the respective dates indicated and the results of operations of Teranga for the periods covered on a consolidated basis; and
- 2.11.2 no member of the Teranga Group has any liability (including, without limitation, liabilities to fund any operations or work or exploration program, to give any guarantees or for taxes other than taxes not yet due), whether accrued, absolute, contingent or otherwise, not reflected in the Teranga Financial Statements, except liabilities incurred in the ordinary course of business since 31 December 2015, which liabilities relate to budgeted expenditures disclosed to Teranga or would not reasonably be expected to result in a Teranga Material Adverse Event;
- 2.12 **solvency:** no material member of the Teranga Group is affected by an Insolvency Event;
- 2.13 **regulatory action:** no member of the Teranga Group has received notice of any regulatory action of any nature taken, or to be taken, in relation to any member of the Teranga Group which would prevent, inhibit or otherwise have a material adverse effect on Teranga's ability to fulfil its obligations under this agreement;
- 2.14 **litigation:**
- 2.14.1 there are no material actions, suits, arbitrations, legal or administrative proceedings pending or, to the knowledge of the Teranga Group, threatened against Teranga or any member of the Teranga Group;
- 2.14.2 neither Teranga nor any member of the Teranga Group is the subject of any material pending or, to the knowledge of Teranga, threatened litigation or investigation; and
- 2.14.3 neither Teranga nor any member of the Teranga Group nor the respective assets, properties or business of Teranga or any member of the Teranga Group is subject to any judgement, order, writ, injunction or decree of any court, Regulatory Authority or arbitration tribunal;
- 2.15 **interests in Teranga Permits:** the Teranga Permits are:
- 2.15.1 registered in the name of a member of the Teranga Group or the joint venture partner of a member of the Teranga Group;

- 2.15.2 in good standing, valid and enforceable, free and clear of any Encumbrances (other than the terms and conditions of the Teranga Permits and as may be imposed by legislation, regulation or the applicable mining code) and no material royalty is payable in respect of any of them, except as set out in the Teranga Disclosure Letter. Except as set out in the Teranga Disclosure Letter, no other mineral rights or other property rights are necessary for the conduct of the Teranga Group's business as it is currently being conducted; and there are no material restrictions on the ability of the Teranga Group to use, transfer or otherwise exploit any of the Teranga Permits except as required by applicable law. No member of the Teranga Group has received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Teranga Group under any of the Teranga Permits, or affecting or questioning the rights of the Teranga Group to the continued possession of the Teranga Permits, except as disclosed in the Teranga Disclosure Letter.
- 2.16 **mineral reserves and resources:** the estimated mineral resources and mineral reserves publicly disclosed by Teranga as set out in Teranga's 2015 annual report have been prepared and disclosed in all material respects in accordance with sound mining, engineering, geoscience and other applicable industry standards, and in accordance with all applicable Laws including, without limitation, National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. To Teranga's knowledge there has been no material reduction (other than as a result of mining operations in the ordinary course of business) in the aggregate amount of estimated mineral reserves and resources at the Teranga properties taken as a whole, from the amounts disclosed publicly by Teranga;;
- 2.17 **tax matters:** except as would not, individually or in the aggregate, reasonably be expected to result in a Teranga Material Adverse Event:
- 2.17.1 Teranga and each member of the Teranga Group has duly and timely:
- 2.17.1.1 prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects;
 - 2.17.1.2 duly and timely paid all taxes due;
 - 2.17.1.3 withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it; and
 - 2.17.1.4 collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it; and
- 2.17.2 the charges, accruals and reserves for taxes reflected in the Teranga Financial Statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of

Teranga, adequate under applicable accounting principles to cover taxes with respect to Teranga and the Teranga Group for the periods covered thereby;

2.18 **reporting status and compliance:**

- 2.18.1 the Teranga Shares are listed and posted for trading on the TSX and the Teranga CDIs are listed on the ASX;
- 2.18.2 Teranga is a reporting issuer in each of the provinces of Canada other than Quebec; and
- 2.18.3 Teranga is in compliance in all material respects with applicable listing and corporate governance rules and regulations of the TSX;

2.19 **no order:** Teranga is not subject to any order of the TSX or any Regulatory Authority and, to the knowledge of Teranga, no investigation or other proceedings involving Teranga, that may operate to prevent or restrict trading of any securities of Teranga, are currently in progress or pending before the TSX or any Regulatory Authority;

2.20 **no Prescribed Occurrence:** no Teranga Prescribed Occurrence has occurred since 31 December 2015, other than as publicly disclosed by Teranga prior to the date of this agreement;

2.21 **no shareholder approval:** subject to the general discretion of TSX to require shareholder approval, no shareholder approval is required to be obtained by Teranga in connection with the performance by Teranga of its obligations under this agreement or the consummation by Teranga of the Transaction;

2.22 **disclosure:**

- 2.22.1 Teranga has complied in all material respects with its continuous disclosure obligations under any Canadian Law and is not relying on any exception to its continuous disclosure obligations to withhold any information from disclosure (other than the fact of this deed, and the negotiations preceding it) and Teranga has not been the subject of any unresolved continuous disclosure review by any Canadian Securities Authority within the last 24 months; and
- 2.22.2 Teranga has not intentionally withheld from Gryphon any information actually known to it (having made reasonable enquiries) as at the date of this agreement regarding matters affecting or relating to it which might reasonably be expected to have resulted in Gryphon not entering into this agreement at all or entering into this agreement on materially different terms; and

2.23 **Scheme Booklet not false or misleading:** as at the date of dispatch of the Scheme Booklet, the Teranga Information contained in the Scheme Booklet will not contain any statement which is false or misleading (including because of a material omission).

SCHEDULE 4: DEED POLL**DEED POLL**

Date 2016

BY

Name	Teranga Gold Corporation (Teranga)
Address	121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9
Fax	+1 416 594 0088
Email	dsavarie@terangagold.com
Attention	David Savarie

IN FAVOUR OF Each registered holder of fully paid ordinary shares in Gryphon Minerals Limited ACN 107 690 657 of 228 Churchill Avenue, Subiaco, Western Australia, 6008 (**Gryphon**) as of the Record Date

INTRODUCTION

- D Teranga and Gryphon are parties to a scheme implementation agreement dated 19 June 2016 in respect to the Scheme and associated matters (**Implementation Agreement**).
- E In accordance with clause 5.3.12 of the Implementation Agreement, Teranga is entering into this deed poll to covenant in favour of the Scheme Participants that it will observe and perform its obligations under the Implementation Agreement and the Scheme, including providing the Scheme Consideration.

AGREED TERMS**1 DEFINED TERMS AND INTERPRETATION****1.1 Defined terms**

In this deed poll, capitalised words and phrases have the same meaning as given to them in the Implementation Agreement.

1.2 Interpretation

In this deed poll, headings and boldings are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

- 1.2.1 words importing the singular include the plural and vice versa;

- 1.2.2 a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced; and
- 1.2.3 a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule.

1.3 Nature of deed poll

Teranga acknowledges that:

- 1.3.1 this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participant is not party to it; and
- 1.3.2 under the Scheme, each Scheme Participant irrevocably appoints Gryphon and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Teranga on behalf of that Scheme Participant.

2 CONDITIONS PRECEDENT

2.1 Conditions precedent to obligations of the Scheme

The obligations of Teranga under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Teranga under this deed poll to the Scheme Participants will automatically terminate and the terms of this deed poll will be of no force or effect if:

- 2.2.1 the Implementation Agreement is terminated in accordance with its terms; or
- 2.2.2 the Scheme is not Effective by the End Date,
- unless Teranga and Gryphon otherwise agree in writing.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- 2.3.1 Teranga is released from its obligations to further perform this deed poll, except those obligations under clause 7.6 and any other obligations which by their nature survive termination; and
- 2.3.2 each Scheme Participant retains the rights, powers and remedies they have against Teranga in respect of any breach of this deed poll which occurs before it is terminated.

3 SCHEME OBLIGATIONS

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, Teranga:

- 3.1.1 offers to acquire all the Gryphon Shares held by the Scheme Participants;
- 3.1.2 in consideration of the acceptance of that offer and the transfer of each Gryphon Share to Teranga, undertakes in favour of each Scheme Participant to issue and provide to the Scheme Participant the Scheme Consideration for each Gryphon Share held by each Scheme Participant; and
- 3.1.3 agrees to undertake all other actions attributed to it under the Scheme and Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme,

all in accordance with the terms of the Scheme and the Implementation Agreement.

4 WARRANTIES

Teranga represents and warrants in favour of each Scheme Participant that:

- 4.1.1 it is a corporation validly existing under the laws of its place of registration;
- 4.1.2 it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- 4.1.3 it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- 4.1.4 the Teranga Shares and Teranga CDIs which are issued to Scheme Participants, in accordance with the Scheme, will:
 - 4.1.4.1 rank equally with all existing Teranga Shares and Teranga CDIs (as applicable); and
 - 4.1.4.2 be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest;
- 4.1.5 this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- 4.1.6 this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of Teranga or any material term or provision of any agreement, or any writ, order or injunction, judgment, law, rule or regulation to which Teranga is a party, is subject or, or is bound by.

5 CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- 5.1.1 Teranga has fully performed its obligations under this deed poll; or
- 5.1.2 the earlier termination of this deed poll under clause 2.

6 NOTICES

6.1 Notices

Any notice or other communication to Teranga in respect of this deed poll must be in legible writing and in English and:

- 6.1.1 must be addressed as shown below:

Teranga

Attention: Mr David Savarie, VP General Counsel

Address: 121 King Street West, Suite 2600, Toronto, Ontario M5H 3T9,
Canada

Email: dsavarie@terangagold.com,

with a copy to: marc.wilshaw@dlapiper.com;

- 6.1.2 must be signed by the person making the communication or by a person duly authorised by that person;
- 6.1.3 must be delivered or posted by prepaid post to the address of Teranga in accordance with clause 6.1.1 or sent by email to the email address specified above; and
- 6.1.4 will be regarded as received by the addressee:
 - 6.1.4.1 if by delivery, on delivery at the address of Teranga as provided in clause 6.1.1, unless that delivery is not made on a Business Day or after 5.00 pm on a Business Day, when that communication will be regarded as received at 9.00 am on the next Business Day;
 - 6.1.4.2 if sent by prepaid post, seven Business Days after posting; and
 - 6.1.4.3 if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent, unless that local time is not a Business Day or is after 5.00 pm on a

Business Day when that communication will be regarded as received at 9.00 am on the next Business Day.

7 GENERAL

7.1 Governing law and jurisdiction

This deed poll is governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

7.2 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

7.3 Alterations

This deed poll may not be altered unless:

- 7.3.1 if before the First Court Date, the variation is agreed to by Gryphon; or
- 7.3.2 if on or after the First Court Date, the variation is agreed to by Gryphon and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Teranga will enter into a further deed poll in favour of the Scheme Participants giving effect to the variation.

7.4 Cumulative rights

The rights, powers and remedies of Teranga and the Scheme Participants under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.5 Assignment

The rights created by this deed poll are personal to Teranga and each Scheme Participant and may only be assigned with the prior written consent of Teranga and Gryphon.

7.6 Stamp duty

Teranga must:

- 7.6.1 pay any stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under or pursuant to this deed poll;

7.6.2 pay other costs incurred in connection with the transfer of Gryphon Shares to Teranga in accordance with the terms of the Scheme; and

7.6.3 indemnify on demand each Scheme Participant against any liability arising from failure to comply with clauses 7.6.1 or 7.6.2.

7.7 Further assurances

Teranga must promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this deed poll and to implement the Scheme.

Executed as a Deed

Executed as a deed by **Teranga Gold Corporation** in accordance with its constituent documents and place of incorporation

.....
Signature of director

.....
Name of director (print)

.....
Signature of director/company secretary

.....
Name of director/company secretary (print)

SCHEDULE 5: GRYPHON PERMITS AND MATERIAL PERMITS

Description	Extent of Interest
Banfora Gold Project	Wahgnion Exploitation License granted under Decree # 2014-675 dated August 1, 2014 as subsequently amended* Nogbele Exploration Permit* Nianka Exploration Permit* Nogbele Sud Exploration Permit* Nianka Nord Exploration Permit Dierisso Exploration Permit* Zegudeougou Exploration Permit*
Golden Hill Gold Project	Baniri Exploration Permit* Intiedougou Exploration Permit* Mougue Exploration Permit*
Gourma Project	Boutouanou Exploration Permit Diabatou Exploration Permit Foutouri Exploration Permit Kankandi Exploration Permit Tyabo Exploration Permit Tyara Exploration Permit

* denotes Material Permit

SCHEDULE 6: TERANGA PERMITS

Description	Extent of Interest
Sabodala Project	Sabodala Mining Concession
Other	Heramakono Exploration Permit Soukounkoo Exploration Permit Bransan Exploration Permit Bransan South Exploration Permit Sabodala West Exploration Permit Demba Berola Exploration Permit Massakounda Exploration Permit Saiansoutou Exploration Permit