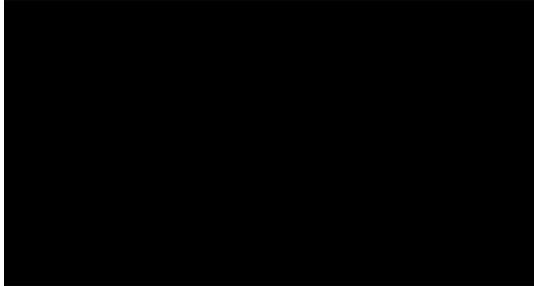


**From:** [Bockhold, Murray](#)  
**To:** [Bob Sandy](#)  
**Cc:** [John F. Murtha](#); [Chris Wicker](#)  
**Subject:** Gryphon Gold correspondence  
**Date:** Tuesday, May 12, 2015 2:43:00 PM  
**Attachments:** [att7fe55.bmp](#)  
[Consolidated GGN Emails.pdf](#)

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**Robert J. Sandy**  
**Senior Advisor, Valuations, Modeling and Disputes**  
**PricewaterhouseCoopers LLP**

**Re: UNITED STATES BANKRUPTCY COURT, DISTRICT OF NEVADA**  
**Case No.13-51496-BTB**

Dear Mr Sandy,

Pursuant to your request we are please to proved PricewaterhouseCoopers with a summary of key correspondence between the Bockhold Investment Management Group (BIM Group) and Gryphon Gold Corporation for the period June 2012 thru July 2014

- 1) Jim O'Neil dated June 29, 2012 - re: Q4 2011 results
- 2) Jim O'Neil dated Nov 27, 2012 - arranging a call with GGN Board
- 3) Jim O'Neil dated Dec 5, 2012 - avoiding massive shareholder dilution
- 4) Jim O'Neil dated Jan 27, 2013 - Gryphon Gold not in default. Receipt from Lisanna Lewis VP, Treasurer
- 5) Jim O'Neil dated Feb 1, 2013 - summary of meeting in Carson City
- 6) Marv Kaiser and Phil Tardif - Bordner Ladner Gervais, LLP dated Feb 5, 2013 - Without Prejudice
- 7) Gryphon Gold Board dated Feb 6, 2013 - A constructive path forward
- 8) Marv Kaiser dated Feb 6, 2013 - confirmation from x- Director Jerry Baughman
- 9) Marv Kaiser and Bill Goodhard Feb 20, 2013 - follow up from Special Committee conference call
- 10) Reid Godbolt - Jones & Keller, P.C. dated Feb 20, 2013 - Special Committee
- 11) GMP Capital Inc. dated Mar 4, 2013 - George Albino, Managing Director, Mining Analyst, GMP Securities Inc.
- 12) Jim O'Neil dated Mar 16, 2013 - restructuring Waterton debt

13) John Sandrelli - Dentons Canada, LLP dated May 29, 2013 - presenting DIP Term Sheet

14) Soliciting Shareholder Proxies

15) DIP Term Sheet

Please be advise this is a summary of our correspondence and should not be construed as our entire history of communication with Gryphon Gold or its advisors.

On behalf of the shareholders of Gryphon Gold,

**Murray Bockhold**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Email: [murray.bockhold@](mailto:murray.bockhold@) [Redacted]

[Redacted]

[Redacted]

[Redacted]

Email 1

**Date:** Friday, 29 June, 2012 9:23 AM  
**To:** Jim O'Neil <[joneil@gryphongold.com](mailto:joneil@gryphongold.com)>  
**Subject:** Recent news???

Hi Jim,

I listened to the call today and have read your recent press release. I must confess I am in a state of confusion and would appreciate getting some clarification. There appears to be some significant discrepancies between the guidance you have given me on our last few calls and what I am hearing now. Before I jump to any conclusions that might lead me to want to jump off a bridge I will await your call.

Nervously,

Murray

**Murray Bockhold** | *Director, Wealth Management*

**Bockhold Investment Management Group** | *Richardson GMP Limited*

*Suite 1800-666 Burrard Street, Vancouver, B.C. V6C 2X8*

*Direct Line: (604) 678-6570 | Fax: (604) 678-6640 | Toll Free: (866) 364-7735*

[www.RichardsonGMP.com](http://www.RichardsonGMP.com)

**Email 2**

**From:** Murray Bockhold  
**Sent:** Tuesday, November 27, 2012 10:53 AM  
**To:** 'James O'Neil'  
**Cc:** 'Lisanna Lewis'  
**Subject:** RE: arranging a call with Board

Thanks Jim. As u can imagine... my patience is wearing thin. I have been asking in a courteous, professional and respectful manner to speak to a board member for 4 weeks. I have owned shares for something like 6 years and have requested a discussion with a Board member maybe 3 times? It is not an unreasonable request. Does Marv really think that avoiding a large, longstanding shareholder facilitates cooperation? The very thing he fears... is precisely what he will propagate by continuing to behave the way he is. What really concerns me is if he treats me this way I suspect that means he is doing the same to others? While I know I'm not going to waste my time in court you may not enjoy the same good fortune with other unhappy shareholders?? You know better than anyone that the Company can ill afford to devote resources to fighting legal fires should they irrupt.

If the Board wants to mitigate the risk of dissenting shareholders you would be well advised to change your tactics!

Best regards,

Murray

**From:** James O'Neil [<mailto:joneil@gryphongold.com>]  
**Sent:** Monday, November 26, 2012 3:36 PM  
**To:** Murray Bockhold  
**Subject:** RE: arranging a call with Board

Murray,

Thanks, it was great. I did fire off an email to Marv last week but have not heard back from him. I get back in Carson City tomorrow afternoon and will follow up again with him.

Thanks for your patience,

Jim

**James T. O'Neil, Jr.**  
President & CEO  
Gryphon Gold  
611 N. Nevada Street.  
Carson City, NV 89703  
Phone 775-883-1456  
Cell 303-884-5127

**From:** Murray Bockhold [<mailto:Murray.Bockhold@RichardsonGMP.com>]  
**Sent:** Monday, November 26, 2012 11:02 AM

**To:** James O'Neil  
**Subject:** FW: arranging a call with Board

Hope u enjoyed Thanksgiving Jim!

Let me know

Thx

**From:** Murray Bockhold  
**Sent:** Wednesday, November 21, 2012 12:57 PM  
**To:** Jim O'Neil  
**Subject:** arranging a call with Board

Hi Jim.

Please let me know when it will be convenient to speak with either Terrance or Marvin.

Thank you.

Murray

**Murray Bockhold** | *Director, Wealth Management*  
**Bockhold Investment Management Group** | *Richardson GMP Limited*  
*Suite 1800-666 Burrard Street, Vancouver, B.C. V6C 2X8*  
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Email 3

**From:** Murray Bockhold  
**Sent:** Wednesday, December 05, 2012 10:55 AM  
**To:** Jim O'Neil  
**Cc:** 'Lisanna Lewis'  
**Subject:** Thank You

Hi Jim

Thank you for arranging our call yesterday... it was very helpful. It would appear you and Marv are working well together and that is very encouraging. Needless to say I hope expectations have been reset at a level that has a high probability of being achieved!

As an afterthought to my question about the vote that enables you to increase the share count (ie further dilution) is it fair to say that with the expansion (and deferral/extension) of the Waterton arrangement that your working capital needs are satisfied and you do not contemplate raising equity. Needless to say at 7c the dilution to existing shareholders would be horrific and I would like assurance that won't happen (barring a material and completely unforeseen event).

Thanks again for your help Jim. You are in a tough spot having to play clean-up for someone else's mistakes and that's not an easy thing. I truly hope this is a 'new beginning' and we will all be able to look back on this one day knowing it was opportunity... not a death trap.

Best,

Murray

**Murray Bockhold** | *Director, Wealth Management*  
**Bockhold Investment Management Group** | *Richardson GMP Limited*  
*Suite 1800-666 Burrard Street, Vancouver, B.C. V6C 2X8*  
*Direct Line: (604) 678-6570 | Fax: (604) 678-6640 | Toll Free: (866) 364-7735*

[www.RichardsonGMP.com](http://www.RichardsonGMP.com)

Email 4

Murray

I acknowledge receipt of this email.

Lisanna Lewis

Vice President, Treasurer

Gryphon Gold Corporation

611 N Nevada Street, Carson City, NV, 89703

T 604.261.2229 or 775.883.1456 ext. 4

T 888.261.2229 ( toll free )

F 604.608.3262

M 775.301.7180

[www.gryphongold.com](http://www.gryphongold.com)

[www.facebook.com/GryphonGold](http://www.facebook.com/GryphonGold)

-----Original Message-----

From: Murray Bockhold

[mailto:Murray.Bockhold@RichardsonGMP.com]

Sent: Sunday, January 27, 2013 10:16 PM

To: James O'Neil; Lisanna Lewis

Cc: 'tker@ridgelinecanada.com'; 'robert.j.sandy@ca.pwc.com'

Subject: Just to confirm

Hi Jim

I just wanted to follow up on our discussion this afternoon and confirm where we left things.

1) GGN is not in default presently under the terms of the Waterton financing. On this basis, I take the position that an anticipatory vote by the Board to approve a 'deal' with Waterton to swap debt for equity that will result in materially adverse consequences for GGN and its shareholders is completely unacceptable and is not in the best interests

of GGN. This direction you are supporting, together with all of the decisions of the Board and senior management should be, and will likely

be subjected to regulatory and/or judicial scrutiny and oversight.

2) There exist 2 possible scenarios the Board has an obligation to honestly and diligently pursue on behalf of GGN shareholders. The

two  
scenarios are proper consideration of either CCAA or Chapter 11  
protection.

3) As per my discussions with you in early December, the GGN  
shareholders  
I represent are willing to back either 1) a rights offering or 2)  
debtor-in-possession financing.

Any payments made by GGN and/or out of the ordinary course  
transactions  
with Waterton henceforth will be subject to intense scrutiny.

I am in the midst of securing council with Stikeman Elliott and have  
cc'd  
PricewaterhouseCoopers in the event of a need for a CCAA filing.

I trust you appreciate the seriousness of our intentions

Would each of you and Lisanna please acknowledge receipt of this  
email.

Respectfully,

Murray Bockhold  
Richardson GMP

Email 5

-----Original Message-----

From: Murray Bockhold

Sent: Friday, February 01, 2013 4:24 PM

To: '[joneil@gryphongold.com](mailto:joneil@gryphongold.com)'

Cc: '[llewis@gryphongold.com](mailto:llewis@gryphongold.com)'; '[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)';

'[RMacDonald@stikeman.com](mailto:RMacDonald@stikeman.com)'; '[HPoulus@stikeman.com](mailto:HPoulus@stikeman.com)';

'[john.sandrelli@fmc-law.com](mailto:john.sandrelli@fmc-law.com)'; '[robert.j.sandy@ca.pwc.com](mailto:robert.j.sandy@ca.pwc.com)'

Subject: Today's meeting

Hi Jim,

Thank you for meeting with Jerry and I today. I was very encouraged to learn that you now support a Chapter 11 filing and am anxious to work with you in that regard.

I also want to thank you for the tremendous effort you have devoted to negotiate 'something' with Waterton. It has no doubt been a daunting task given what you have told us about their tactics.

After our thorough review of the terms of the 'new' JV agreement, and by your own admission to Jerry and I, it's apparent that Waterton has set terms (eg. 10% per month interest on the 'new' \$5.6m advance) that Gryphon Gold can't possibly finance nor afford. Clearly, their actions are usurious and it would be a severe breach of fiduciary duty for you and the Board to not contemplate a Ch 11 filing.

We concur with your description that Waterton are "sharks looking for blood". It was also interesting to learn that they purposely chose to swap 2/3rds of their interest vs. their initial request for a 75% stake because it avoided the need for shareholder approval under Nevada law.

Indeed, as all 3 of us discovered today it is apparent shareholders will continue to be diluted until nothing remains of their equity interest in the Company. Your admission of this and willingness to pursue a Chapter 11 filing which will enable Gryphon shareholders to retain a 100% equity interest in the Borealis is the only viable remaining alternative for you and the Board to pursue and you need to do so immediately.

I want to assure you of my unwavering support in this cause and reiterate my willingness to provide Debtor in Possession financing. RichardsonGMP is the largest independent wealth management firm in Canada with \$15 billion under management. Through our parent company GMP Capital Inc we have access to a complete range of investment banking services.

As discussed previously, I am in the midst of securing top legal counsel

through the services of Stikeman Elliot; PricewaterhouseCoopers and Fraser, Milner, Casgrain ... all of whom are 'Best in Class' in Canada. You advised you would pursue discussions with Gryphon's attorneys in Nevada and we should arrange for all parties to map out our strategy early next week.

We also agreed that you would provide me with contact information for both of Gryphon's Board members (Marvin Kaiser and Bill Goodhard) Some time ago their emails were removed from your website. My prior requests have been denied but with the recent turn of events, and as one of your largest shareholders, it is imperative that I be able to reach them. As Directors of a public company they have an obligation to do so.... particularly under circumstances such as these. As we agreed, time is of the essence so please forward their contact information in the next 24 hrs.

If I'm not mistaken Jerry and I collectively own just under 10% of the company. From what you have told me you don't own any common shares of Gryphon nor do either of the Directors have a meaningful equity stake (if any?). You very clearly heard from both Jerry and I that we support pursuing this path and we were extremely pleased to hear that you do as well.

Clearly, there is an obligation for all of us to act in the best interest of the Company and its shareholders. From what all of us learned today Chapter 11 is the ONLY path that has any chance of protecting us from a usurious lender. I have to laugh as I write this as it brings to mind Lisanna's comment that Waterton is a "loan to own" lender.

All of us have an obligation to prevent that from happening.

Sincerely,

Murray

## Email 6

**From:** Murray Bockhold  
**Sent:** Tuesday, February 05, 2013 9:45 PM  
**To:** Philippe Tardif ([PTardif@blgcanada.com](mailto:PTardif@blgcanada.com)); Marvin Kaiser ([marvinkent@aol.com](mailto:marvinkent@aol.com))  
**Cc:** Terence Cryan ([tcryan@concertenergypartners.com](mailto:tcryan@concertenergypartners.com)); John Sandrelli ([john.sandrelli@fmc-law.com](mailto:john.sandrelli@fmc-law.com)); 'Ross MacDonald'; Hein Poulos; 'Tony Ker'; Bob Sandy  
**Subject:** FW: Recent news???

-  
Without Prejudice

Phil and Marv

I realize I have dumped a tremendous amount on both of you all at once... a bit unfair of me I admit but unfortunately the facts as I know them, and you will soon learn, call for an immediate and decisive response. I'm afraid the events of the past 6 months, and in particular the last 2 weeks have confirmed the horror of the situation. Either through incompetency or collusion, Jim O'Neil has sealed the fate of Gryphon Gold. A fate that by his own admission (email to follow) will result in Waterton owning 100% of the Borealis leaving Gryphon shareholders nothing. I have been suspicious of his intentions since early in the summer (email attached) so have paid particular attention and kept meticulous notes. The reason I suspect him of collusion is he has been the gatekeeper of information between me and the Board and he has fed each of us different stories. This will be borne out with my (and Jerry's) fact trail but was confirmed again today when I learned from you that the terms of the Waterton arrangement are different (thankfully) than what Jim told Jerry and I just 4 days ago. In this case he wanted to scare me off so that I'm afraid of financing the company. So... he gives me inaccurate representations... different from the facts as you understand them... and purposely stalls and delays when he should be doing exactly the opposite. How else do you explain why he won't give me the Board's contact information and tells Lisanna not to give it out? (he still hasn't given it to me which is why I went thru Tony Ker to contact you)

Knowing that Jim uses this tactic I jumped at the opportunity to include Jerry Baughman in our meeting on Friday Feb 1. Jerry is the 2<sup>nd</sup> largest shareholder of GGN and a previous member of the Board. He was present throughout the entire meeting and can corroborate everything that was said.

Let me now refer you to your statement in an email to me earlier today

On a related note, I have received a copy of your e-mail to Jim O'Neil dated of yesterday. Your summary of your meeting with Jim as described in your e-mail is not shared by Jim (and Jim and Gryphon Gold deny the statements you attribute to Jim). I would ask you to direct to me any further correspondence relating to Gryphon Gold.

The summary I have provided that Jim now denies can, and will be, supported by Jerry Baughman. Jim can deny what he said on Friday all he likes but I can assure you there are 2 very credible witnesses that heard, and took notes of everything he said. I might add that we asked him for copies of the 'new' agreement but he claimed they were 'not available at this time'. He

did however, share a loan spreadsheet that clearly showed the interest as 10% per month. We spent several minutes reviewing it with him to ensure we all understood it and we collectively agreed that it was usurious. I will forward you a copy of the email I sent to him that summarized our complete discussion and which Jerry will substantiate.

As you may, or may not know, and I only learned last week, the Chief Investment Officer of Waterton is a man by the name of Isser Elishis. I encourage you to Google him and learn more about his past affiliation with Acqua Wellington. Indeed he is the mastermind behind the “loan to own” program that Jim is helping facilitate

<http://www.siliconinvestor.com/readmsg.aspx?msgid=16484055>

<http://www.forbes.com/forbes/2002/0304/040a.html>

I trust this information, together with other facts I have compiled, will make you realize that the Board has an obligation to prevent this fraudulent conveyance from happening. Let me give you some facts to support my contention that Jim is complicit in this and acting for Waterton, not GGN.

You might recall our discussion on November 29<sup>th</sup> of last year Marv where I reiterated my concern about the past mistakes that have been made by management and how Jim and the Board had a duty to ensure they were accountable to the shareholders going forward. My goal from the outset of Jim O’Neil arriving as the new CEO of GGN has been to ensure that proper corporate governance would prevent the past mistakes from repeating themselves. I have wanted to trust the fact that Jim was operating with the best of intentions and gave him the benefit of the doubt until the evidence was simply overwhelming.

Here is what triggered my complete loss of faith.

On Dec 12, 2012 following an email exchange that I will forward to you Jim stated... and I quote.... “I think we will be ok (meaning no equity dilution req’d) but if we do need any money **I give you my word** I will come to you”. A little over a month later the boiler mysteriously goes down (still undetermined why??) and a press release comes out January 7<sup>th</sup>. I immediately anticipate a call from Jim due to the “surprise” event but nothing is forthcoming. Since he gave me his word I assume that in the absence of a call from him he has made other arrangements **that don’t dilute shareholders**. On Jan 15<sup>th</sup> Lisanna emails requesting a meeting for an update which we have on Jan 21 in our offices here in Vancouver. Needless to say I am anticipating him needing some capital and curious to know how much he needs and why it’s taken this long for him to come back to me??

To my horror, I am advised of the pending deal with Waterton and the sudden ‘new’ requirement for \$8m by Jan 31 or GGN will be in default and Waterton will call their note.

When I asked him why in the world he waited till 10 days before the default to tell me this and “where did the sudden need for \$8m come from when you didn’t think you needed **anything** on Dec 12” his response was “I didn’t know the boiler would go down”. Of course he didn’t but it doesn’t cost \$8m to fix the boiler nor does one month of lost production throw out the working capital that much (of course the Board sees other numbers but Jim has made no mention of the

aged payables to me. So his next step is to draw down more on the note from Waterton and the "equity" noose is tightened). Lisanna, the Treasure and an Officer of the Company, acknowledged in that meeting she had never seen "these numbers" until hours before the meeting.

Putting all that aside... it still doesn't explain why he delayed communicating this until it was too late?? Unless, of course he didn't want to provide me any time and he wanted me to be scared off so that the Waterton deal was assured of happening?

I wish it wasn't so... but it is.

Once Waterton has a controlling interest they can outspend GGN and earn the balance of the property and he admitted that would happen as u will see from my notes of our meeting on Feb 1. So... I ask you... how hard will he work to ensure the funds are raised and given what you are learning now how can the Board have any confidence he will behave any differently going forward?? You might be interested to know the comments from staff at the mine are that Jim works for Waterton and GGN has already lost the mine. Well... not if I have anything to say about it.

What ensued was an immediate full court press by me to avoid default and buy time to address the 'new' deal. I flew down to Carson City on Tuesday and from here on out I have extensive email correspondence that you need to be aware of. Copies to follow.

Unfortunately for Jim I got in his way and now he and Waterton are going to have a lot of explaining to do. Sadly the situation is much the same for the Board. Trust me... I have no axe to grind with you due to Jim's incompetency and/or fraudulent behavior. Your duty is to represent the shareholders interest and I intend to hold you to that duty. This is an act of fraud and presuming you concur, once you have had the opportunity to thoroughly understand all the facts, you are empowered to unwind the transaction.

Please provide us with the assurance that the shareholders of Gryphon Gold will be protected from this most unfortunate turn of events. I am quite prepared to work with you to sort this out but I must tell you I will not hesitate to pursue legal action should the interests of shareholders continue to be abused.

Respectfully,

Murray Bockhold  
RichardsonGMP

PS. Please forward a copy to the other member of the Board - Bill Goodhard.

## Email 7

**Date:** Wednesday, 6 February, 2013 5:44 PM

**To:** Marvin Kaiser <[marvinkent@aol.com](mailto:marvinkent@aol.com)>, Philippe Tardif <[PTardif@blgcanada.com](mailto:PTardif@blgcanada.com)>

**Cc:** Jerry Baughman <[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)>, Tony Ker <[tker@ridgelinecanada.com](mailto:tker@ridgelinecanada.com)>, Terence Cryan <[tcryan@concertenergypartners.com](mailto:tcryan@concertenergypartners.com)>, John Sandrelli <[john.sandrelli@fmc-law.com](mailto:john.sandrelli@fmc-law.com)>, Howard Shapray <[howard@shapraycramer.com](mailto:howard@shapraycramer.com)>

**Subject:** A constructive path forward

Dear Marv,

I want to reiterate my desire to work with the board of Gryphon Gold to protect the interests of the shareholders. Clearly I am frustrated and upset with the way Jim O'Neil has mis-managed the 'situation'. Accepting a \$50k raise the same day that half the mine workers were laid off was, in my view, yet another sign of his inappropriate behavior. However, that in no way dissuades me from my interest in surfacing the value of the Borealis on behalf of shareholders. In fact, the recent turn of events has solidified my resolve. As my emails have demonstrated, and you heard in our conversation in November, avoiding dilution and ensuring the mine gets into production has been a very clear goal of mine ever since the departure of John Key... not to mention the 4 years previous to that when my long time friend Tony Ker was CEO of the Company. Yes... in spite of my best intentions I have been a long *suffering* shareholder of GGN for 5 years. I desperately want to change that to be a *successful* shareholder of GGN over the next 5 years

Recall we spoke in November about Jim and the Boards responsibility to be accountable to the shareholders to prevent further miss-hap. Sadly, we both placed our trust in someone we shouldn't have. I am guilty of making the same mistake as you... which in part, is why I am so determined to correct it. The good news is there is a way out for all of us and here are 3 important reasons why:

- 1) The Borealis is no longer a mine that might produce one day... it is producing every day. With the new permit that was just released the cash flow will rise substantially and the operational risks going forward have been reduced dramatically. The business has the ability to pay down debt very rapidly
- 2) The evidence suggests that mis-management is one of the key reasons for our predicament. Should we determine that we need to replace the CEO we have significant resources to bring to the table that can assist the Board
- 3) Chapter 11 offers the perfect solution because it provides us an opportunity to keep our 40% interest while also providing an ability to "look back" and unwind the existing agreement... thereby maintaining our 100% interest. Chapter 11 is designed precisely to protect Companies from situations such as these and you should embrace it, not fear it.

Your long time friend Roman Friedrich is of the same opinion Marv. You should also know that I have provided DIP financing before and am very familiar with the 'work-out' process. Sadly, I got firsthand experience with CCAA back in the early 80's when our family business had to file.

As the Chairman of the Board of Gryphon Gold I respectfully request that you provide me the opportunity to explore this path with the Board. I am available to fly to Toronto to meet with Phil and you on a moment's notice and am quite prepared to lead negotiations with Waterton once we are in Chapter 11 protection.

I want to be perfectly clear... I much prefer spending my time and yours in a constructive, professional, respectful process that surfaces value... not destroys it.

Please grant me the opportunity to demonstrate my capabilities.

Sincerely,

Murray Bockhold  
RichardsonGMP

**Murray Bockhold** | *Director, Wealth Management*  
**Bockhold Investment Management Group** | *Richardson GMP Limited*  
*Suite 1800-666 Burrard Street, Vancouver, B.C. V6C 2X8*  
*Direct Line: (604) 678-6570 | Fax: (604) 678-6640 | Toll Free: (866) 364-7735*

[www.RichardsonGMP.com](http://www.RichardsonGMP.com)

Email 8

On 2013-02-06 9:31 PM, "Jerry Baughman" <[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)> wrote:

Hi Marv,

After reading the various e-mails I thought it would be a good idea to send you a note on what I witnessed last Friday February 1.

I know we had a good friendly and cooperative relationship when I was a board member with you at Gryphon. I think you know me enough to know I would be completely truthfull about what I witnessed last Friday with Jim O' Neil. The details of the meeting that Murray describes in his e-mail to Jim and others are exactly why I witnessed during that 2 hour meeting. I can also tell you over the last several months active and present employees of Gryphon have told me they had major concerns about the relationship between Jim and Waterton. At the time I didn't think much of there comments. From what I have now witnessed and reviewed I now can see there is definitely something very wrong between Jim and Waterton.

I am very disturbed on what has taken place and I hope with your help we can somehow fix this situation for the shareholders of Gryphon Gold.

Jerry Baughman  
Office: 775-853-1913  
E-Mail [jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)

**Email 9**

**Date:** Wednesday, 20 February, 2013 8:07 AM  
**To:** Marvin Kaiser <[marvinkent@aol.com](mailto:marvinkent@aol.com)>, Bill Goodhard <[bgoodhard@comcast.net](mailto:bgoodhard@comcast.net)>, Jerry Baughman <[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)>  
**Subject:** Re: A constructive path forward

Marv and Bill

Thank you for organizing our call yesterday. As a follow up Jerry and I would like to speak with both of you today. There are a couple of topics:

1) We are anxious to know the rate on the 'new' loan that has been advanced by Waterton. You indicated it was in the 8-K (when we spoke before the 8-K was released) but we have been unable to find it.

Jim told Jerry and I it was 10% per month. You indicated it wasn't but have not said what it is? Clearly this rate is important as it determines the rate at which we continue to get diluted... which influences how quickly we must act to make arrangements to fund the payback of the note.

2) Per above I am anxious to get our Investment Bankers down to the property asap. I have some questions pertaining to this.

3) We are very concerned about the false and misleading nature of the press release (and Don's comments to the same on the call.) These are facts, not conjecture or accusation. We seek clarity from the Board with respect to this matter.

Please let Jerry and I know what time is convenient for both of u. We will work to whatever time fits your schedules.

Thank you in advance.

Murray and Jerry

**From:** Reid A. Godbolt [<mailto:rgodbolt@joneskeller.com>]  
**Sent:** Tuesday, February 19, 2013 11:14 AM  
**To:** 'marvinkent@aol.com' <[marvinkent@aol.com](mailto:marvinkent@aol.com)>; Murray Bockhold; 'john.sandrelli@fmc-law.com' <[john.sandrelli@fmc-law.com](mailto:john.sandrelli@fmc-law.com)>; 'bgoodhard@comcast.net' <[bgoodhard@comcast.net](mailto:bgoodhard@comcast.net)>; 'jerrybaughman@sbcglobal.net' <[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)>  
**Subject:** Re: A constructive path forward

All:

The dial in number is 888.533.0177.

The code is 3035731600#.

John - I will be contacting you shortly to go over what I would like to cover on the call.

Reid A. Godbolt, Esq.  
1999 Broadway, Suite 3150  
Denver, Colorado 80202  
P: 303.573.1600 ext. 121 | C: 303.905.5973 | F: 303.573.8133  
JONES&KELLER, P.C.  
[rgodbolt@joneskeller.com](mailto:rgodbolt@joneskeller.com)  
[www.joneskeller.com](http://www.joneskeller.com)

Email 10

-----Original Message-----

From: Murray Bockhold

Sent: Wednesday, February 20, 2013 12:21 PM

To: '[rgodbolt@joneskeller.com](mailto:rgodbolt@joneskeller.com)'; '[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)'; '[john.sandrelli@fmc-law.com](mailto:john.sandrelli@fmc-law.com)'

Subject: Special Committee of Gryphon Gold

Hi Reid

I don't know how I could have been clearer in this email requesting that you be provided the emails Jerry and I have sent to the Board PRIOR to yesterday's call?? It would appear the Board is choosing to use the same method of procrastination and obfuscation that Jim is so adept at. I trust you will work differently... although it may not matter??

Sadly, since neither the Board nor Jim own any shares of any meaningful amount they have no motivation whatsoever to act in a timely, efficient or proactive manner. Certainly their words indicate they are concerned on behalf of shareholders... but their actions are entirely different

Have you received a copy of the emails and the press release and permit approval yet?

Thank you in advance for your prompt reply

Murray

-----Original Message-----

From: Murray Bockhold

Sent: Saturday, February 16, 2013 11:10 AM

To: '[marvinkent@aol.com](mailto:marvinkent@aol.com)'; '[bgoodhard@comcast.net](mailto:bgoodhard@comcast.net)'; '[rgodbolt@joneskeller.com](mailto:rgodbolt@joneskeller.com)'; '[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)'; '[john.sandrelli@fmc-law.com](mailto:john.sandrelli@fmc-law.com)'

Cc: '[tcryan@concertenergypartners.com](mailto:tcryan@concertenergypartners.com)'

Subject: Special Committee of Gryphon Gold

Gentleman,

As each day unfolds and new information arrives this situation becomes

that much more obvious... and horrific. Yesterdays conference call is yet another case in point. My patience is wearing thin and we haven't even had our first meeting.

'Our' CEO needs to be removed from office immediately. On Tuesday our goal is to address the facts and make this determination ON OUR CALL.

To facilitate moving quickly... very quickly... I have a few requests in advance of our session:

1) Would each participant ensure they have a) thoroughly read and understood all of my and Jerry's prior emails to the Board b) listened to the entire Q3 conference call

<http://public.viavid.com/player/index.php?id=103225>

2) On the call Jim spoke of 'advisors' to the Board and GGN. Who are they and what information have they provided? He specifically mentioned a Fairness Opinion by Roth. Please forward a copy prior to our conf call.

Thank you in advance for your prompt attention and diligence in pursuing the best course of action to protect the interests of the shareholders of Gryphon Gold and uphold your fiduciary duty on their behalf.

Respectfully,

Murray Bockhold

Email 11

On 2013-03-04 3:18 PM, "Murray Bockhold" </O=GMP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=MBOCKHOLD> wrote:

Hi George.

Thought it might be useful to update you on some info about GGN before our meeting on Wed. As you can see from these photos (taken last week) it's a busy place!

I'm meeting with the 2 largest shareholders at PDAC on Wednesday morning. Collectively we own upwards of 40m shares (194m total). Our plan is to launch a bid for +/-60m at a 20% premium to VWAP (currently 0.042 so we bid 5c - \$3m required)

Step 1 with 98m either thru ownership or proxy we call a Special Meeting and punt the Board. (they can't prevent once we have the proxies)  
Step 2 we replace Board with the X-CEO Tony Ker (subject to legal ok), a former Director Jerry Baughman and myself  
Step 3 we punt the CEO and COO who are both Waterton 'people'  
Step 4 the mine has a strong #2 ops guy with the Board providing oversight until new mgmt is in place (GMP mandate??)  
Step 5 we file for Ch 11, unwind the recent JV and renegotiate with Waterton and/or take them out - GMP/Acumen mandate to raise the \$23m

It's a little messier than the deal with Klondex that GMP just did in Nov but essentially accomplishes exactly the same thing

One of the nice things about this is the mine is cash flow positive (as is, where is) so once in Ch 11 we will have the luxury of having some time on our side while we clean things up.

See you Wednesday

Cheers,

Murray

Email 12

On 2013-03-16 1:06 PM, "Murray Bockhold"

Hi Jim

Been busy with some of my other investments. Back focused on GGN again. As u might imagine I still have an interest in preventing further dilution to the shareholders. I would appreciate your help in understanding how I can do that?

First, could u explain where the \$4m 'is' that has already been advanced by Waterton? I assume all, or a good portion of it is in GGN's bank account?

Second, what are the monthly payments for both the outstanding loans (balance of original facility and the new \$4m 'advance').

Third, I would like to explore taking out the 'advance' on more favorable terms to the shareholders. Could u please confirm the effective annual interest rate on this facility. The press release sites an escalating effective annual rate that is different from the rate you quoted Jerry and I in our meeting in Carson City (ie. 10% per month or 120% annually). RGMP/GMP is prepared to offer better terms and wants to provide the Board with a Term Sheet.

Thank you in advance for your prompt response.

Murray

Email 13

**From:** <Sandrelli>, John <[john.sandrelli@dentons.com](mailto:john.sandrelli@dentons.com)>  
**Date:** Wednesday, 29 May, 2013 12:16 PM  
**To:** Bill Goodhard <[bgoodhard@comcast.net](mailto:bgoodhard@comcast.net)>  
**Cc:** Marvin Kaiser <[marvinkent@aol.com](mailto:marvinkent@aol.com)>, Jerry Baughman <[jerrybaughman@sbcglobal.net](mailto:jerrybaughman@sbcglobal.net)>, "[james.crowe@FaegreBD.com](mailto:james.crowe@FaegreBD.com)" <[james.crowe@FaegreBD.com](mailto:james.crowe@FaegreBD.com)>, Murray Bockhold <[murray.bockhold@richardsongmp.com](mailto:murray.bockhold@richardsongmp.com)>, "Tsang, Kelly" <[kelly.tsang@dentons.com](mailto:kelly.tsang@dentons.com)>, Ian Dawson <[idawson@telus.net](mailto:idawson@telus.net)>  
**Subject:** RE: Written proposal

Bill,

As requested, we are pleased to enclose a proposed DIP Term Sheet for consideration by Gryphon Gold Corporation. A couple of items to note:

1. There is a note to draft in regards to subsidiaries as we are unaware as to whether there are any. We appreciate that Borealis Mining Company LLC will not be a guarantor but there may be other subsidiaries which are appropriate and we have not had an opportunity to compete our diligence on the point; and
2. The Lender is a current shareholder and we understand that they are prepared to be the sole lender on the facility. We have referenced a possible assignee as they may wish to have the lender be an affiliate or other entity.

We are available to discuss today at your convenience.

Regards,

**John R. Sandrelli**  
Partner

D +1 604 443 7132  
T +1 604 687 4460  
M +1 604 889 3792  
F +1 604 683 5214

Dentons Canada LLP  
20th Floor, 250 Howe Street  
Vancouver, BC V6C 3R8 Canada

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[LinkedIn](#)

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delete this email from your systems. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

Email 14

-----Original Message----- From: [murray.bockhold@gmail.com](mailto:murray.bockhold@gmail.com)  
Sent: Sunday, July 28, 2013 6:55 PM  
To: Jim Benson ; Gerry Price ; Steve Craig ; JP Schumacher ; John Key ; [ronsurgeon@yahoo.com](mailto:ronsurgeon@yahoo.com) ; [darlenepainter@msn.com](mailto:darlenepainter@msn.com) ; [deranta@comcast.net](mailto:deranta@comcast.net) ; Gerry Rayner ; [jwelsh@telestonevada.com](mailto:jwelsh@telestonevada.com) ; [flyboymel@sbcglobal.net](mailto:flyboymel@sbcglobal.net) ; [lee.brian.andrews@gmail.com](mailto:lee.brian.andrews@gmail.com) ; [scott.price@frontiernet.net](mailto:scott.price@frontiernet.net)  
Cc: Jerry Baughman ; Chris Wicker  
Subject: Friends of Gryphon Gold

All,

A few months ago you were contacted by either Jerry Baughman or myself in connection with a proxy solicitation regarding GGN. Subsequently, we initiated discussions directly with the Board and presented them with a Term Sheet for a Ch 11 Debtor-in-Possession financing. For the past 6 weeks they have delayed for one reason or another... all the while stating their intention to accept it. As of this coming Tuesday the clock runs out for us and we lose the balance of our interest in the mine. All the evidence thus far suggests the Board wants the shareholders of GGN to lose the Borealis.

Out of an abundance of caution we launched a law suit last week requesting a court appointed Receiver. Our hearing is this Tuesday at 9am in Reno and I will be in attendance along with our counsel Chris Wicker.

You can help assist us by putting your support behind our effort. At the moment we have in excess of 50m shares signed on but there is no such thing as too many! Simply fill in the blanks using the wording below, sign and PDF a copy to me with a cc to Chris. If you happen to have a copy of a current statement verifying the shares you own please include it as well.

I am more than pleased to provide you a PDF of our application to the court should you wish to see it.

Sorry for the short notice. Thank you for your support... we look forward to a positive outcome on Tuesday.

Sincerely,

Murray Bockhold

Suggested wording:

"I, \_\_\_\_\_, hereby give my full support, as a shareholder of Gryphon Gold Corporation, to the Application of Murray Bockhold, et. al. in Case No. CV13-01610, Department B6, to obtain the appointment of a Receiver for Gryphon Gold Corporation so that the Receiver may file a petition in bankruptcy prior to July 31, 2013. I certify that I own \_\_\_\_\_ shares of Gryphon Gold Corporation. I authorize Murray Bockhold to speak on my behalf in support of the Application for Receiver.

I declare under the penalty of perjury under the laws of the State of Nevada that the above statement is true and correct to the best of my knowledge.

Dated this \_\_\_ day of July, 2013.

\_\_\_\_\_  
(signed)"

GRYPHON GOLD CORPORATION DEBTOR IN POSSESSION LOAN FACILITY

TERM SHEET

For

FINANCING TERMS AND CONDITIONS

May \_\_, 2013

This summary of proposed terms and conditions (this "Term Sheet") does not represent or constitute any commitment to underwrite, arrange, place or provide any financing, or otherwise extend any credit or make loans to, or on behalf of, Gryphon Gold Corporation or any of its subsidiaries or affiliates or any other person, or enter into negotiations with respect to any of the foregoing. This summary of proposed terms and conditions is not intended as a comprehensive statement of all of the terms and conditions of any such financing or extension of credit or loans that may be made under the facilities described herein. Any such financing or extension of credit or loans is subject to satisfactory completion of definitive legal documentation.

<b>DIP Borrower</b>	Gryphon Gold Corporation (the " <b>DIP Borrower</b> ")
<b>DIP Guarantees</b>	Guarantees of the DIP Loan Facility by [any subsidiaries?] (collectively, the " <b>DIP Guarantors</b> ").
<b>Chapter 11 Debtors</b>	The DIP Borrower and the Dip Guarantors shall file a voluntary proceeding under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the [District of Nevada] (the " <b>U.S. Bankruptcy Court</b> "). The DIP Borrower and the DIP Guarantors are collectively called the " <b>Chapter 11 Debtors</b> " and such proceedings called the " <b>Chapter 11 Proceedings</b> ".
<b>DIP Lender</b>	G.R. Dawson Holdings Limited or its assignee
<b>DIP Loan Facility</b>	The DIP Loan Facility (the " <b>DIP Loan Facility</b> ") shall be in the total principal amount of U.S. \$1 million.
<b>Upfront Fee</b>	4% fully-earned and non-refundable, to be paid at Close (defined below) out of the proceeds of the DIP Loan Facility, calculated on \$1 million.
<b>Interest Rate</b>	An annual rate equivalent to one-month U.S. LIBOR + 9.5% based on a 360-day year, calculated and payable monthly not in advance.
<b>Use of DIP Loan Proceeds</b>	To pay reasonable expenses: (i) for the Chapter 11 Proceedings including reasonable fees and expenses of the DIP Lender and the Chapter 11 Debtors; (ii) with respect to the operation and maintenance of the interest in the Borealis mine and related assets as might be required directly or by way of capital call (the Borealis mine and all other property and assets of the Chapter 11 Debtors related in any way to the Borealis mine operations are collectively called the " <b>Borealis Property</b> "); (iii) for general corporate purposes of the Chapter 11 Debtors; and (iv) to complete any review of the interest in the Borealis Property, in each case pursuant to the Approved

Budget (defined below) and subject to permitted variances (which permitted variances must be satisfactory to the DIP Lender). For certainty, the DIP Borrower shall be permitted to on-lend to Borealis Mining Company LLC a portion of the proceeds from the DIP Loan Facility, as expressly permitted by the Approved Budget, for the purposes of meeting any obligations of the DIP Borrower in regards to the Borealis Property.

<b>Maturity Date</b>	Twelve months (12) after the advance.
<b>Drawdown</b>	Three advances of \$500,000, \$250,000 and \$250,000. The initial advance will occur on closing with subsequent advances as required, in accordance with the Approved Budget.
<b>Repayment</b>	The DIP Loan Facility shall be repaid in full upon the earlier to occur of: <ul style="list-style-type: none"><li>(a) the Maturity Date; and</li><li>(b) the occurrence of an Event of Default.</li></ul>
<b>Fees and Expenses</b>	The DIP Borrower shall pay in full: <ul style="list-style-type: none"><li>(a) out of the advance under the DIP Loan Facility the actual out-of-pocket outstanding fees and expenses, if any, of the DIP Lender and their advisors, including but not limited to the fees and expenses of Dentons Canada LLP, Canadian counsel to the DIP Lender and Dentons U.S. LLP, U.S. counsel to the DIP Lender and local counsel for the DIP Lender in the United States (collectively, the “<b>DIP Lender Advisors</b>”), for which written invoices have been submitted to the DIP Borrower prior to Close;</li><li>(b) all reasonable and documented fees and expenses thereafter incurred by the DIP Lender and the DIP Lender Advisors, during the pendency of the Chapter 11 Proceeding and until repayment in full of the DIP Loan Facility in any event; and</li><li>(c) all reasonable and documented fees and expenses thereafter incurred by the legal and financial advisors of the Chapter 11 Debtors (whether incurred prior to or during the pendency of the Chapter 11 Proceedings), and subject to the Approved Budget.</li></ul>
<b>Close</b>	The business day next following the date on which all conditions precedent have been satisfied by the DIP Borrower or waived by the DIP Lender (the “ <b>Close</b> ”).
<b>Guarantees and Security</b>	The DIP Loan Facility shall be: <ul style="list-style-type: none"><li>(a) [guaranteed by all DIP Guarantors];</li><li>(b) secured by a superpriority priming lien (the “<b>DIP Lien</b>”) over and against all existing and after-acquired property and assets of the DIP Borrower and [each DIP Guarantor] (including all loans receivable and security therefor) to be granted by order of the U.S. Bankruptcy Court in the Chapter 11 Proceedings, subject</li></ul>

only to the Permitted Priority Liens;

- (c) secured by the DIP Lien as to all existing and after-acquired property and assets of the DIP Borrower [and each DIP Guarantor] (including all loans receivable and security therefor) to be granted by order of the U.S. Bankruptcy Court in the Chapter 11 Proceedings, subject only to the Permitted Priority Liens; and
- (d) secured by security agreements and mortgages charging all existing and after-acquired property and assets of the Chapter 11 Debtors as security for their respective obligations under the DIP Loan Facility subject only to the Permitted Priority Liens.

**Permitted Priority Liens**

- (a) [The administrative claims in the Chapter 11 Proceedings]; and
- (b) existing perfected purchase-money security interests or leases in equipment and mechanics liens.

**Undertaking with respect to Chapter 11 Proceedings**

The DIP Borrower shall use its commercially reasonable best efforts to obtain by June ●, 2013 the entry of an order in the U.S. Bankruptcy Court an order under Chapter 11 of the U.S. Bankruptcy Code approving the DIP Loan Facility and granting to the DIP Lender a superpriority priming lien against the property and assets of the Chapter 11 Debtors, subject only to the applicable Permitted Priority Liens.

**Financing Documents**

Financing Documents will include the:

- (a) loan agreement;
- (b) promissory notes
- (c) guarantees and security documents contemplated by the section titled "Guarantees and Security"; and
- (d) standard officers' certificates, directors' resolutions, incumbency certificates and legal opinions in respect of the foregoing,

all in form and substance satisfactory to the DIP Lender.

**Voluntary Prepayment**

Voluntary prepayments of minimum amounts of U.S. \$100,000 will be permitted on at least 5 days prior written notice; amounts prepaid will not be available for redraw.

**Mandatory Prepayment**

The DIP Borrower [and the DIP Guarantors] shall, immediately upon receipt of:

- (a) the net proceeds of any financing received after the advance of the DIP Loan Facility;
- (b) the net proceeds of any sale of the Borealis Property or any other property or assets of any Chapter 11 Debtors; and
- (c) any amounts received (i) out of the net proceeds of any insurance payments in respect of the Borealis Property or assets

of any of the Chapter 11 Debtors or (ii) from any equity offering, apply all such amounts to prepay the DIP Loan Facility, in each case subject to the prior payment of any Permitted Priority Liens.

**Restricted Payments**

The DIP Borrower shall not make any distributions or payments other than in accordance with the Approved Budget while amounts are outstanding under the DIP Loan Facility.

**Conditions Precedent to Close**

Standard and customary for a financing of this type, including but not limited to (unless waived by the DIP Lender):

- (a) Entry of an interim order in the Chapter 11 Proceedings, (the “**DIP Order**”) approving the terms of the DIP Loan Facility, authorizing the granting in favour of the DIP Lender [the guarantees] and other security provided for in this Term Sheet with respect to the DIP Loan Facility, and granting to the DIP Lender the DIP Lien over all property of the DIP Borrower, subject only to the applicable Permitted Priority Liens;
- (b) no appeal shall have been filed in respect of any of the court orders listed in this "Conditions Precedent to Close" section;
- (c) The DIP Lender shall be entitled to nominate 3 representatives to the Board of Directors of the DIP Borrower and same shall have been properly and duly appointed;
- (d) All Financing Documents have been executed and delivered and are in full force and effect and registered where applicable with the priority required hereunder; and
- (e) Satisfactory documents related to know-your-client and anti-money laundering rules and regulations,

in each case, in form and substance satisfactory to the DIP Lender, acting reasonably.

**Covenants**

Standard and customary for a financing of this type with respect to the Chapter 11 Debtors, including but not limited to:

- (a) Commencement of the Chapter 11 Proceedings;
- (b) Payment of (i) all outstanding fees and expenses of the DIP Lender and the DIP Lender Advisors to be paid on Closing through a funds direction; and (ii) all reasonable and documented fees and expenses thereafter incurred by the DIP Lender and the DIP Lender Advisors during the pendency of the Chapter 11 Proceedings;
- (c) Prohibition on incurring additional indebtedness;
- (d) Prohibition of liens, other than the Permitted Priority Liens;
- (e) To the extent required by the DIP Lender, advances from DIP Borrower to subsidiaries and affiliates shall be made as secured advances pursuant or subject to security and other

- documentation agreed by the DIP Lender prior to Close;
- (f) Limitation on sales and purchase of material assets;
  - (g) Limitation on loans and investments;
  - (h) Limitation on mergers and acquisitions;
  - (i) Limitation on issuance of additional equity;
  - (j) Limitation on change of control;
  - (k) Limitation on changes of line of business;
  - (l) Limitations on capital expenditures;
  - (m) Limitation on sale and leaseback transactions;
  - (n) Limitation on transactions with affiliates, except as contemplated in this Term Sheet;
  - (o) Operation of business by each Chapter 11 Debtor in accordance with prudent industry practices and to make best efforts to avoid any occurrences that would negatively impact such Chapter 11 Debtor;
  - (p) Maintenance of existence and limitation on material amendments to constitutive documents;
  - (q) Maintenance of government approvals, permits and consents;
  - (r) Prompt access for the DIP Lender, and their respective agents, to the site and books and records, including the Borealis mine plan, the data room for Borealis, if any, as well as all other materials reasonably requested by the DIP Lender;
  - (s) Maintenance of property and operation of the interest in the Borealis Property in accordance with good industry practices;
  - (t) Delivery to the DIP Lender of customary information (including financial statements) about the assets and liabilities of the Chapter 11 Debtors, including notices of defaults, litigation, instigation of any bankruptcy or insolvency proceeding and other material events;
  - (u) Limitation on the DIP Borrower's [and respective DIP Guarantors'] right to settle claims or proceedings; and
  - (v) Compliance with the Approved Budget subject to agreed permitted variances.

#### **Events of Default**

Standard and customary events of default in respect of the DIP Borrower and the other Chapter 11 Debtors and DIP Borrower affiliates, including but not limited to the following:

- (a) The entry of an order dismissing or terminating the Chapter 11 Proceedings, the commencement of a Canadian BIA or U.S. Chapter 7 proceeding, the conversion of the Chapter 11

Proceedings to a Chapter 7 proceeding or a provisional or a final liquidation;

- (b) The entry of an order staying, reversing, vacating or otherwise modifying the Chapter 11 interim order;
- (c) Other than as described herein, the entry of an order granting any other claim superpriority status or a lien equal, prior or superior to that granted to the DIP Lender in the Chapter 11 Proceedings;
- (d) The entry of an order lifting the stay of proceedings granted in the Chapter 11 Proceedings without the prior consent of the DIP Lender;
- (e) Any order is issued in the Chapter 11 Recognition Proceedings without the prior consent of the DIP Lender which, in the opinion of the DIP Lender acting reasonably, adversely impairs or affects any rights and benefits of the DIP Lender under or in connection with the DIP Loan Facility (including without limitation the Financing Documents or in respect of the security, charges or DIP Charge or the priority thereof);
- (f) Any appeal is filed in respect of any order approving this DIP Loan Facility (including without limitation the granting of the DIP Charge by the applicable court in the Chapter 11 Proceedings) before the expiry of the applicable appeal period;
- (g) Any representation or warranty being untrue in any material respect when made or (deemed to be) repeated under any Financing Document;
- (h) Failure to observe or to perform any undertaking or other provision of any Financing Document, or to maintain in effect, any Financing Document;
- (i) Any Financing Document becomes unenforceable, invalidated, terminated or illegal;
- (j) Abandonment;
- (k) Event of total loss;
- (l) Change of control;
- (m) Non-compliance with law; and
- (n) Expropriation.

Cure periods, if any, applicable to the foregoing Event of Defaults shall be agreed prior to Close (but same are to be satisfactory to the DIP Lenders in any event).

All amounts owing in respect of the DIP Loan Facility shall become due and payable on the occurrence of an Event of Default.

**Cash Flow Forecast**

On or prior to June ●, 2013, and on the last Friday of each month thereafter, the DIP Borrower shall, on behalf of itself [and each of the DIP Guarantors], prepare and deliver to the DIP Lender, a 13-week cash flow forecast (the “**13-Week Forecast**”), in a form and with detail reasonably acceptable to the DIP Lender and reflecting, without limitation, in separate tabulations with a weekly reconciliation and a monthly roll forward, the good faith projections of all cash receipts and disbursements of the DIP Borrower [and the DIP Guarantors] and their respective consolidated subsidiaries (except as otherwise required by the DIP Lender) in connection with the operation of their respective businesses, which 13-Week Forecast shall be approved or objected to by the DIP Lender on or before the Wednesday of the following week (if and as approved, the “**Approved Budget**”). Compliance with the Approved Budget by the DIP Borrower shall be subject to an agreed permitted weekly variance (such to be negotiated permitted variance to be satisfactory to the DIP Lender in any event).

**Governing Law and Submission to Jurisdiction**

Nevada, U.S. (certain security agreements and charges will be governed by New York law).

**DIP Lenders’ Counsel**

Dentons Canada LLP and Dentons U.S. LLP

**DIP Borrower’s Counsel**

[Faegre Baker Daniels]

**Currency**

All amounts referred to herein are in U.S. dollars unless otherwise expressly provided.

**Confidentiality**

This Term Sheet shall not, without the prior written consent of the DIP Lender, be disclosed by the DIP Borrower [or any DIP Guarantor] to any person other than the employees, directors and professional advisors of the DIP Borrower [and the DIP Guarantors].

**Supersede Previous Commitments**

This agreement supersedes any commitment agreements previously delivered to the DIP Borrower, and any prior verbal negotiations in connection with the subject matter hereof.

*(Remainder of page intentionally left blank)*

The foregoing is satisfactory to the DIP Borrower [and the DIP Guarantors].

DATED May [ ], 2013.

**DIP BORROWER:**

**Gryphon Gold Corporation**

By \_\_\_\_\_  
Name  
Title

**DIP GUARANTORS:**

[ ]

By \_\_\_\_\_  
Name  
Title

**DIP LENDER:**

[ ]

By \_\_\_\_\_  
Name  
Title