EXHIBIT 35
Gryphon Gold Corporation

Initial Report

Private & Confidential
April 28, 2015

pwc
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April 28, 2015

Woodburn and Wedge
Attorneys at Law
Sierra Plaza
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89511-1149

Attention: Messrs. John F. Murtha and Chris Wicker

Dear Messrs. Murtha and Wicker:

Subject: Gryphon Gold Corporation ("Gryphon" or the "Company")

A. Introduction

1. Pursuant to a contract dated February 25, 2015, PricewaterhouseCoopers LLP ("PwC", "we" or "us") has been engaged by Woodburn and Wedge ("Woodburn", "you", "your"), on behalf of its clients, Murray Bockhold and G.R. Dawson Holdings Ltd. ("BDG"), to do the following:
   
   a. Investigate a series of transactions between Gryphon, Waterton Global LLC and Waterton Global Value, LP (collectively, "Waterton") which resulted in the majority ownership of the Borealis Oxide Heap Leach Project (the "Mine") transferring from a wholly owned subsidiary of Gryphon to a subsidiary of Waterton in January 2013 (referred to as the "Borealis Transaction"); and
   
   b. Perform financial and operational due diligence in relation to the Mine and Borealis Mining Company LLC ("Borealis LLC"), the Waterton controlled entity which currently owns the Mine.

2. We understand that Gryphon filed for Chapter 11 creditor protection in July 2013 and is the subject of ongoing legal proceedings in United States Bankruptcy Court, District of Nevada (the "Court").

3. BDG, with the assistance of PwC, is performing due diligence in relation to the formulation and funding of a potential Chapter 11 plan.

4. The Court has also granted BDG the right to investigate the Waterton Loans (later defined) and the Borealis Transaction, including requesting additional, relevant documentation from Waterton and Borealis LLC (the "Waterton Documentation").

5. This report (the "Report") contains our preliminary findings based on our analysis of the information and documents described in Appendix B.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.
6. All references to currency in the Report are to United States Dollars ("$"), unless otherwise stated.

7. We certify that:
   a. We are aware that we have a duty to assist the Court and not to be an advocate for any party ("Duty of Independence").
   b. We have prepared the Report in conformity with that Duty of Independence.
   c. If called upon to give oral or written testimony, we will give that testimony in accordance with that Duty of Independence.
   d. We have reviewed Rule 11-2 of the British Columbia Supreme Court Civil Rules with respect to expert witnesses (Appendix L) and certify that we conform with that duty in the preparation of the Report.
   e. Mr. Robert J. Sandy is the person responsible for the opinions contained in the Report.

B. Restrictions and Qualifications

8. The Report is subject to the restrictions and qualifications set out in Appendix A, which are an integral part of the Report.

C. Scope of Review – Preliminary Investigation

9. In preparing the Report, we have relied upon information from various sources, as set out at Appendix B.

10. We have been advised by Woodburn that Gryphon's books and records were digitized and then the original hard copies were destroyed. The digitized records were stored with I-Wox, a third party digital storage provider based in North Vancouver, British Columbia. Sometime after January 2013, I-Wox cancelled its "cloud storage" contract with Gryphon due to non-payment and the Company's records were lost.

11. Our preliminary findings are subject to a scope limitation relating to the missing Gryphon records. As described throughout the Report, we have performed alternate procedures in an attempt to compensate for the missing information.

12. We received new information that is subject to privilege or confidentiality that is critical to our analysis. We intend to file a supplemental report as soon as the confidentiality/privilege issues are resolved.

D. Preliminary Findings

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F. Did Gryphon Require Additional Financing in Early 2012?

34. According to its December 31, 2011 interim financial statements (the “Q3 2012 Financials”), the Company was in serious financial trouble in early calendar 2012. Gryphon had negative working capital ($3.3 million), an accumulated deficit of over $40 million and the Mine was not yet generating positive operating results or cash flows. The unaudited balance sheet of Gryphon as at December 31, 2011 is included as Appendix E.

35. The notes to the Company’s fiscal 2011 year end (March 31, 2011) audited financial statements and the Q3 2012 Financials both contained going concern warnings which expressed substantial doubt about the Company’s ability to continue operating.
36. Gryphon clearly needed to arrange additional financing in early 2012 if it hoped to stay in operation.

G. Did Gryphon’s Officers and Directors Explore All Available Financing Options in Early 2012?

37. Note 1 to the Q3 2012 Financials (Appendix E) stated that the Company was ".........currently conducting negotiations with multiple parties to obtain the required financing". As discussed in the Scope of Review – Preliminary Investigation section of the Report, we have been unable to determine the following because of Gryphon’s missing books and records:

- Who the Company approached regarding financing in early 2012, other than Waterton;
- Whether the Company received any financing offers in early 2012 from parties other than Waterton; and
- Whether the terms and conditions of those other financing offers, if they existed, were more advantageous to the Company than Waterton’s offer of debt financing.

38. In order to investigate whether the Company’s officers and directors discharged their fiduciary duties to the Gryphon shareholders by using their best efforts to arrange the most advantageous financing package for the Company in early 2012, we have done the following:

- Discussed with Woodburn what they found when they reviewed the files of Faegre Baker Daniels ("Faegre"); the Company’s US legal counsel at the time of the Bridge Loan transaction with Waterton;
- Requested Woodburn to obtain the Company-related files from Borden Ladner Gervais ("BLG"); Gryphon’s Canadian legal counsel at the time of the Bridge Loan transaction;
- Requested Woodburn to subpoena Roth’s records regarding its dealings with the Company;
- Contacted Acumen Capital Partners Limited ("Acumen"), the Company’s Canadian corporate finance advisors, and discussed the services Acumen was providing to the Company in early 2012; and
- Requested Woodburn to depose Mr. O’Neil regarding the Company’s efforts to arrange financing as well as his relationship and past dealings with Waterton.

39. According to Woodburn there was no information in the Faegre files that they reviewed regarding the Company’s efforts to obtain financing in early 2012.

40. The following is a summary of our discussions with Mr. Kelly Hughes, Acumen’s Vice President of Investment Banking:

- Acumen had assisted the Company with its May 2011 public equity offering and in arranging the Debentures;
- Due to the Company’s poor operating results and inability to execute on its business plan, by late 2011 Gryphon had fallen out of favour with Acumen’s clients;
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- As a result of the Company’s poor track record, raising additional debt and/or equity financing for Gryphon would have been difficult;
- The Company’s officers and directors were not interested in discussing Acumen’s proposal to merge Gryphon with another mining company; and
- Acumen discouraged the Company from borrowing money from Waterton.

41. Once we have had an opportunity to review the deposition transcript of Mr. O’Neil, as well as the documents obtained from Roth and BLG, we will report back to the Court regarding the Company’s efforts to arrange additional financing in early 2012, particularly whether the Bridge Loan and Senior Credit Facility were in the best interests of the Company.

H. The Waterton Loans
I. The Borealis Transaction
J. Due Diligence Information Requests

92. In Appendix C, we have included a spreadsheet which outlines the following:

- Our due diligence information requests to Waterton relating to Borealis LLC and the Mine;
- The information provided to date by Waterton; and
- The information which Waterton has refused to provide.
Missing Financial Due Diligence Information

93. A critical part of the financial due diligence process is assessing the go-forward economics of the business subsequent to the transaction date, and determining which assets and liabilities that will be transferred to the buyer.

94. It is imperative to understand existing contractual relationships that could impact the go-forward income or expenditures and any liabilities that may exist at the time of transfer to the new owner.

95. As part of the financial due diligence of Borealis LLC we aim to perform the following:

- Access the historical financial performance, identifying key value drivers and business issues;
- Identify potential carve out considerations and transactions with related parties (e.g. Waterton), which may be at off-market amounts or contractual terms. This would impact the comparability of historical performance to the economics potential post transaction;
- Understand management’s expectations of the Company’s future development and analyze the related forward looking financial information; identity key value drivers and sensitivities based on our understanding of current operations and the historical financial performance; and
- Provide an overview of net assets and indebtedness, which would include a summary of debt and debt-like items to consider, including for example deferred revenue, capital leases, operating leases, off Balance Sheet commitments, legal claims, environmental claims and other items that may be considered debt-like in nature. These represent liabilities that will be transferred to the buyer. Therefore assessing the completeness and potential quantum of these liabilities is therefore a critical part of due diligence.

96. There are significant gaps in the information provided by Waterton to date. Without receiving the remainder of the information requested we will not be able to adequately evaluate the contracts currently in place, post-closing economics (income and expenses) and assumed/acquired liabilities.

97. The information provided to date is primarily numerical with respect to the historical period (e.g. historical trial balances and operational reports); no forward looking financial information has been provided to date. In order to assess the historical financial performance in detail, the information provided to date will have to be supplemented by an understanding of key commercial and trading relationships and contracts. This can only be achieved by assessing key contractual arrangements such as offtake arrangements, debt agreements, streaming arrangements, union agreements and related party arrangements. This information will allow us to ascertain the current status of key commercial and trading relationships and the impact to the go-forward financial performance.

98. In addition, to allow us to understand the Borealis LLC net assets and indebtedness, further detail will be required to supplement the limited balance sheet information provided. In essence, we are trying to ascertain the completeness of reported liabilities. This is typically determined by assessing key contracting arrangements, debt agreements, lease agreements, legal claims, environmental audits, capital expenditures historically to identify potential shortfalls and any planned go-forward capital expenditures. In the absence of this information we are unable to determine the completeness of disclosed liabilities.
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**Missing Operational/Technical Due Diligence Information**

99. We have not been provided with recent technical reports (e.g. NI 43-101), a geological block model or any short range and long range mine plans. Our inability to review this data will make it difficult to evaluate the Mine reserves/resources, forecast long range production plan, and value the Mine.

100. Due to our concerns over the underlying resource estimate, and lack of information as to the extent of depletion of the “reserve” that may have already taken place, we do not consider that the material provided meets the requirements of industry standards for declaration of a mineral reserve.

**K. Report Authorship**

101. This report has been prepared by Robert J. Sandy, CA•IFA, CBV. Mr. Sandy’s credentials are included in *Appendix N*.

Yours truly,

Robert Sandy, CA•IFA, CBV
Senior Advisor
Valuations, Modelling & Disputes