



Fast Facts

Issued Capital

Ordinary Shares on Issue:	155M ORD
Quoted Options:	75.2M
Unlisted Options:	10.5M
Cash in Bank:	A\$3.9M
Market Cap:	A\$41M
Market Cap A\$/oz:	A\$68.00
Debt:	Zero
EV:	A\$37M

Investment Highlights

- 650,000oz gold indicated and inferred mineral resource grading 3.17g/t at Medinandi Project, west Mali.
- PIR's attributable oz Au = 522,000oz.
- Maiden drilling programme at Medinandi demonstrated excellent continuity along a 2km strike length.
- Mineralisation of the Fadougou Main Zone remains open along strike and at depth.
- 1,800km² licences over prospective Birimian greenstone belt with less than 10% explored.
- Multi-pronged exploration programme focused on increasing resource inventory.
- Excellent green-fields exploration potential.

Directors and Management

Jeremy Shervington:
Chairman
Alan Campbell:
Managing Director
Alec Pismiris:
Non Executive Director
Stuart Hall:
Non Executive Director



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NEW GOLD DISCOVERY AT MEDINANDI

HIGHLIGHTS

- **New gold mineralisation discovered at Medinandi – Fadougou North East Zone (FNE).**
- **Wide, shallow, high grade intercepts:**
 - **18m @ 7.62g/t Au** (FNER015) from 79m to 97m,
 - **10m @ 5.02g/t Au** (FNER015) from 101m to 111m,
 - **13m @ 3.460g/t Au** (FNER003) from 19m to 32m,
 - **13m @ 3.20g/t Au** (FNER006) from 40m to 53m,
 - **5m @ 9.85g/t Au** (FNER006) from 101m to 106m,
- **Central 240m zone of strong bedrock gold mineralisation in steeply-dipping zones.**
- **Significant gold intercepts over a strike length in excess of 700m, and the zone remains open to the north and south.**
- **FNE zone has the potential to deliver wide ore-grade gold mineralisation.**
- **Results underscore potential of FNE to add to the Medinandi resource base.**

DRILLING PROGRAMME OBJECTIVES AND ACCOMPLISHMENTS

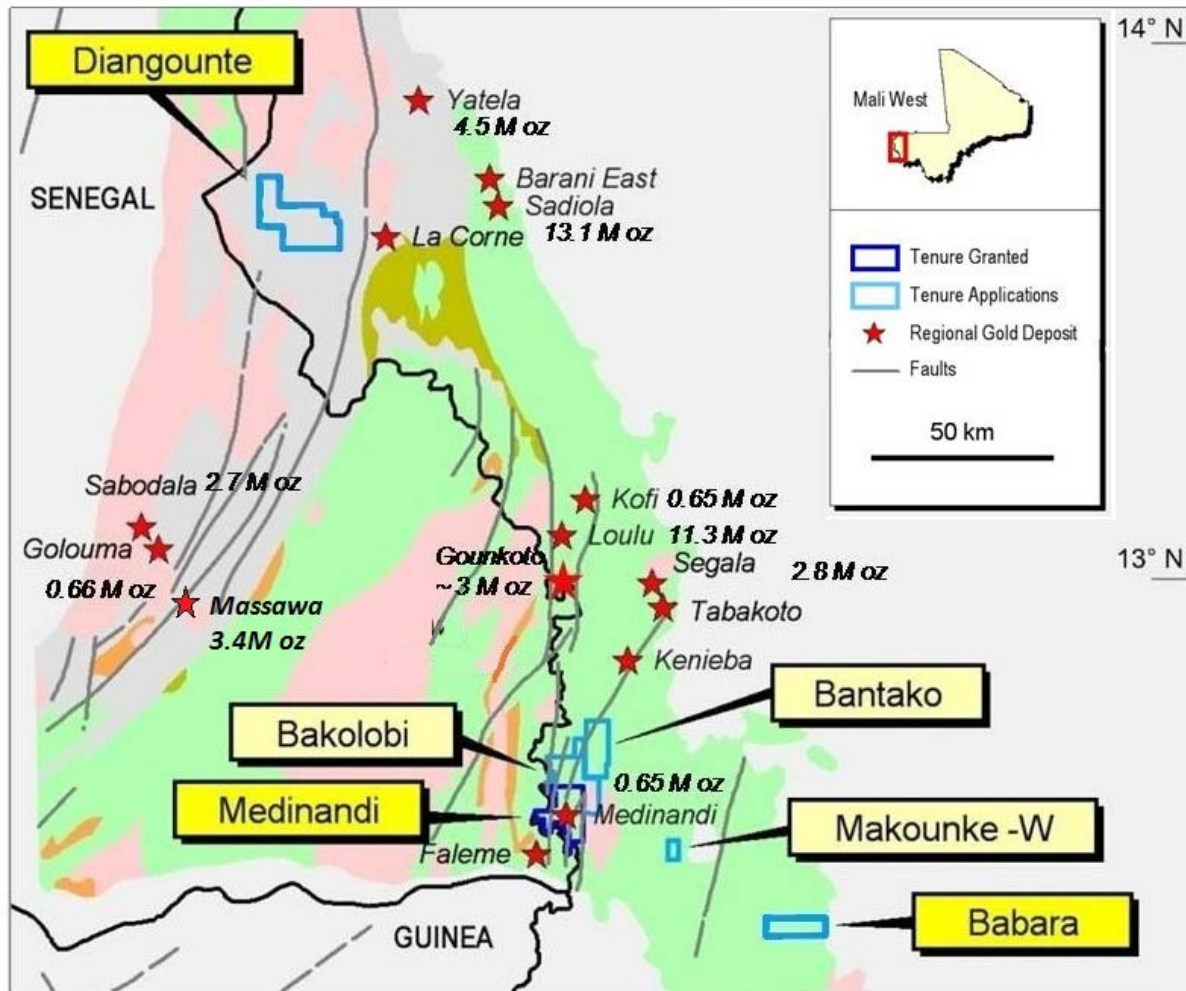
Papillon Resources Limited (ASX: PIR) ("Papillon" or "the Company") is pleased to announce the third tranche of drill results from its maiden drilling campaign at its flagship Medinandi Project in Mali, West Africa (Figures 1 and 2). Reverse circulation drilling at the **Fadougou North East (FNE)** exploration target has located significant gold intercepts in a north-south trending mineralised zone extending in excess of 700m of strike. These results complement the results announced on the 12th July 2010 (ASX Announcement: "Drilling Results Confirm Outstanding Potential – High Grade Intercepts at Medinandi") and 29th July 2010 (ASX Announcement "Wider Zones and High Grade Gold Intercepts at Medinandi").

The project is located on the Senegal/Malian Shear Zone, where in excess of 42M oz of gold has been discovered (Figure 1).

The FNE target is located some 500m to the NE of the Fadougou Main Zone reported previously. Three reconnaissance drill profiles by a previous operator had indicated broad zones of >0.10g/t soil and bedrock gold anomalism associated with widespread silicification.

The scale of gold anomalism and alteration led Papillon to conduct a more detailed RC drill program at this prospect. The program was carried out on 80m line-spacing over 800m strike with results received from the northern and central portions of the grid.

Figure 1: West Mali - Medinandi Project Location



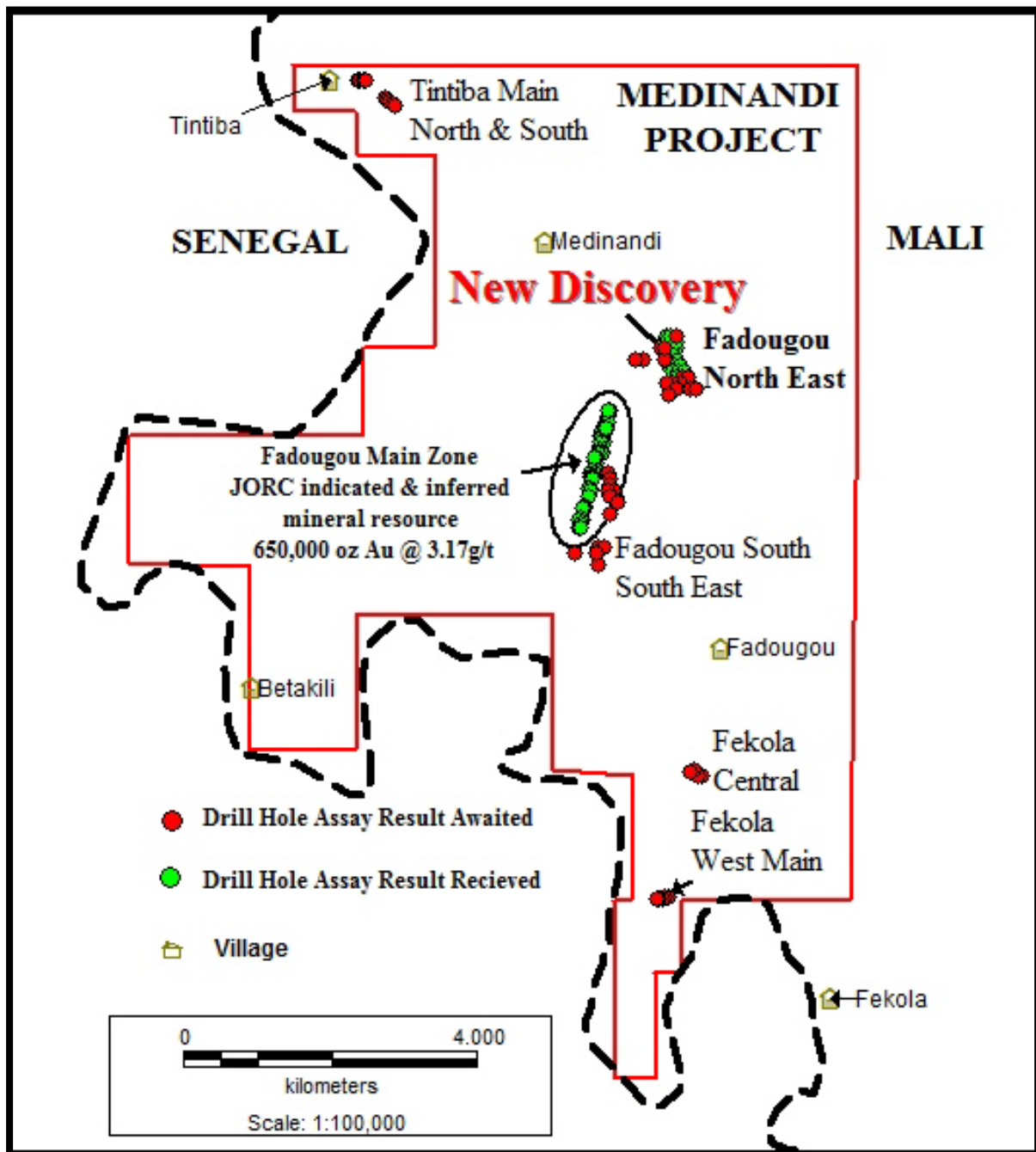
FADOUGOU NORTH EAST ZONE ASSAY RESULTS RECEIVED

The Company's maiden drilling programme consisted of 4,320m at Fadougou Main Zone and 8,780m on new exploration targets, and totalled 13,100m of RC drilling. A total of 36 RC holes have been completed at the **FNE** prospect of which results have been received for the first 19 holes, and are reported here. In total, results have now been received for 7,545m of 13,100m drilled or 57% of the maiden drilling programme.

The results returned to date have defined a central 240m zone of strong bedrock gold mineralisation in steeply-dipping zones (Figures 3 and 4) associated with silicification within predominantly sedimentary host rocks. Papillon is particularly pleased with the consistency and grade of intercepts such as **18m @ 7.36g/t Au** and **10m @ 5.02g/t Au** in hole FNER_015. Mineralised intercepts in excess of 1g/t Au have been obtained over a strike length of at least 700m, and the zone remains open to the north and south.

Whilst drilling is at an early stage these initial drill results have confirmed that the FNE zone can deliver wide ore-grade gold mineralisation and the results thus far provide strong impetus for a detailed infill drilling program at this location.

Figure 2: Medinandi Project – 2010 RC Drill Hole locations and Assay Results Status



Managing Director, Alan Campbell said “The width and consistent grade of mineralisation at shallow depths and the broad extent of alteration at this prospect is impressive. These early results underscore the potential of this prospect to add to the Medinandi resource base.”

Drilling will re-commence at the FNE prospect mid-October pending the end of the current wet season.

Table 1: Medinandi Project – Fadougou North East Zone Drill Hole Summary

Medinandi Project: Fadougou North East Zone - Drill Hole Summary								
Drill Hole ID	Location		Orientation		Intersection (m)		Interval (m)	Gold g/t
	Easting	Northing	Dip	Azimuth	From	To		
FNER_001	241983	1391640	-60	270	7	16	9	1.94
FNER_003	242042	1391480	-60	270	19	32	13	3.45
FNER_003	242042	1391480	-60	270	47	53	6	2.50
FNER_003	242042	1391480	-60	270	59	62	3	5.42
FNER_006	242025	1391560	-60	270	4	6	2	13.82
FNER_006	242025	1391560	-60	270	20	23	3	5.76
FNER_006	242025	1391560	-60	270	40	53	13	3.20
FNER_006	242025	1391560	-60	270	61	70	9	2.79
FNER_006	242025	1391560	-60	270	101	106	5	9.85
FNER_012	242025	1391800	-55	270	97	105	8	1.48
FNER_014	241995	1391400	-55	270	33	44	11	1.51
FNER_015	242075	1391400	-55	270	79	97	18	7.62
FNER_015	242075	1391400	-55	270	101	111	10	5.02
FNER_015	242075	1391400	-55	270	135	140	5	6.10
FNER_020	242085	1391240	-55	270	16	23	7	2.32
FNER_020	242085	1391240	-55	270	41	48	7	1.61

See Appendix 1 for full drill results

STATUS OF ASSAY RESULTS

Assay results from approximately 5,555m of the 13,100m of the completed drilling programme are yet to be received. These drill results will provide information on 3 other new potential gold zones at Fadougou South - South East and East; Tintiba; and Fekola.

An independent geological consultancy has been contracted to undertake a resource re-modelling of the Fadougou Main Zone and new discoveries once all results have been obtained.

FUTURE EXPLORATION FOCUS

At the Medinandi Project future exploration work will include and focus on the following activities:

- ✦ Infill and step-out drilling at the Fadougou North East prospect, which remains open to the north and south along strike.
- ✦ Diamond drilling at the Fadougou Main Zone to test mineralisation at depth.
- ✦ Step-out drilling on the Fadougou Main Zone to test extension of mineralisation, which remains open to the north and south along strike.

- ✦ Preliminary metallurgical test work from selected RC drill samples.
- ✦ Dependent upon results from the recently completed RC drill programme, follow up drilling on the exploration targets at Fadougou, Tintiba and Fekola will be planned.
- ✦ Drilling of targets generated from the recently completed ground geophysical (IP survey) and planned magnetic surveys.

Table 2: Medinandi Project – Mineral Resource Statement for Fadougou Main Zone

Mineral resource statement for Fadougou Main Zone

May 2009	Tonnes	g/t Au	Total oz Au	PIR's attributable oz Au (80%)
Measured	-	-	-	-
Indicated	2,772,097	3.14	280,776	224,621
Total Indicated	2,772,097	3.14	280,776	224,621
Inferred	3,626,456	3.19	372,207	297,766
Total	6,398,553	3.17	652,983	522,386

*Reported in accordance with SAMREC and JORC Code for mineral resource statements
- calculated at a bottom cut-off grade of 1.0g/t and top cut-off of 80g/t*

Figure 3: Medinandi Project: Fadougou North East Zone Cross Section 1391560mN

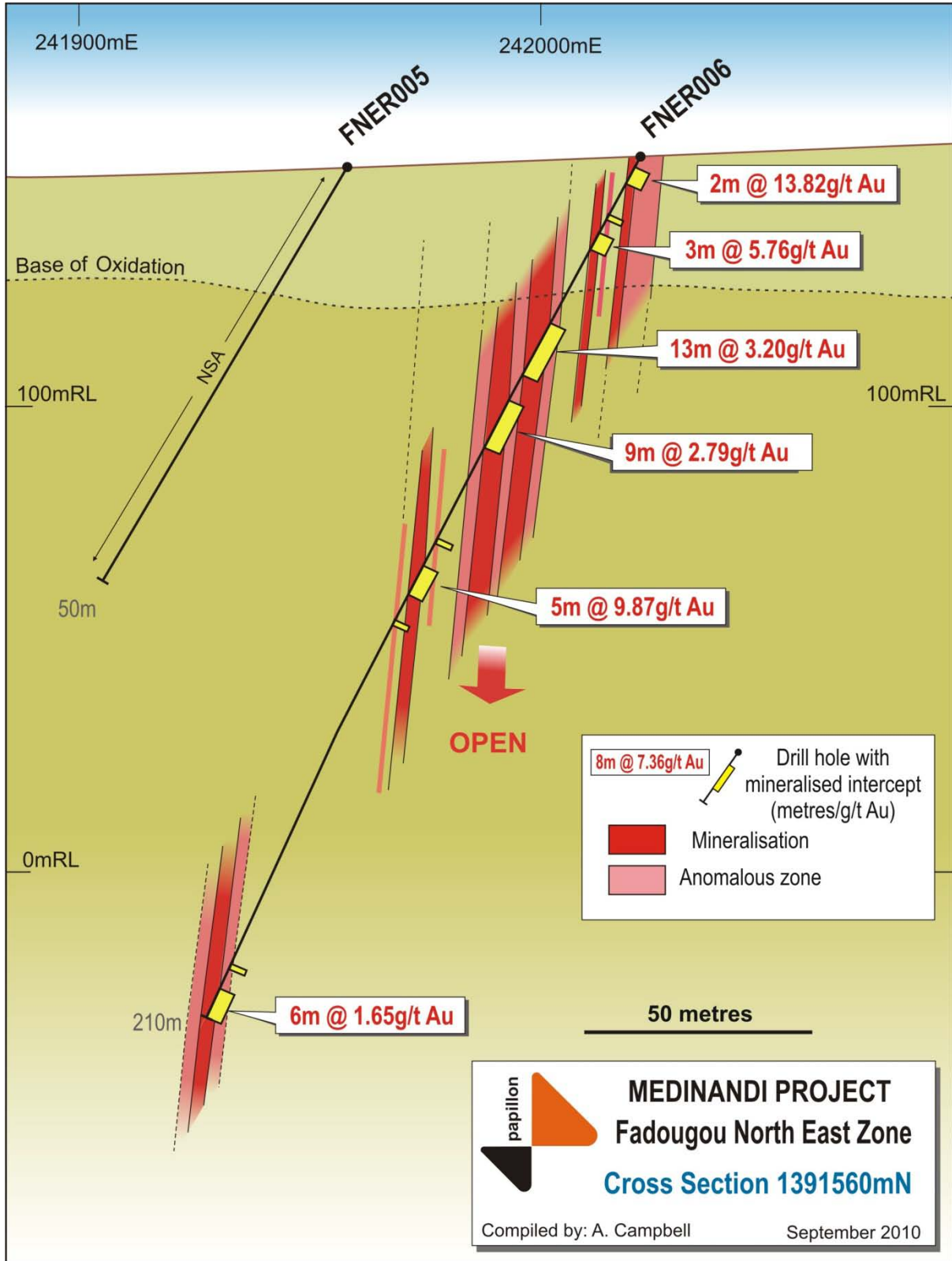
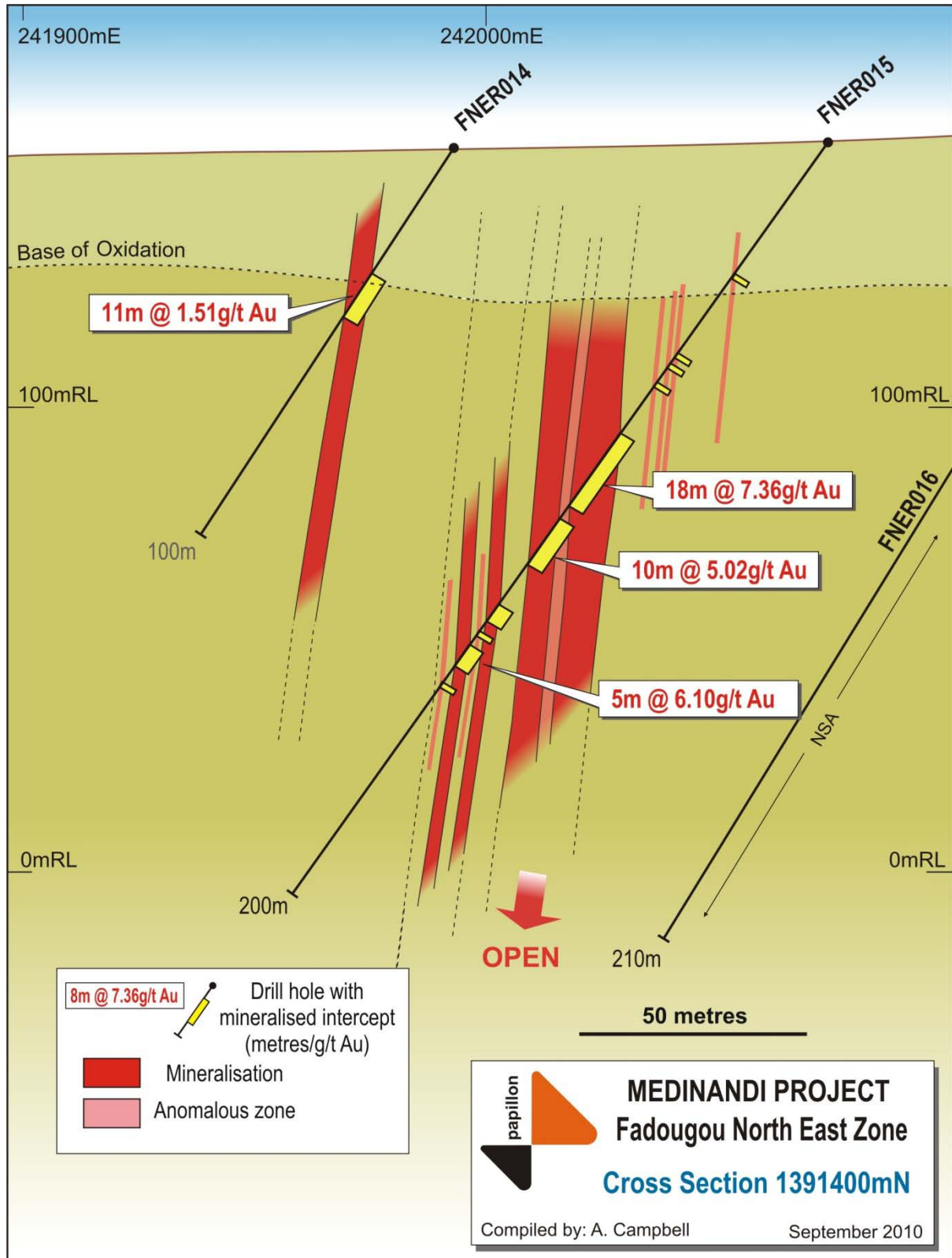


Figure 4: Medinandi Project: Fadougou North East Zone Cross Section 1391400mN



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Competent Persons Statement

Information in this report relates to exploration results or mineral resources are based on information compiled by Mr Stuart Hall who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hall consents to the inclusion in the report of the statements based on his information in the form and context in which it appears.

Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

Appendix 1:

Medinandi Project: Fadougou North East Zone - Drill Hole Summary								
Drill Hole ID	Location		Orientation		Intersection (m)		Interval (m)	Gold g/t
	Easting	Northing	Dip	Azimuth	From	To		
FNER_001	241983	1391640	-60	270	0	1	1	1.34
FNER_001					7	16	9	1.94
FNER_001					84	86	2	1.67
FNER_001					126	128	2	3.07
FNER_002	242100	1391640	-60	270			NSA	
FNER_003	242042	1391480	-60	270	0	2	2	1.35
FNER_003					19	32	13	3.45
FNER_003					43	44	1	1.47
FNER_003					47	53	6	2.50
FNER_003					59	62	3	5.42
FNER_004	242105	1391480	-60	270			NSA	
FNER_005	241960	1391560	-60	270			NSA	
FNER_006	242025	1391560	-60	270	4	6	2	13.82
FNER_006					16	17	1	1.13
FNER_006					20	23	3	5.76
FNER_006					40	53	13	3.20
FNER_006					61	70	9	2.79
FNER_006					91	92	1	2.83
FNER_006					101	106	5	9.85
FNER_006					113	114	1	1.64
FNER_006					198	199	1	2.30
FNER_006					204	210	6	1.65
FNER_007	242040	1391640	-60	270			NSA	
FNER_008	241945	1391720	-55	270	22	23	1	1.58
FNER_009	242020	1391720	-55	270	158	159	1	3.60
FNER_009					165	166	1	1.47
FNER_010	242100	1391720	-55	270			NSA	
FNER_011	241950	1391800	-55	270	11	12	1	1.22
FNER_012	242025	1391800	-55	270	97	105	8	1.48
FNER_013	242100	1391800	-55	270			Results Awaited	
FNER_014	241995	1391400	-55	270	33	44	11	1.51

Appendix 1: continued

Medinandi Project: Fadougou North East Zone - Drill Hole Summary								
Drill Hole ID	Location		Orientation		Intersection (m)		Interval (m)	Gold g/t
	Easting	Northing	Dip	Azimuth	From	To		
FNER_015	242075	1391400	-55	270	36	37	1	2.18
FNER_015					57	58	1	1.15
FNER_015					59	60	1	1.57
FNER_015					64	65	1	2.58
FNER_015					79	97	18	7.62
FNER_015					101	111	10	5.02
FNER_015					125	129	4	1.07
FNER_015					131	132	1	1.01
FNER_015					135	140	5	6.10
FNER_015					145	146	1	1.98
FNER_016	242155	1391400	-55	270			NSA	
FNER_017	242030	1391320	-55	270	64	65	1	1.42
FNER_017					67	68	1	1.62
FNER_017					89	90	1	1.33
FNER_017					96	99	3	1.08
FNER_017					132	134	2	1.96
FNER_017					152	158	6	1.31
FNER_018	242115	1391320	-55	270			NSA	
FNER_019	242200	1391320	-55	270			NSA	
FNER_020	242085	1391240	-55	270	9	10	1	1.79
FNER_020					16	23	7	2.32
FNER_020					41	48	7	1.61
FNER_020					9	10	1	1.79

Notes:

1. All results from Reverse Circulation (RC) drill holes.
2. Samples at 1m intervals.
3. Assaying conducted by SGS Analabs, Kayes, Mali using industry standard 50g lead collection fire assay with AAS finish.
4. Reference standards, field duplicates and blank samples are routinely inserted; quality control samples are routinely monitored.
5. NSA – No Significant Assays (<1g/t within the hole)