

papillon

RESOURCES



***Out of the Cocoon* | ASX:PIR**

September 2010

Disclaimer Notice & Competent Persons Statement



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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.

“Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.”

Valuations

The comparison of Enterprise Value per Mineral Resource ounce is based on the underlying assumption that the factors affecting the economics of each project in arriving at the average Enterprise Value per Mineral Resource ounce (including depth, metallurgy, recovery rates, mining costs, etc) are equal and that the Enterprise Value of each of the peers is not affected by other factors such as assets other than gold.

Corporate Snapshot

Assets:

- 1,800km² in Birimian gold belt, Mali, West Africa
- 650,000oz Au grading 3.17g/t of indicated & inferred mineral resource (80% attributable to PIR)
- 25km strike length within 40M oz gold province on Kéniéba-Kedougou Inlier.

Activities:

- Excellent high grade Au intercepts from maiden 13,100m drilling programme.

FMZ 9m @ 16.70g/t from 14m, includes 3m @ 34.1g/t

12m @ 8.06g/t from 33m

7m @ 7.29g/t from 55m

FNE 18m @ 7.62g/t from 79m 10m @ 5.02g/t from 101m

13m @ 3.46g/t from 19m 13m @ 3.20g/t from 40m

5m @ 9.85g/t from 101m

FSE 12m @ 8.59g/t , including 2m @ 36.48g/t

7m @4.83g/t

- Fekola - excellent scout drilling results confirms that soil anomalism reflects underlying bedrock mineralisation.
- Mineralisation remains open along strike & at depth.

Investment Proposition:

- EV A\$55m and EV/Resource oz Au A\$102 compared to peer average of A\$174oz



Corporate Overview



Market Capitalisation

A\$m	
Share Price (A\$) 23/9/10	0.380
Shares outstanding (m)	155
Market Capitalisation	58.9
Cash ¹	3.9
Debt	0
Enterprise Value	55.0

Notes: 1 = as at 30 June 2010

Capital Structure

Capital Structure	Shares
Quoted shares on issue (m)	155.0
Quoted options:	
9.8m @ \$0.20 exp 31/12/2010	
65.4m @ \$0.20 exp 31/12/2012	75.2
Unquoted options:	
5m @ \$0.15 exp 31/12/2011;	
4m @ \$0.15 exp 31/12/12;	
1.5m @ \$0.20 exp 31/12/2012;	10.5
Total shares (Fully Diluted)	240.7

Register

Significant Shareholders	% Held
ANZ Nominees	5.47
Panga Pty Ltd	5.15
HSBC Nominees	4.93
Top 20 ORD	36.2
Top 20 OPT 31 Dec 2010	77
Top 20 OPL 31 Dec 2012	47
Directors Holding	
PIR ORD	7
PIRO	30
PIROA	20

Papillon Resources Board & Management

Board

Jeremy Shervington *B.Juris, LLB*

Alan Campbell *B.Sc, MBA*

Alec Pismiris *B.Com, ICOSA*

Stuart Hall *B.Sc Hons, FAusIMM, FGS*

Dennis Wilkins *B.Bus, AICD, ACIS*

Non Exec Chairman

Managing Director

Non Exec Director

Non Exec Director

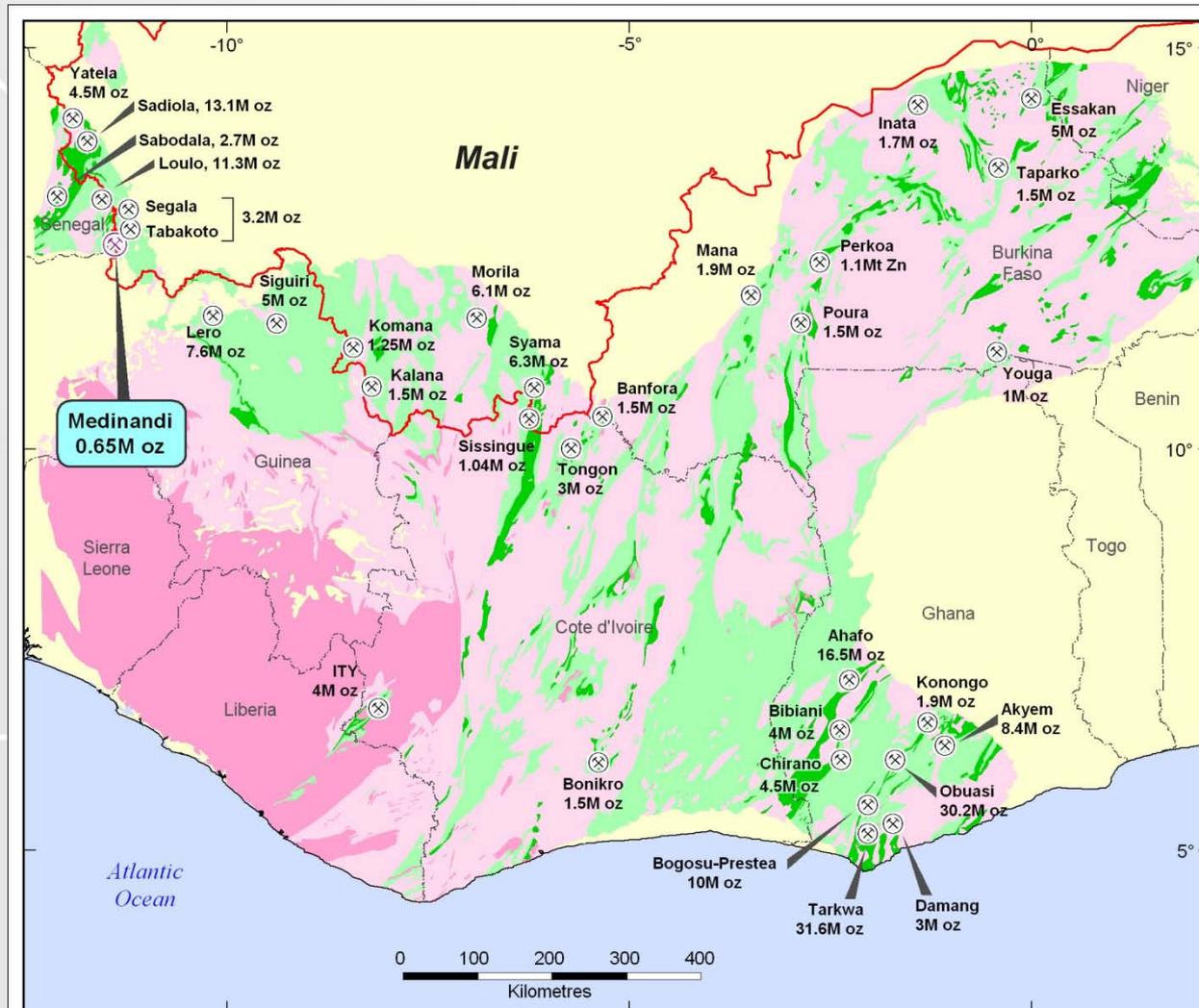
Company Secretary

Management

Richard Dahl *Ph.D (Geol), M.Sc (Geol), Geo (MOGQ), SEG, CIM*

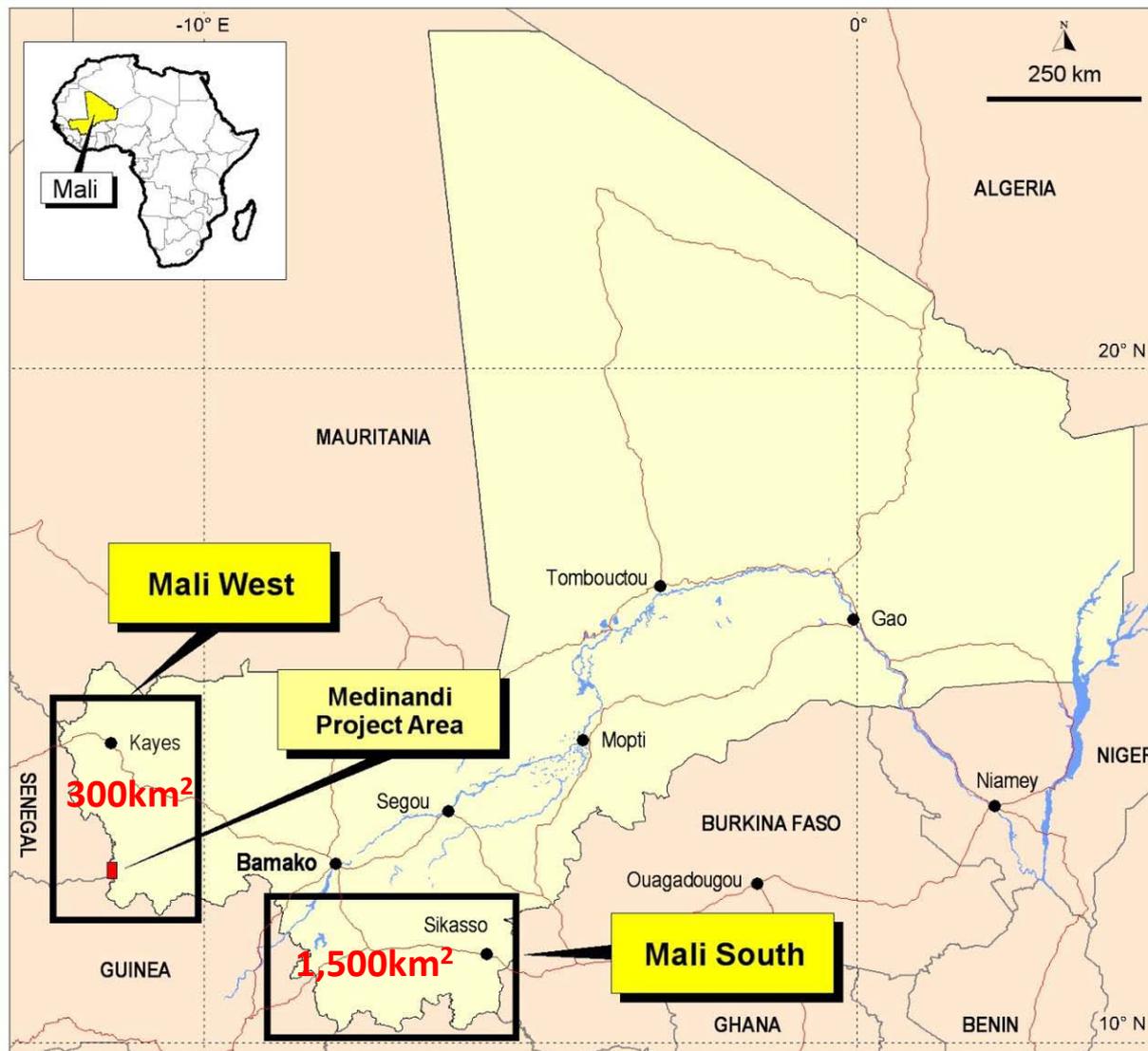
Exploration Manager

Regional Geology & Medinandi Project Location



- Mali - 3rd largest gold producer in Africa.
- Mali ranked 7 out of 53 African countries by Resource Stock as an investment destination.
- Birimian Gold Belt: elephant country for Au deposits & still one of the most under explored gold terrains in Africa.

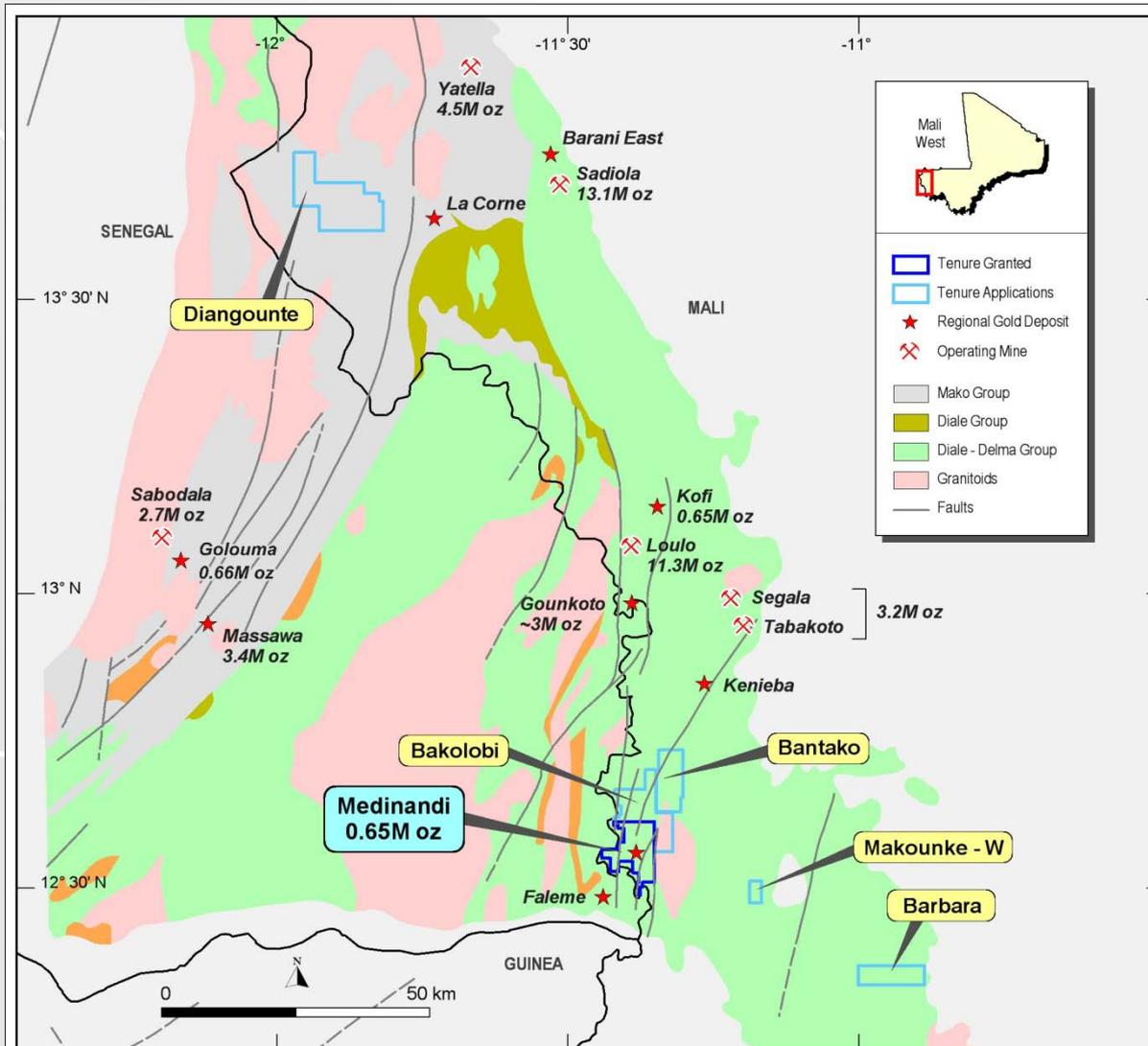
Papillon's Malian Gold Assets



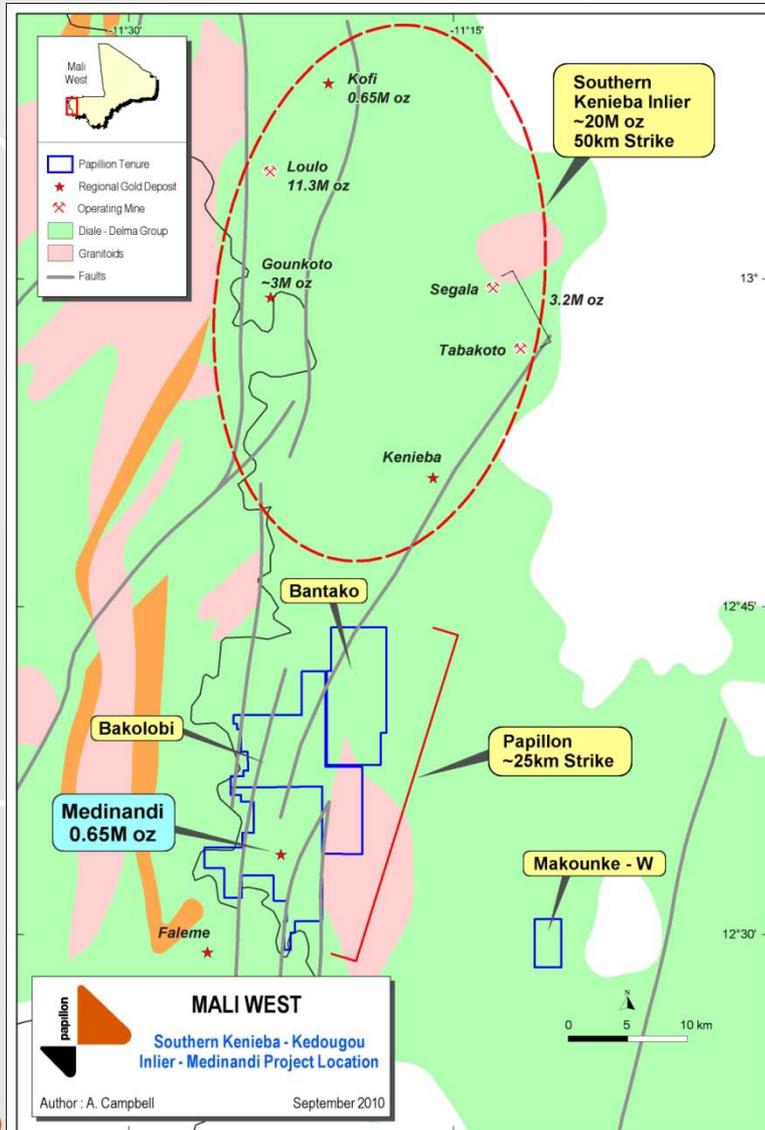
- 1,800km² of highly prospective Birimian Gold Belt.
- 650,000oz gold indicated & inferred resource base grading 3.17g/t
- PIR's attributable gold = 522,000oz (80%)
- 10,000 soil geochem samples being assayed

Mali West: >40M oz Gold Province with PIR Tenement holdings

- Senegal-Malian shear zone with PIR holding 25km of strike length
- Greater than 42M oz gold discovered to date



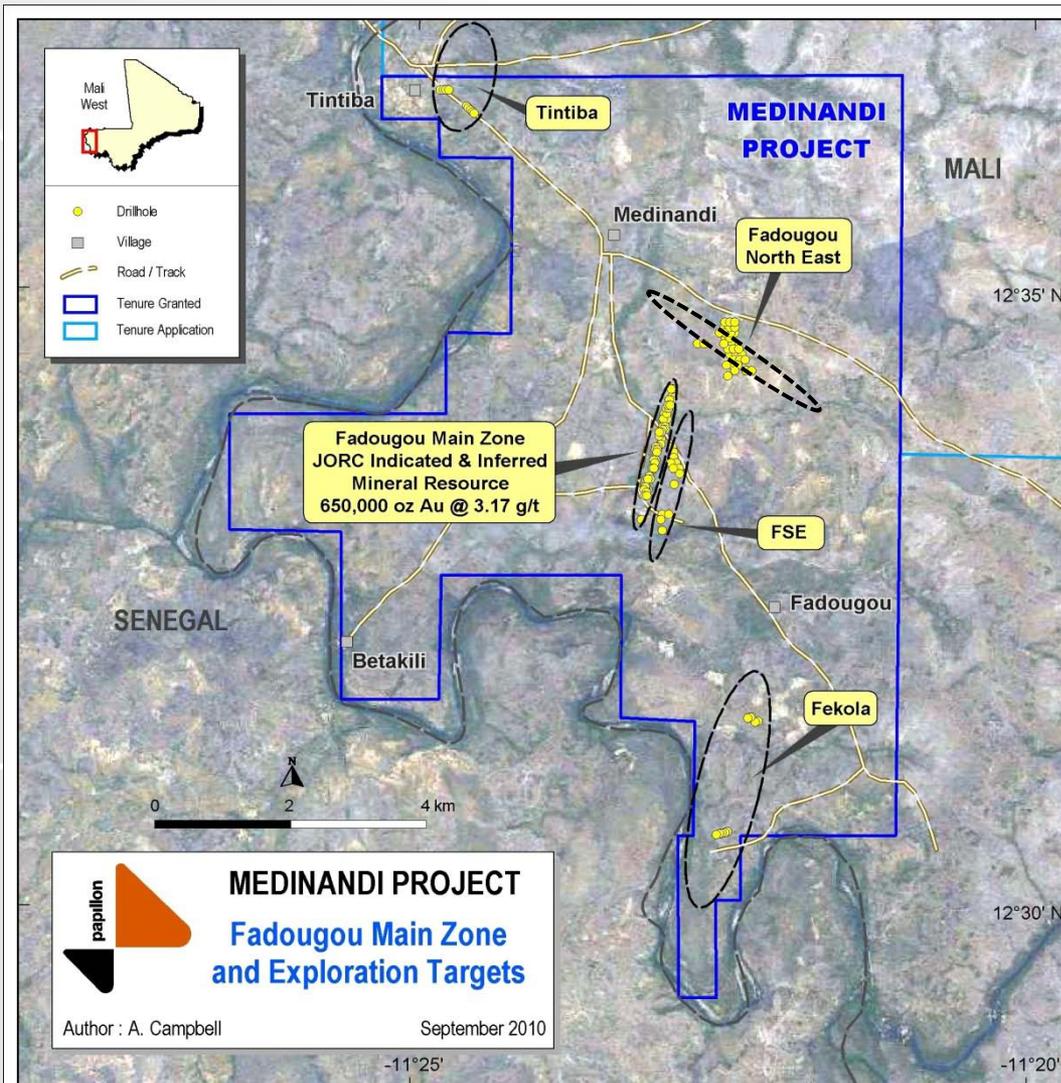
Southern Kéniéba-Kedougou Inlier: 20Moz regional gold province



- 20Moz Au discovered over a 50km strike length
- Same structural corridor as Medinandi
- Papillon controls 25km strike length of this corridor



Medinandi Project: Fadougou Main Zone & Exploration Targets



Fadougou Main Zone:

9m @ 16.70g/t from 14m
 12m @ 8.06g/t from 33m
 7m @ 7.29g/t from 55m
 7m @ 5.85g/t from 30m

New Discovery – FNE:

18m @ 7.62g/t from 79m
 10m @ 5.02g/t from 101m
 13m @ 3.460g/t from 19m
 13m @ 3.20g/t from 40m
 5m @ 9.85g/t from 101m

New Discovery – FSE:

12m @ 8.59g/t from 19m
 7m @ 4.83g/t from 2m

Exploration Prospects:

- a) **Tintiba Main** – trenches 120m apart (14m @ 5.44g/t & 8m @ 5.54g/t)
- b) **Fekola** – excellent scout drilling results -
 42m @ 0.762g/t from 9m includes 11m @ 1.38g/t
 32m @ 0.66g/t from 12m

Medinandi Resource Base



Mineral resource statement for Fadougou Main Zone

January 2010	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

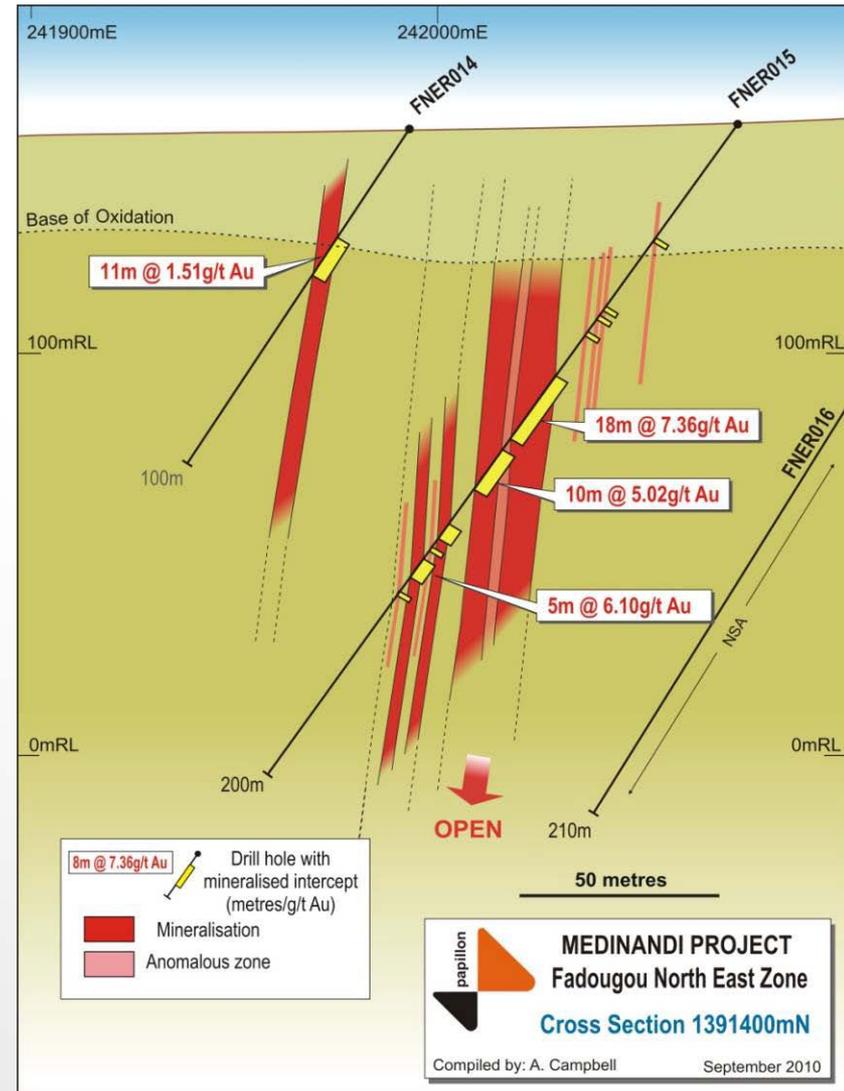
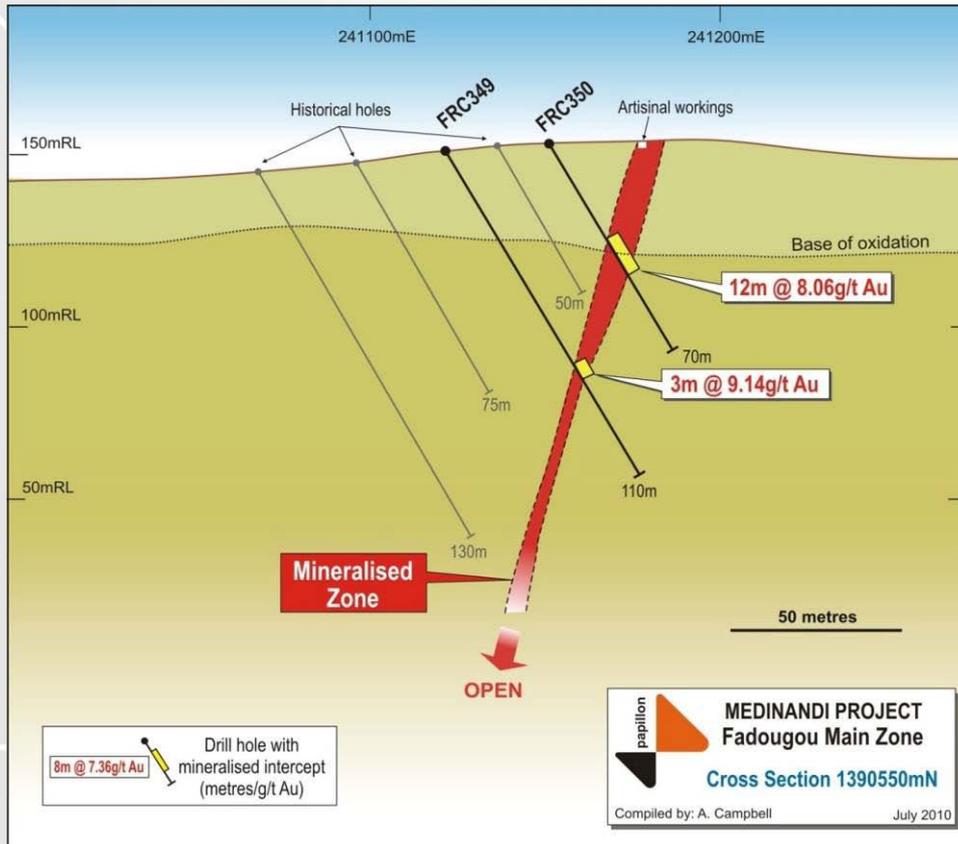
- calculated at a bottom cut-off grade of 1.0g/t and top cut-off of 80g/t

Oxide to fresh ratio approx 20% (as per drill logs)

Drilling results to date have identified **exploration targets** totaling between a range of 4.3 million tonnes and 4.6 million tonnes at an average grade of **3.6g/t Au for 520,000 oz (300,000oz FMZ & 220,000oz FNE/FSE)** and this has been independently reviewed by Venmyn Rand (Pty) Ltd.



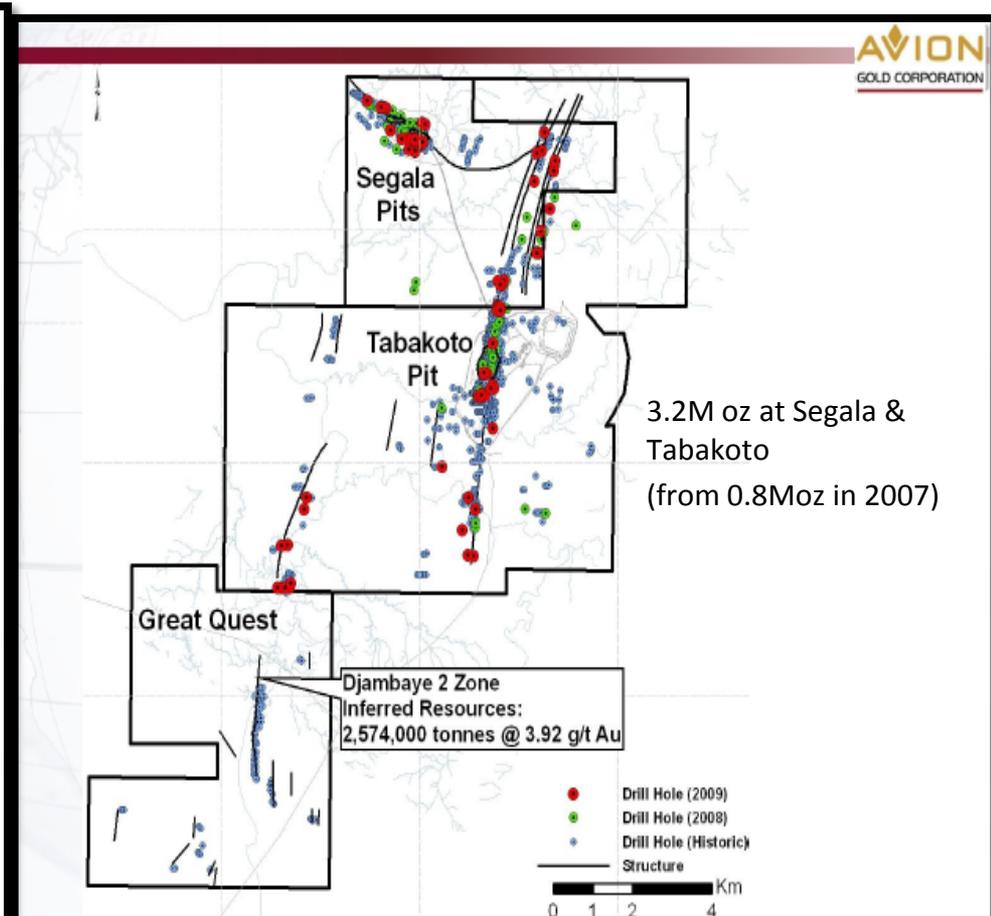
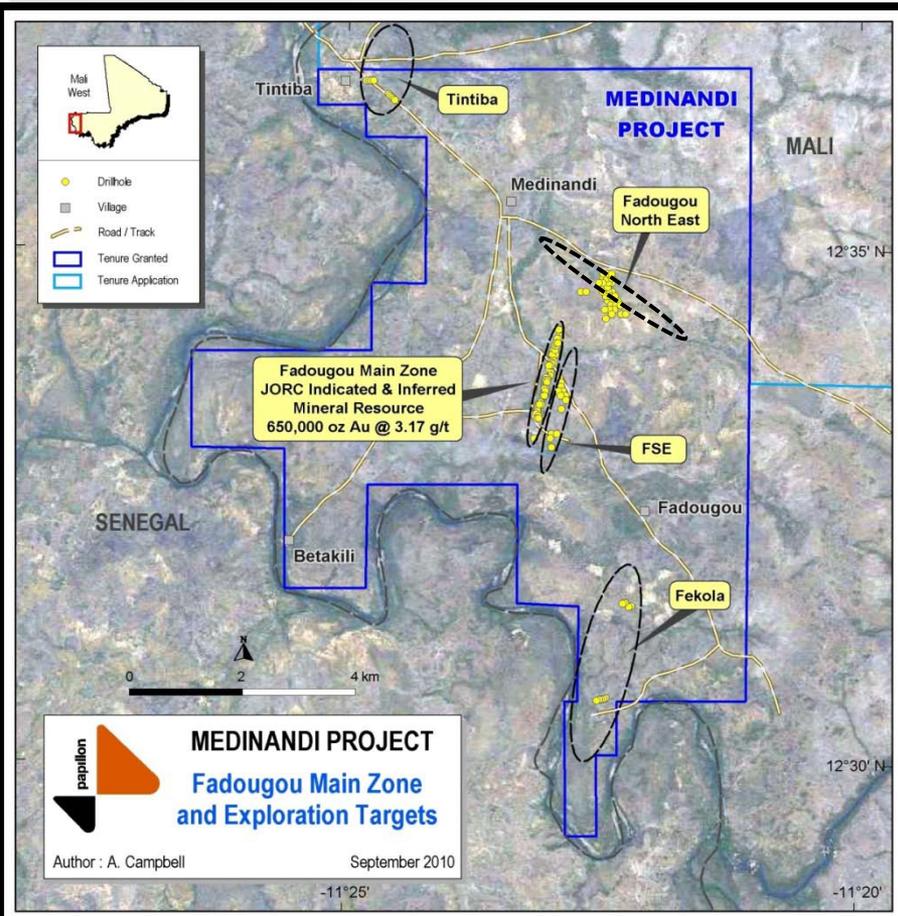
Medinandi Project: Fadougou Main Zone & FNE



Medinandi Project: Drilling, Trenching & Visible Gold



Medinandi Project compared to 3.2M oz Segala & Tabakoto



Medinandi Project: Work Program

Results from Work completed since acquisition in March 2010

- Drilled 13,100m (Fadougou Main Zone “**FMZ**” – 4,320m & Exploration targets – 8,780m)
- Early results support 650,000oz Au resource at **FMZ**
- **FMZ** >2.5km open along strike north & south and at depth
- New discoveries with ore grade intercepts at Fadougou North East (“**FNE**”) and Fadougou South East (“**FSE**”) >700m strike length & open
- New discoveries: potential to add to mineral resource
- **Fekola**: excellent scout drilling results confirms soil anomalism reflects underlying bedrock mineralisation.
- Drill ready targets identified from geophysical survey – IP over new areas

Q3 2010:

- Drill results interpretation
- Metallurgical test work

Q4 2010:

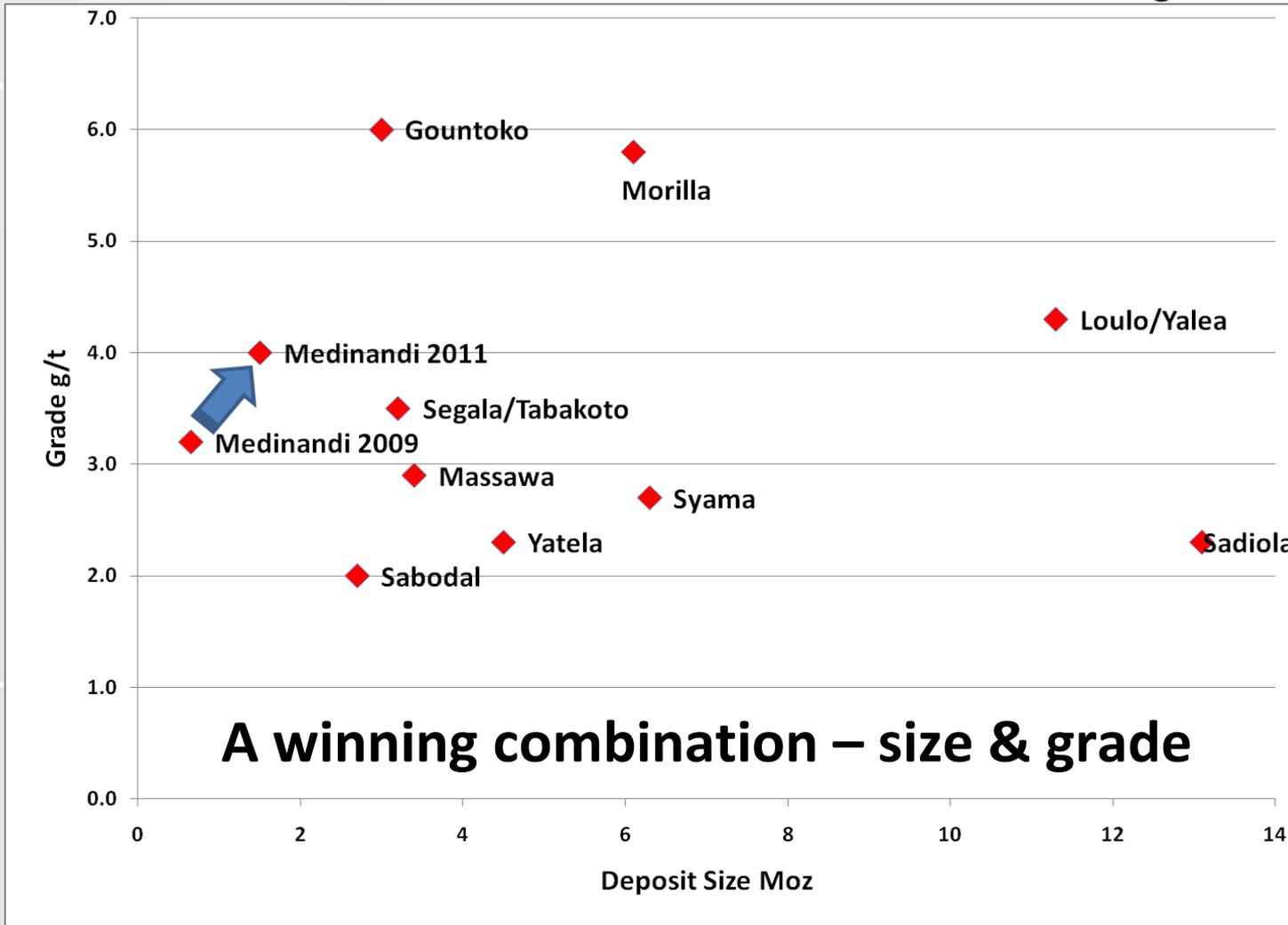
- Further resource drilling & testing of new geophysical and geochemical anomalies to recommence at end of wet season (mid October)

Q1 2011:

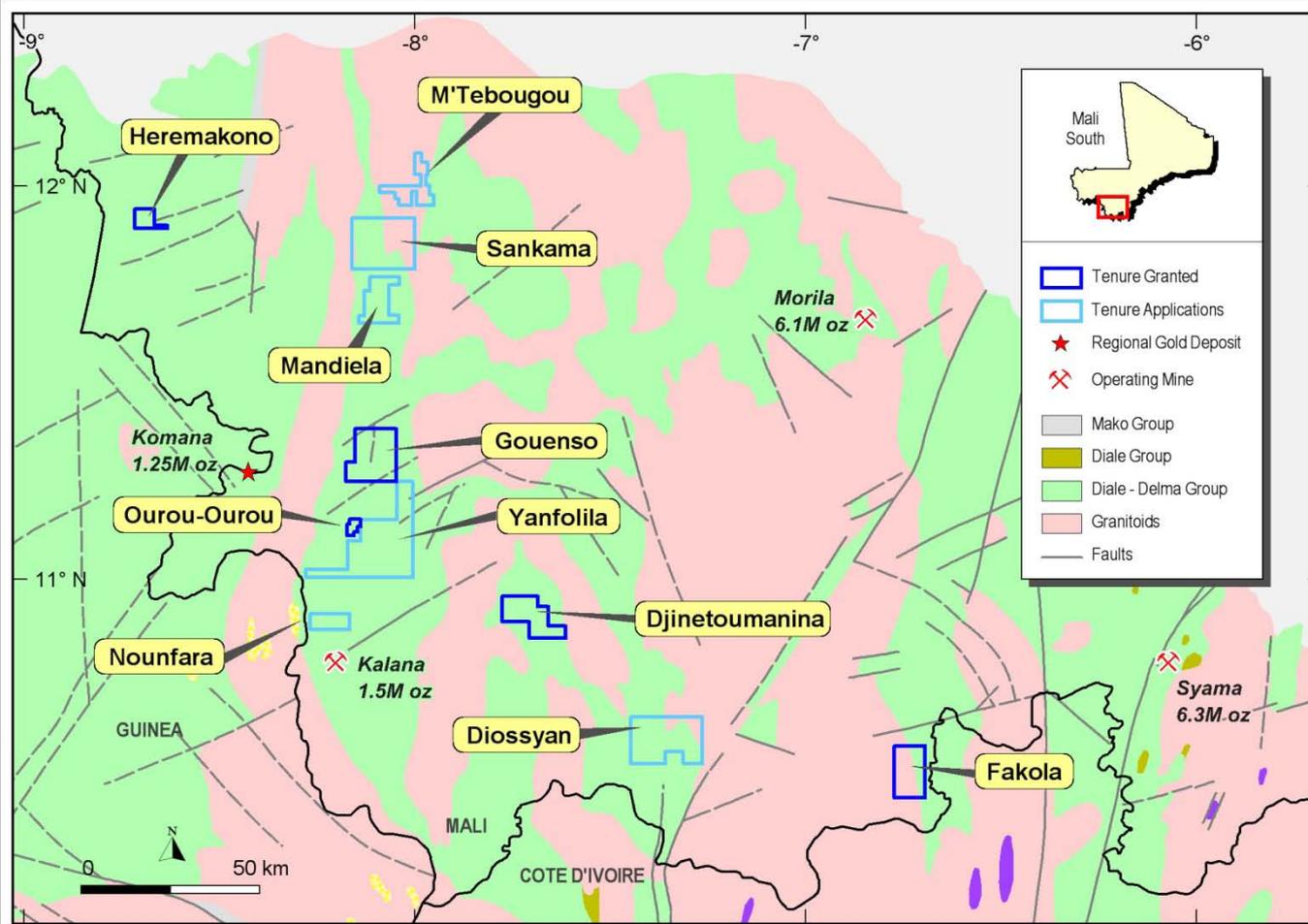
- Resource upgrade



Regional Gold Resources: Mali & Senegal



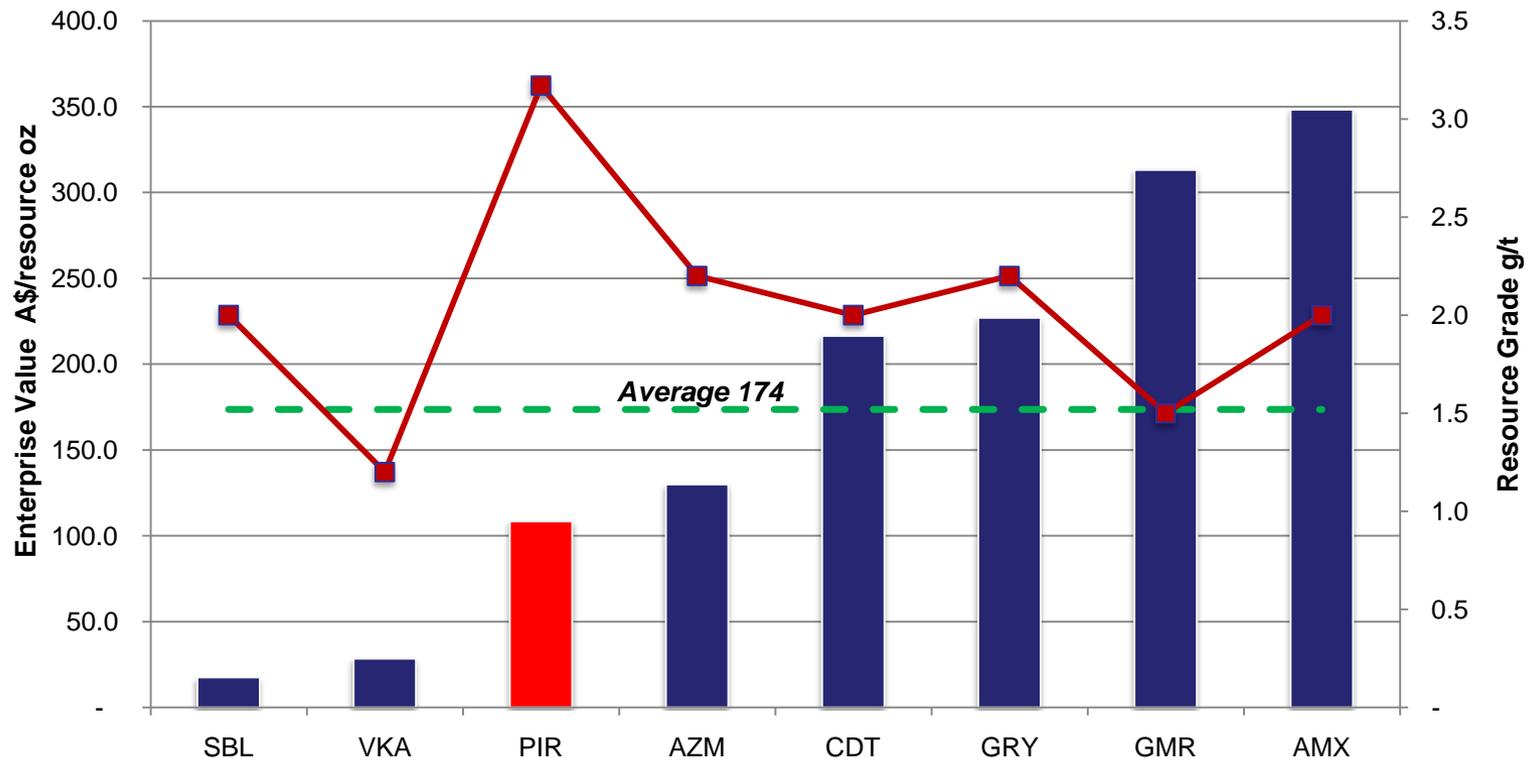
Mali South: Extensive 1,500km² Land Holding



Peer Comparison: EV/Resource*



Enterprise Value per Resource Oz



* See Disclaimer Notice for Valuation Assumptions

Short Term - Staying focused on Targeting >1,000,000oz Au



Short Term:
Targeting
>1Moz Au
resource

Medium Term:
Targeting
>2Moz Au
resource

Long Term:
Production
>100,000oz
per year

Investment Proposition

- Two high quality West African gold projects located in prolific gold bearing belts
- High grade drilling results and new discoveries demonstrates the potential of the projects
- Resource base of 650,000oz Au; targeting growth >1 million ozs in Q1 2011 and >2 million ozs in 2012
- Good value compared to peers and yet to be credited for grade advantage



Additional Information:

Mali Overview



- **Modern and supportive mining legislation and regulations**
- **Five major gold operations in Mali**
- **Acceptable fiscal regime:**
 - Free of Corporate Tax for the first 5 years of production
 - Income tax 35%
 - Dividend tax 12.5% - 18%
 - Royalty (Gross rev.) 3%
 - Government equity 10% (non contributing).



Fast Facts

Area: 1,240.140 sq km

Capital: Bamako

Money: West African CFA franc
US\$1 = CFA493; €1 = CFA656

Population: 13.1 million

Additional Information: Acquisition of Malian Assets



Total Consideration to CAG of US\$5 million in cash for 80% equity interests in each of Mali Goldfields SARL and Songhoi Resources SARL

- 1) Purchase Payment of US\$4 million paid in cash upon completion of the transaction in March 2010.
- 2) Final Payment of US\$1 million payable in cash upon achievement of a JORC compliant indicated and measured gold resource of not less than 500,000 ounces.

Diagram 1: shareholding in Mali Goldfields

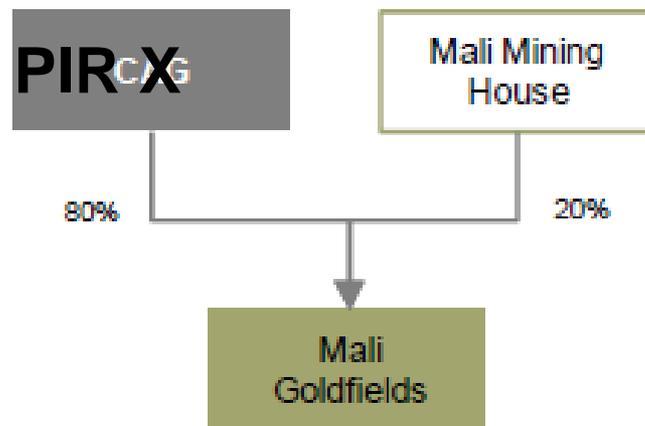
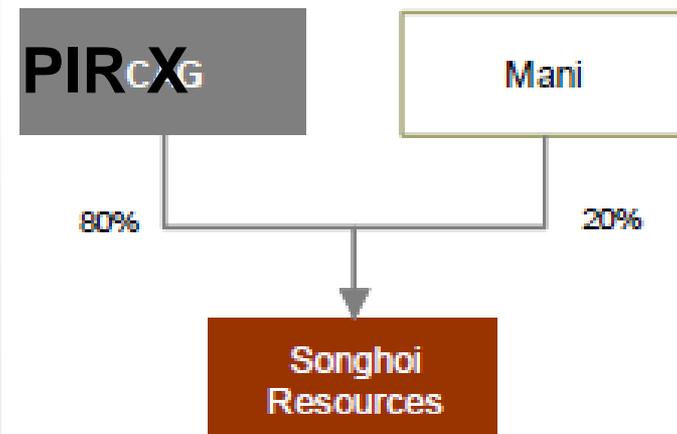


Diagram 2: shareholding in Songhoi Resources



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RESOURCES



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