

ASX RELEASE | 20 August 2013 | ASX:PIR

EXTENSIONAL DRILLING CONTINUES TO DELIVER AT FEKOLA

- ▶ Results from the final four diamond holes of the 2013 drilling program continue to highlight extensions of mineralisation outside of the current Mineral Resource Estimate ('MRE') area at Fekola;
- ▶ Thick zones of high grade mineralisation including 50 metres @ 2.46 g/t, 18 metres @ 3.96 g/t and 16 metres @ 2.32g/t;
- ▶ Mineralisation remains open at depth and along strike; and
- ▶ MRE update expected during the current quarter.

Papillon Resources Limited ('Papillon' or 'the Company') is pleased to announce the results of the final four diamond drill holes ('DD') from its 2013 drilling program at the Company's flagship Fekola Project ('Fekola' or 'the Project'), located in south western Mali, adjacent to the border with Senegal. The Project currently hosts a Mineral Resource Estimate ('MRE'), which comprises 54.97 million tonnes averaging 2.38 g/t gold for a contained 4.21 million ounces of gold at a lower cut-off grade of 1.0 g/t gold.

The final four DD holes targeted the continuation of the offset high grade shoot beyond the northern limit of the current MRE area. Better intercepts from the current release of results include:

<i>Hole No.</i>	<i>Down Hole Intercept</i>	<i>From Depth (Down Hole)</i>
FKRD 054	50m @ 2.46 g/t	335m
FKRD 055	18m @ 3.96 g/t	295m
FKRD 052	16m @ 2.32 g/t	456m
	10m @ 3.78 g/t	497m

Papillon's Managing Director and CEO, Mark Connelly, said: *"These results mark a positive end to a very successful 2013 exploration program for Papillon at the Fekola Project. The data from the drilling program will now form the basis for an updated resource which is anticipated to be completed during the current quarter. With the mineralisation remaining open at depth and along strike, the exploration upside remains exciting at Fekola and its surrounds. In addition, the Company is rapidly progressing the appraisal of this outstanding project and is moving towards its goal of becoming a gold producer in the near term."*

In January 2013, the Company released an updated MRE which included a 34% increase in total gold resource, and a conversion of 83% of the resource into the Measured and Indicated Resource categories. Based on this updated MRE, Papillon completed its Pre-Feasibility Study ('PFS') for the Project, which was released on 26 June 2013. The study yielded extremely positive results, with average annual Life of Mine ('LOM') production in excess of 300,000 ounces, and C1 Cash Operating Costs less than US\$600/oz. The study re-confirmed the technical viability of the Project, and its ability to produce robust cash flows.

The Company concluded its 2013 drilling campaign in late June 2013, prior to the onset of the wet season in Mali. The drilling season was extremely productive, with approximately 72,000 metres drilled and new mineralisation encountered external to the current MRE area. The data is currently being reviewed and compiled, with the aim of completing an updated MRE in the current quarter.

Papillon remains focussed on assessing the development potential of this outstanding project and bringing it into production, while continuing to fully realise the exceptional exploration potential at Fekola.

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Introduction

Papillon Resources Limited ('Papillon' or 'the Company') is pleased to report the final assay results from the 2013 drilling program at the Company's flagship Fekola Project, located in south western Mali (Figure 1 and 2), adjacent to the border with Senegal.

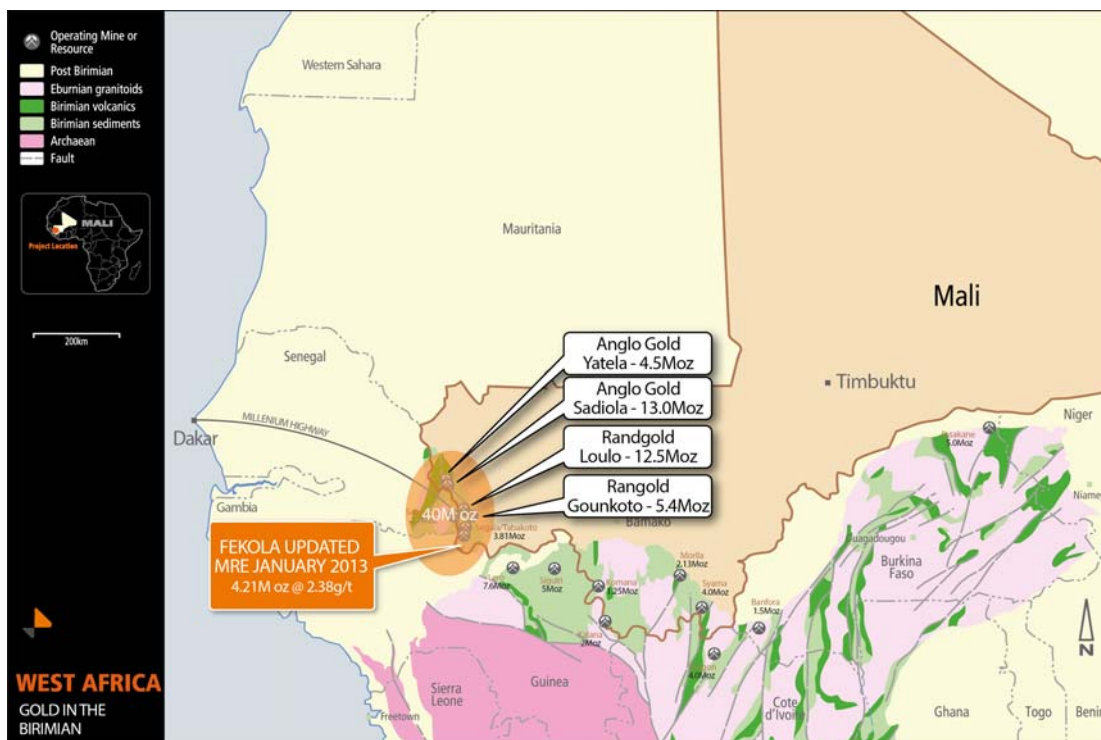


Figure 1: Fekola Project – Location Map

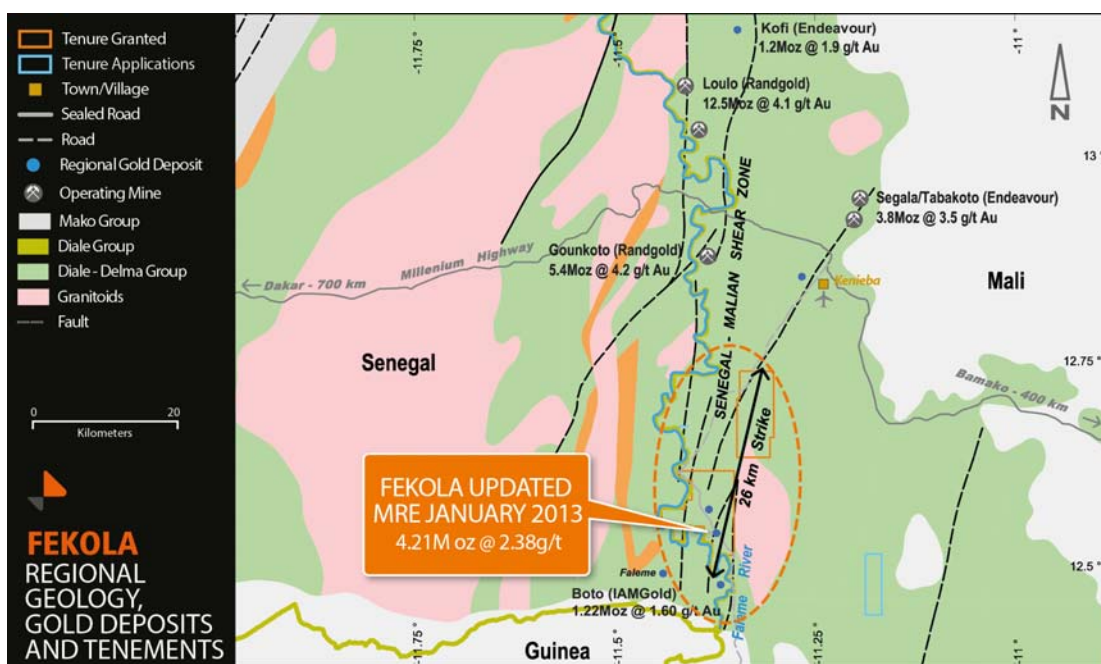


Figure 2: Mali West – Regional Geology, Gold Deposits and Papillon Tenements

Drilling Results

Assay results from the final four diamond holes from the 2013 drilling campaign have been received. These holes targeted extensions to mineralisation and the offset high grade shoot within the Fekola Project. Selected results include:

<i>Hole No.</i>	<i>Down Hole Intercept</i>	<i>From Depth (Down Hole)</i>
FKRD 054	50m @ 2.46 g/t	335m
FKRD 055	18m @ 3.96 g/t	295m
FKRD 052	16m @ 2.32 g/t	456m
	10m @ 3.78 g/t	497m

The locations of the holes released are shown in Figure 3. All significant intersections returned from the new drill holes, along with the details of the collar positions, dips, azimuths and depths, are summarised in Table 1.

Significantly these intersections demonstrate the continuation, and open nature, of the mineralised system.

The results contained within the current release comprise the final drill holes of the 2013 exploration campaign. All previously reported results from the 2013 season have been compiled within the drilling database. With the inclusion of the results in this announcement, the Company now has a complete informational database from which to base its updated MRE, which will be released during the current quarter.

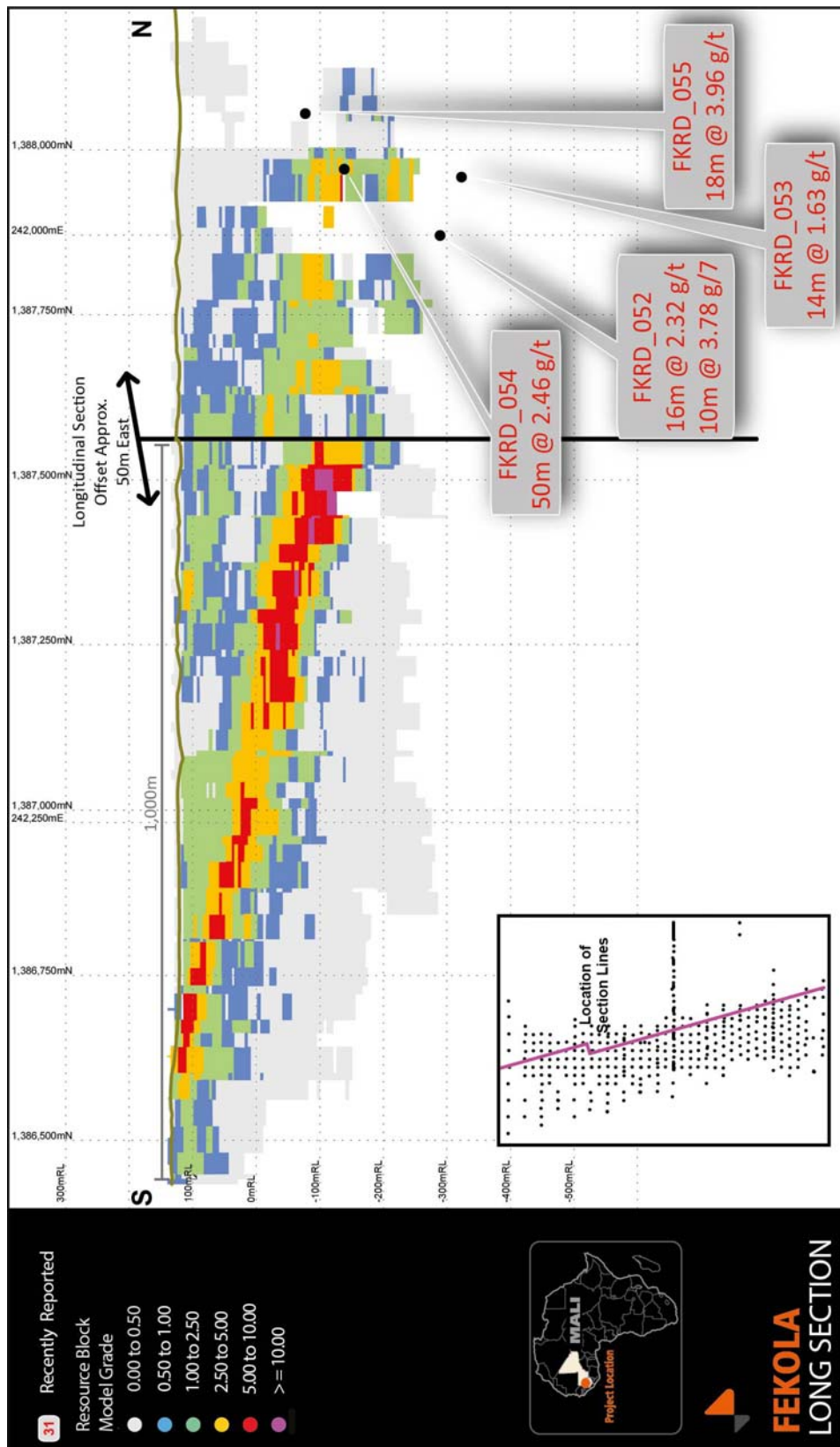


Figure 3: Fekola Project Long Section – Drill Hole Location, and Selected Intercepts

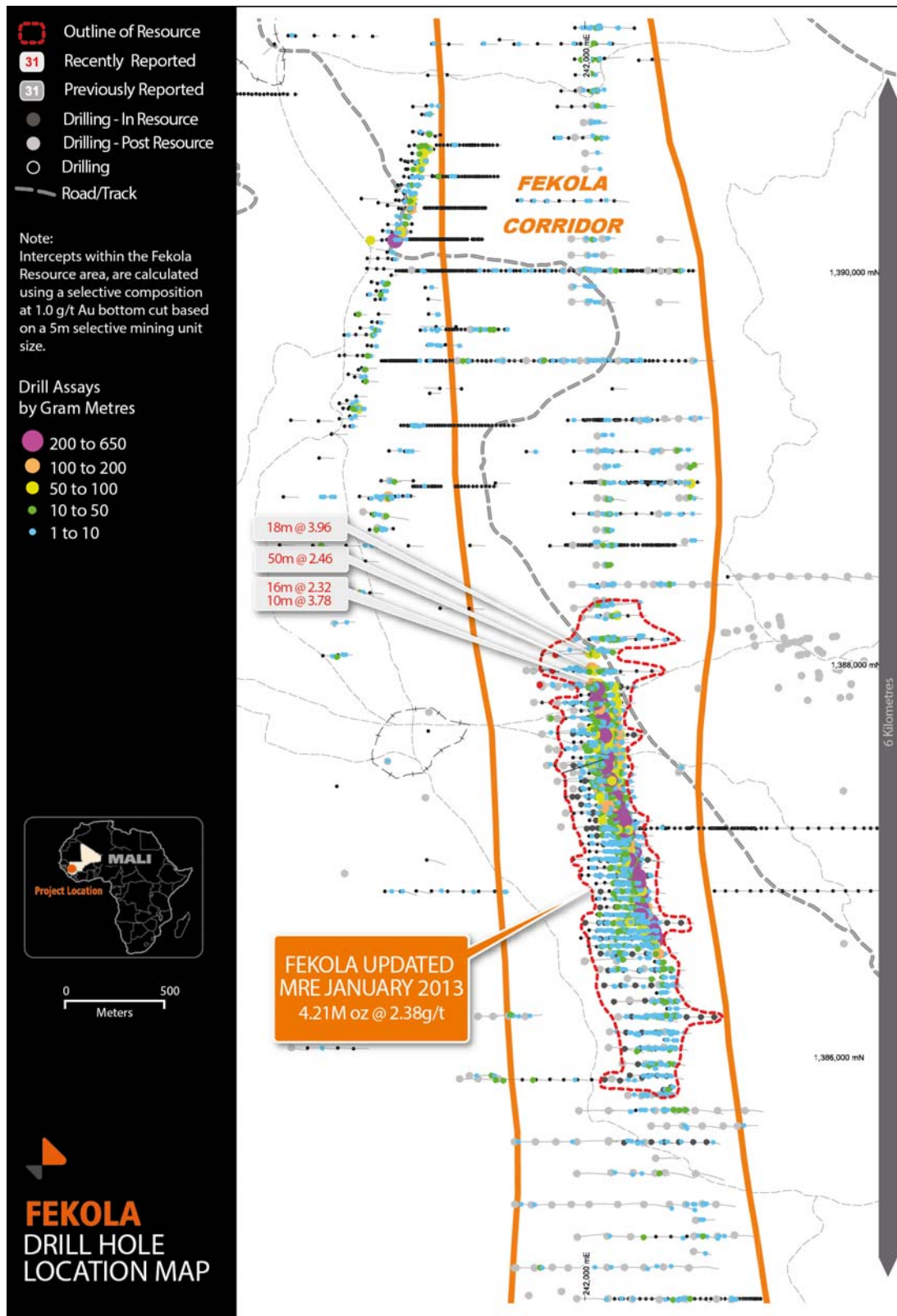


Figure 4: Fekola Project – Drill Hole Location, and Selected Intercepts

Geological Setting

Gold mineralisation at Fekola is hosted within a sequence of finely laminated sedimentary rocks. The mineralised zone is characterised by the strong association between gold and widespread carbonate and pyrite alteration.

The alteration consists primarily of a hematite, carbonate, albite, and sericite assemblage with the presence of pyrite being a strong indicator of the gold mineralisation. Mineralisation trends in a north-north-west orientation with the broad mineralised package dipping steeply to the west at approximately 80 degrees. A high grade shoot is observed to be shallowly plunging at approximately 20 degrees in a north-north-west trend.

Competent Persons Statement

The information in this Report that relates to Exploration Results is based on information compiled by Mr Andrew Boyd of Cairn Geoscience Limited. Mr Boyd is a Member of the Australian Institute of Geoscientists and 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 ('The JORC Code'). Mr Boyd consents to the inclusion in this Report of the statements based on his information in the form and context in which it appears.

The information in this Report that relates to Mineral Resources is based on information compiled by Mr Nic Johnson of MPR Geological Consultants. Mr Johnson is a Member of the Australian Institute of Geoscientists and 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 ('The JORC Code'). Mr Johnson consents to the inclusion in this Report of the statements based on his information in the form and context in which it appears.

The information in this Report that relates to Metallurgical Test Work and Scoping Study Results is based on information compiled by Mr Glenn Bezuidenhout of DRA Mineral Projects. Mr Bezuidenhout is a Fellow of The South African Institute of Mining and Metallurgy, and 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 ('The JORC Code'). Mr Bezuidenhout consents to the inclusion in this 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.

Table 1: Summary of Diamond Drill Hole Intersections

Hole ID	Easting (mE)	Northing (mN)	Depth (m)	Dip (deg)	Azimuth (deg)	From	To	Length (m)	Grade (g/t)
FKRD_052	241771.1	1387889.3	525.4	-58	83.5	353.4	356.4	3	2.41
						444.4	451.4	7	1.61
						456.4	472.4	16	2.32
						476.4	479.4	3	1.02
						497.4	507.4	10	3.78
FKRD_053	241736.4	1387958.3	555.3	-57	83.5	423.3	426.3	3	1.41
						482.3	485.3	3	1.42
						495.3	496.3	1	1.86
						521.3	535.3	14	1.63
FKRD_054	241836.3	1387960.3	459.2	-56	83.5	32.0	34.0	2	2.83
						234.2	236.2	2	1.08
						335.2	385.2	50	2.46
						395.2	407.2	12	1.24
FKRD_055	241850.4	1388040.6	372.3	-56	83.5	295.3	313.3	18	3.96
						319.3	335.3	16	1.88
						338.3	347.3	9	2.38
						354.3	362.3	8	6.26

Notes:

1. Co-ordinates are in UTM grid (WGS 84 Zone 29P) and have been measured by GPS (+/- 5m accuracy).
2. Samples at one metre intervals.
3. All Intercepts calculated using a 1.0 g/t lower cut and no upper cut.
4. Intervals are all down-hole length.
5. Assaying conducted by SGS Analabs in Mali using industry standard 50 gram lead collection fire assay with AAS finish.
6. Reference standards, field duplicates and blank samples are routinely inserted; quality control samples are routinely monitored.
7. The broad mineralised zone at Fekola dips to the west at approximately 80°. Local variations in mineralisation dip occur within the broad mineralised zone.