

ASX RELEASE | 14 July 2014 | ASX:PIR

JUNE 2014 QUARTERLY REPORT

Papillon Resources Limited ('Papillon' or 'Company') is pleased to present its quarterly report for the period ended 30 June 2014. Highlights during the quarter include:

- **Proposed Merger with B2Gold Corp.**

Papillon entered into a merger implementation agreement with B2Gold Corp. ('B2Gold') to combine the two companies at an agreed exchange ratio of 0.661 B2Gold shares for each Papillon share held, subject to the satisfaction of certain conditions. The merger will be implemented by way of a scheme of arrangement ('Scheme').

If the Scheme is implemented, Papillon shareholders will hold approximately 26% of the merged entity providing the opportunity to gain immediate exposure to a significant, growth orientated and profitable gold producer with diversified operations whilst still retaining material exposure to the upside potential of the Company's Fekola Project ('Fekola') located in south western Mali, adjacent to the border with Senegal.

- **Early Site Works at Fekola**

Papillon commenced early site clearing of the plant site and mine services area at Fekola. The Company has identified a number of key areas, primarily in earthworks, to advance Fekola towards production prior to a formal final investment decision being made, following the release of the Definitive Feasibility Study ('DFS').

- **Additional Metallurgical Test Work at Fekola**

Additional metallurgical test work completed as part of the DFS supports the previous decision to implement a conventional primary crush, semi-autogenous grinding and ball mill ('SABC') circuit and a gravity concentration and a carbon-in-leach ('CIL') on gravity tails processing flowsheet for Fekola. The test work also indicated a number of improvements from the Pre-Feasibility Study ('PFS').

- **Fekola Mineral Resources Updated to Comply with JORC 2012**

New Australian Securities Exchange ('ASX') Listing Rules require Papillon to update its Mineral Resource holdings to comply with the new JORC Code 2012 Edition. Accordingly, the Company has re-estimated its Mineral Resource Estimate's ('MRE's'). The updated Fekola Main Zone MRE of 5.15 million ounces at a lower cut-off grade of 1.0 g/t gold remains unchanged since last reported under the JORC Code 2004 Edition, and the updated Fekola Satellites MRE is now 0.38 million ounces at a lower cut-off grade of 1.0 g/t gold.

- **Menankoto Sud Project Drilling Results**

Follow-up drilling at the Menankoto Sud Project has continued to yield extremely encouraging results. Menankoto Sud is located approximately 13 kilometres to the north of the Fekola Project. Assay results included 10 metres @ 4.61 g/t from 12 metres, 30 metres @ 2.01 g/t from 13 metres and 7 metres @ 3.22 g/t from 40 metres.

PROPOSED MERGER WITH B2GOLD

On 3 June 2014, Papillon announced it had entered into a definitive Merger Implementation Agreement ('Merger Agreement') with B2Gold Corp. ('B2Gold') to combine the two companies at an agreed exchange ratio of 0.661 B2Gold common shares for each Papillon share held ('Merger Consideration'). At the time of announcement, the Merger Consideration represented a purchase price of approximately A\$1.72 per Papillon share and valued the transaction at approximately A\$615 million.

The merger will be implemented by way of a Scheme of Arrangement ('Scheme'). Upon completion of the Scheme, existing B2Gold shareholders and former Papillon shareholders will own approximately 74% and 26%, respectively, of the issued common shares of the combined company.

B2Gold is a Toronto Stock Exchange ('TSX') listed and NYSE MKT listed gold producer with two producing mines in Nicaragua, one producing mine in the Philippines, one mine under construction in Namibia and a strong portfolio of development and exploration assets in Nicaragua, the Philippines, Namibia and Colombia.

The combination of B2Gold and Papillon will result in a company with a significant growth profile beyond its three operating mines which collectively produced 366,000 ounces of gold in 2013 at a cash cost of C\$681 per ounce and an all in sustaining cost of C\$1,064 per ounce. B2Gold's production is projected to increase significantly as the low cost Otjikoto mine in Namibia begins gold production in late 2014.

Board Recommendation

The Board of Directors of Papillon unanimously recommends that Papillon shareholders vote in favour of the proposed Scheme, in the absence of a superior proposal for Papillon and subject to an independent expert opining that the Scheme is in the best interests of Papillon shareholders.

Transaction Terms

The merger is subject to regulatory, Australian Court, shareholder, and third party approvals, together with other customary conditions. Regulatory approvals include approval by the Australian Foreign Investment Review Board, the Australian Securities and Investments Commission ('ASIC'), ASX, TSX, and NYSE MKT.

A meeting of Papillon shareholders to consider the Scheme is expected to be held in September 2014. The Scheme is conditional upon approval by 75% of the number of votes cast, and 50% of the number of Papillon shareholders present and voting, at the meeting of Papillon shareholders.

In addition to the approval by Papillon shareholders, the Scheme is conditional upon B2Gold shareholders approving the issuance of B2Gold shares that will be issued in connection with the Scheme by a simple majority of the B2Gold common shares that are voted at a shareholder meeting.

The Merger Agreement also contains customary deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal and a mutual reimbursement fee payable by B2Gold or Papillon in specified circumstances.

Scheme Booklet and Timetable

The Company is currently preparing a Scheme Booklet for shareholders and has commissioned BDO Corporate Finance (WA) Pty Ltd to provide an independent expert's report on the Scheme. Both documents will be filed with ASIC for review before being dispatched to shareholders.

A meeting of Papillon shareholders to consider the Scheme is expected to be held in September 2014 and the Scheme is expected to be implemented shortly thereafter. The Company will provide a further update on the indicative Scheme timetable once the first Court hearing date is confirmed.

FEKOLA GOLD PROJECT

The Company's flagship Fekola Gold Project ('Fekola') is located in south western Mali adjacent to the border with Senegal. Papillon is focused on the exploration, appraisal and development of Fekola in order to fulfill its vision of becoming a West African gold producer in the near term.

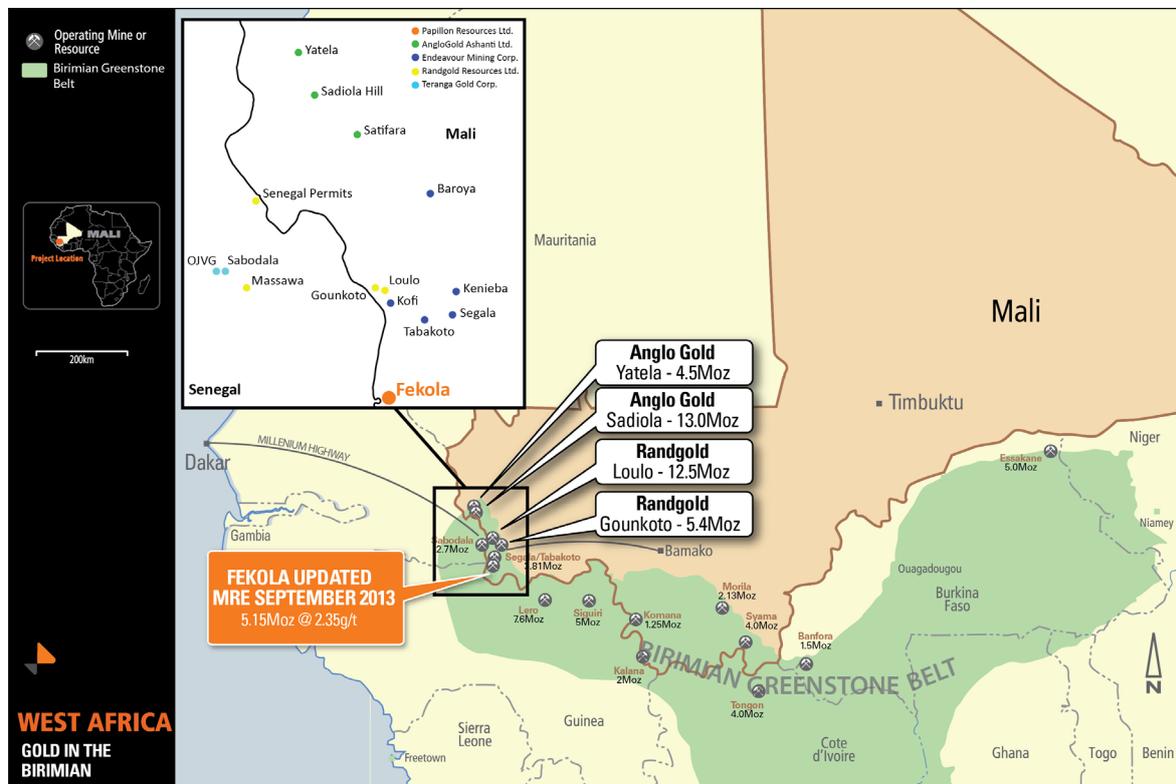


Figure 1: Fekola Project Location Map

Early Site Works at Fekola

During the quarter, the Company commenced early site clearing of the plant site and mine services area at Fekola. The Company has identified a number of key areas, primarily in earthworks, to advance Fekola towards production prior to a formal final investment decision being made, following the release of the Definitive Feasibility Study ('DFS'). This early work will minimise the potential for delays once formal construction has commenced, in particular the impact of the wet season.

Additional Metallurgical Test Work at Fekola

During the quarter, the Company completed additional metallurgical test work as part of the DFS for Fekola. The additional test work program was designed to address the final facets of the metallurgical characteristics and performance of Fekola including variability within the orebody, reagent consumptions and grind size optimisation. The program was also designed to reconfirm prior test work conducted at Fekola and complement other technical work completed as part of the DFS.

The program, which was conducted by ALS Metallurgy ('ALS') in Perth, comprised 18 variability composites and a single master composite specifically chosen by Papillon to give representative samples of key sections of the Fekola Deposit.

The extensive metallurgical test work program supports the previous decision to implement a conventional primary crush, semi-autogenous grinding and ball mill ('SABC') circuit and a gravity concentration and a carbon-in-leach ('CIL') on gravity tails processing flowsheet for Fekola.

Importantly, the test work has indicated a number of improvements from the Pre-Feasibility Study ('PFS') programs, including improved recovery profile with indications of life-of-mine recoveries in the range of 91% to 93% and reductions in cyanide consumption rates of between 43% and 66% from the quoted PFS numbers.

Fekola Mineral Resources Updated to Comply with JORC 2012

New ASX Listing Rules require Papillon to update its Mineral Resource holdings to comply with the new JORC Code 2012 Edition. During the quarter, the Company updated its Mineral Resource Estimates ('MRE's') to comply with the new JORC Code 2012 Edition and ASX Listing Rules requirements. There were no material changes to the Company's MRE's as a result of the update.

The Company's updated MRE's were estimated by independent consultants, MPR Geological Consultants Pty Ltd, and have been stated under the new JORC Code 2012 Edition.

The Company's Mineral Resource holdings comprise the 'Fekola Main Zone' MRE and the 'Fekola Satellites' MRE, which are both located on the Company's 'Medinandi' mining permit located in south west Mali which comprises the Fekola Project.

Within the Fekola Project the majority of the known mineralisation sits within the 'Fekola Main Zone' which has been the focus of the Company's work since it's discovery in early 2011. Prior to this, work had been undertaken at 'Fadougou Main Zone' ('FNE'), 'Fadougou South-East' ('FSE') and 'Fadougou North-East' ('FNE') which are collectively referred to as the 'Fekola Satellites'.

The Fekola Main Zone MRE has been estimated at 68.29 million tonnes averaging 2.35 g/t gold for a contained 5.15 million ounces of gold at a lower cut-off grade of 1.0 g/t gold, and the Fekola Satellites MRE has been estimated at 6.58 million tonnes averaging 1.81 g/t gold for a contained 0.38 million ounces of gold at a lower cut-off grade of 1.0 g/t gold.

Table 1: Fekola Project Mineral Resources

Fekola Project Mineral Resource Estimates – July 2014			
	Tonnage (million tonnes)	Grade (gold g/t)	Contained Gold (million ounces)
Fekola Main Zone Measured Resource	40.44	2.43	3.16
Fekola Main Zone Indicated Resource	19.57	2.35	1.48
Fekola Satellites Indicated Resource	2.07	2.00	0.13
Subtotal Measured & Indicated	62.07	2.39	4.77
Fekola Main Zone Inferred Resource	8.3	1.9	0.5
Fekola Satellites Inferred Resource	4.5	1.7	0.2
Total Resource	74.87	2.32	5.53

Notes: The resource is reported at a lower cut-off grade of 1.0 g/t gold

The resource is estimated on a 100% basis of which 90% is attributable to Papillon Resources Limited

All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding

The updated MRE's incorporate results from drilling conducted from 2007 to 2013, and is based on data from approximately 173,000 metres of combined reverse circulation ('RC') and diamond core ('DD') drilling.

An MRE for Fekola Main Zone was previously reported by the Company in accordance with the JORC Code 2004 Edition on 3 September 2013. The Fekola Main Zone MRE reported herein has been updated to comply with the JORC Code 2012 Edition. There has been no change to Fekola Main Zone MRE as a result of the update.

An MRE for the Fekola Satellites was previously reported by the Company in accordance with the JORC Code 2004 Edition on 8 August 2011. The Fekola Satellites MRE reported herein has been updated to comply with the JORC Code 2012 Edition and incorporates some additional drilling and sampling information since last reported. The updated Fekola Satellites MRE has resulted in a slight overall increase in contained ounces and a slight overall decrease in grade.

For further details please refer to Appendix 1 for a summary of the resource estimate and reporting criteria, Appendix 2 for details of the range of gold cut-off grades that would span the range applicable to open pit mining, and Appendix 3 for the detailed JORC Code Table 1 Checklist of Assessment and Reporting Criteria.

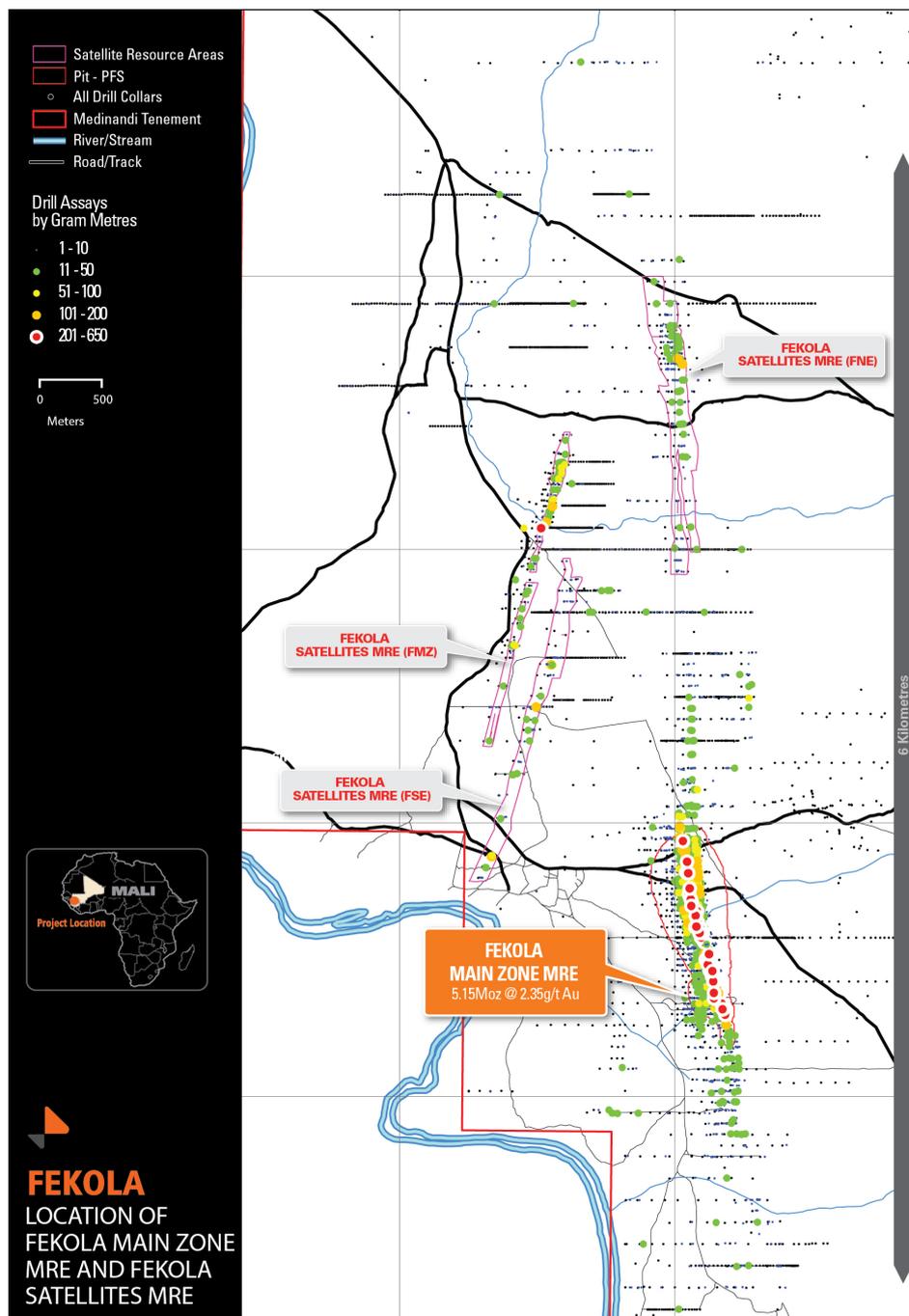


Figure 2: Location of Fekola Main Zone MRE and Fekola Satellites MRE

MENANKOTO SUD PROJECT

The Menankoto Sud Project ('Menankoto Sud') is located approximately 13 kilometres to the north northeast of the Fekola Project.

Menankoto Sud Drilling Results

The drilling campaign at Menankoto Sud has consisted of RC scout drilling comprising 27 drill holes for a total of approximately 3,200 metres. During the quarter, the Company announced follow-up drilling results from Menankoto Sud targeting strike extension from previously released results, consisting of 12 RC drill holes for a total of more than 1,700 metres.

These results indicate the extension of mineralisation within the near surface to the north and south of previously completed drilling. The assay results returned from new drill holes MSR 016 (30 metres @ 2.01 g/t from 13 metres) and MSR 026 (10 metres @ 4.61 g/t from 12 metres) indicate that, based on the broad spaced lines (approximately 300 metres line spacing), mineralisation extends over a strike length of approximately 1,200 metres and remains open to the north and south. Select intercepts included:

Table 2: Menankoto Sud Select Intercepts

Hole No.	Down Hole Intercept	From Depth (Down Hole)
MSR 016	30m @ 2.01 g/t	13m
MSR 021	7m @ 3.22 g/t 4m @ 6.29 g/t	40m 90m
MSR 025	4m @ 4.26 g/t	55m
MSR 026	10m @ 4.61 g/t	12m

The Menankoto Sud geology consists of a sequence of sedimentary argillites, turbidites, carbonates and brecciated mafic volcanics. Alteration associated with mineralisation within fresh rock consists of a carbonate, sericite, albite assemblage containing fine disseminated pyrite. Both the geology and alteration assemblage has similarities to that seen at Fekola to the south.



Figure 3: Location of Menankoto Sud Project

ZTS CLAIM

During the quarter, Papillon announced that a local Malian company, Etablissements Zoumana Traoré SARL ('ZTS'), had filed a claim against Papillon before the Commercial Court of Bamako seeking to claim an additional shareholding in Songhoi Resources SARL ('Songhoi').

Papillon's Medinandi tenement is owned by Songhoi, a joint venture company between Papillon, which owns 90%, and its local joint venture partner, Mani SARL ('Mani'), which owns 10%. Mani originally acquired the tenement from ZTS in 2006.

Papillon considers the ZTS claim to be without merit and is strongly defending its position. In addition, Papillon considers that the proper forum for this matter is arbitration in Paris under International Chamber of Commerce ('ICC') rules. Accordingly, Papillon has initiated ICC arbitral proceedings in Paris in order to secure its rights against ZTS and other respondents. The arbitration has been registered by the ICC Secretariat.

On 26 June 2014, Papillon announced that a judge of the Commercial Court of Bamako had dismissed Papillon's arguments on jurisdiction and accepted ZTS's claims on the merits. The hearing was supposed to be limited to the question of jurisdiction and Papillon was not given an opportunity to submit arguments on the merits of the case. Notwithstanding this, it seems that the judge decided that ZTS holds 17% of Songhoi's share capital, 10% of which is already indirectly held by ZTS through Mani. Papillon is still waiting for the written judgement to be handed down. Papillon considers the decision to be totally unlawful and intends to appeal the decision to the Court of Appeal in Bamako.

Papillon remains confident that the rule of law will prevail, even if Papillon has to appeal all the way to the Supreme Court in Bamako or the *Cour Commune de Justice et d'Arbitrage* ('CCJA') in Abidjan.

The proceedings and the arbitration are continuing. Neither the proceedings nor the arbitration are likely to be resolved prior to the merger with B2Gold becoming effective. Information regarding the claim was first announced to the market on 7 April 2014 and disclosed to B2Gold prior to signing the Merger Agreement.

REMUNERATION OF MANAGING DIRECTOR AND CEO

The Board has resolved that Mr Mark Connelly, Managing Director and Chief Executive Officer of the Company, will be paid a cash bonus of A\$150,000 for the year ended 30 June 2014 following the successful achievement of key performance indicators.

EXPLORATION INTERESTS

At 30 June 2014, the Company had an interest in the following tenements:

Table 3: Papillon Exploration Interests

Project	Tenement Name	Location	Percentage Interest	Status
Mali West:	Medinandi (Fekola)	Kenieba, Mali	90	Granted
	Bantako Est	Kenieba, Mali	90	Granted
	Diangounte	Kayes, Mali	90	Granted
	Ménankoto Sud	Kenieba, Mali	95	Granted
	Babara	Kenieba, Mali	90	Application
	Makouké Ouest	Kenieba, Mali	90	Application
	Serinati	Kayes, Mali	90	Application

Project	Tenement Name	Location	Percentage Interest	Status
Mali South:	Gouenso	Yanfolia, Mali	90	Granted
	Mandiela	Yanfolia, Mali	90	Granted
	Sankama	Bougouni, Mali	90	Granted
	N'tébougou	Bougouni, Mali	90	Granted
	Nounfara	Yanfolia, Mali	90	Application
	Diossyan	Yanfolia, Mali	90	Application
	Heremakono	Kangaba, Mali	90	Application
	Ourou-Ourou	Yanfolia, Mali	90	Application

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Competent Person Statements

The information in this report that relates to Exploration Results is based on, and fairly represents, 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. 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, and fairly represents, 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. 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.

Forward Looking Statements

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 – SUMMARY OF RESOURCE ESTIMATE AND REPORTING CRITERIA

Geology and Geological Interpretation

The Fekola Project is located within the Kedougou-Kenieba-Inlier, an erosional window through the sedimentary Taoudeni Basin to the Lower Proterozoic volcano-sedimentary and igneous basement rocks which form the over-arching Birimian Greenstone Belts associated with the West African Craton. The deposits lie within the Dalema-Kofi formation, which is of Lower Proterozoic age. The host sequence comprises finely laminated quartzite, fine grained sedimentary rocks and mafic intrusive rocks.

Extensive drilling and sampling undertaken to date at the Fekola Main Zone has confirmed a number of features of the mineralised zone, in particular an alteration assemblage consisting of hematite, carbonate, albite and sericite, with the presence of fine grained pyrite being a strong indicator of the gold mineralisation. Mineralisation is observed from close to surface to a current maximum vertical depth of 480 metres, which is limited by the current extent of drilling. Significantly, the mineralised zone includes a high grade shoot which is observed to be shallowly plunging at approximately 20 degrees in a north-north-west trend.

The Fekola Satellites mineralisation lie to the west and north of the Fekola Main Zone and show a different style of mineralisation to the Fekola Main Zone with gold being predominantly related to quartz veining.

Drilling and Sampling Techniques

Drilling at Fekola Main Zone extends for approximately 5.1km north-south with drill holes on a reasonably consistent 40m by 40m spacing within a 1.5km strike in the central portion of the deposit. To the north and south of this area drill lines are spaced at 80m to 160m. The drilling has been undertaken on east-west oriented sections with the holes mostly inclined -55 degrees towards grid east. The mineralisation has been tested vertically to a depth of 440m in the central, and to 480m in parts of the northern, extent of the MRE area. The drill hole information included the sample and assay data for a total of 643 reverse circulation ('RC'), RC pre-collared diamond ('RCD') and diamond core ('DDH') drill holes for a combined length of approximately 127,000 metres.

Drill samples are routinely taken on 1m intervals and sent to an external analytical laboratory for preparation and analysis. Samples were dried, crushed and pulverised to get 85% of the sample passing a 75µm sieve to provide a 50g charge for a lead collection fire assay with an AAS finish. The majority of samples were sent to the SGS Analabs laboratory in Kayes, along with samples also being sent to SGS Analabs laboratory in Bamako and Morilla.

Table 4: Summary of Fekola Main Zone Drilling Database

Drilling Method	Number	Average Depth	Total	Proportion of Total
		(metres)	(metres)	(%)
RC	439	147	64,663	51%
RCD	54	330	17,826	14%
DDH	150	297	44,658	35%
Totals	428	197	127,148	100%

Drilling over the Fekola Satellites comprises 373 holes and is predominantly RC drilling with some a smaller number of DDH holes. Some RAB drilling is also present but has not been utilised within the estimation. The current drilling spacing is highly variable with drilling generally located on east-west oriented drill traverses spaced at 40 and 80 metre intervals. Most drill holes are angled steep (~60 degrees) towards grid east normal to the general strike of the gold mineralisation and in the better drilled areas sections have holes intersecting mineralisation to a depth of 30mRL (approximately 100 metres below natural surface).

Drill holes are nominally spaced 30-40 metre on section, although there are in rare instances holes spaced closer (20 metres) and also there are commonly holes drilled angled towards west forming scissor intersections on many sections.

Drill samples are routinely taken on 1m intervals and sent to an external laboratory for preparation and analysis. Samples were dried, crushed and pulverised to get 85% of the sample passing a 75µm sieve to provide a 50g charge for a lead collection fire assay with an AAS finish. The majority of samples were sent to the SGS Analabs laboratory in Kayes, with a smaller percentage of samples also being sent to SGS Analabs laboratory in Bamako.

Table 5: Summary of Fekola Satellites Drilling Database

Drilling Method	Number	Average Depth	Total	Proportion of Total
		(metres)	(metres)	(%)
RC	343	123	42,214	91%
DDH	30	133	4,018	9%
Totals	428	124	46,232	100%

Classification criteria

The MRE's have been classified as Measured, Indicated and Inferred Resources based on the guidelines recommended in the JORC Code (2012 Edition). The gold estimates within each block have been classified according to the distribution of sampling in the kriging neighbourhood. This classification scheme takes into account the uncertainty in the estimates related to the proximity and distribution of the informing composites. A progressively less stringent three pass search strategy produces the initial three categories of confidence. The highest confidence estimate uses a search ellipse of approximately the same dimension of the block dimension and a significant number of resource composites selected from within an octant constraint. The search radii are expanded and sample criteria relaxed for the second and third categories.

Sample analysis method

Drill samples are routinely taken on 1m intervals and sent to an external laboratory for preparation and analysis. Samples were dried, crushed and pulverised to get 85% of the sample passing a 75µm sieve to provide a 50g charge for a lead collection fire assay with an AAS finish. The majority of samples were sent to the SGS Analabs laboratory in Kayes, with a smaller percentage of samples also being sent to SGS Analabs laboratory in Bamako.

Resource Estimation Methodology

The assay data were composited to 2m down-hole intervals and then domained based on weathering, and mineralisation trends. Indicator and gold variograms were modelled and flagged to for the mineralisation domains and sub-regions.

Grade was estimated into panels of 20m East x 40m North x 5m RL utilising Multiple Indicator Kriging ('MIK'). A block support adjustment, incorporating an adjustment for Information Effect, was then applied to estimate the recoverable gold resources assuming a selective mining unit ('SMU') of 5m East x 10m North x 5m RL for the Fekola Main Zone and 5m East x 10m North x 2.5m RL for the Fekola Satellites. A recoverable gold resource based on the expected SMU size and grade control parameters provides an estimate expected to be achievable in an open pit mine.

Cut-off grades

The MRE is reported at a lower cut-off grade of 1.0 g/t gold. In addition, estimates showing the range of gold cut-off grades that would span the range applicable to open pit mining are included in Appendix 2.

Mining and metallurgical methods and parameters

In June 2013, the Company completed a PFS for Fekola which confirmed the project's technical viability, robust economics and capacity to operate with significant positive cash margins.

The PFS was based on a previous MRE for the Fekola Main Zone completed in January 2013, which comprised 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 previous Mineral Resource estimate comprised 44.31 million tonnes averaging 2.46 g/t gold for a contained 3.50 million ounces of gold classified in the Measured and Indicated Resource categories. The PFS incorporated only Measured and Indicated Resources.

In March 2014, Papillon commenced a DFS for the Fekola Project which is expected to be completed during the second half of 2014. The DFS will be based on the current Fekola Main Zone MRE.

During the quarter, the Company completed additional metallurgical test work as part of the DFS for Fekola. The additional test work program was designed to address the final facets of the metallurgical characteristics and performance of Fekola including variability within the ore body, reagent consumptions and grind size optimisation. The program was also designed to reconfirm prior test work conducted at Fekola and complement other technical work completed as part of the DFS.

At present no studies have been completed by the Company in relation to the mining and metallurgical properties of the Fekola Satellites MRE.

APPENDIX 2 – FEKOLA MINERAL RESOURCES

Table 6: Fekola Main Zone MRE

Fekola Main Zone MRE – July 2014			
	Tonnage (million tonnes)	Grade (gold g/t)	Contained Gold (million ounces)
Measured Resource	40.44	2.43	3.16
Indicated Resource	19.57	2.35	1.48
Subtotal Measured & Indicated	60.01	2.40	4.64
Inferred Resource	8.3	1.9	0.5
Total Resource	68.29	2.35	5.15

*Notes: The resource is reported at a lower cut-off grade of 1.0 g/t gold
The resource is estimated on a 100% basis of which 90% is attributable to Papillon Resources Limited
All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding*

Table 7: Fekola Main Zone MRE at varying cut of grades:

Fekola Main Zone MRE									
	Measured		Indicated		Inferred		Total		
Au Cutoff	Tonnes	Au	Tonnes	Au	Tonnes	Au	Tonnes	Au	ounces
0.2	120.09	1.15	77.40	0.93	69.0	0.6	266.47	0.94	8.09
0.3	102.53	1.31	59.87	1.14	45.3	0.8	207.73	1.14	7.63
0.4	88.38	1.46	48.32	1.32	32.1	0.9	168.81	1.33	7.19
0.5	76.31	1.62	39.98	1.51	24.1	1.1	140.38	1.50	6.78
0.6	66.33	1.78	33.68	1.69	18.5	1.3	118.55	1.68	6.40
0.7	57.98	1.95	28.87	1.86	14.7	1.5	101.50	1.85	6.04
0.8	51.10	2.11	25.08	2.03	11.9	1.6	88.09	2.02	5.72
0.9	45.32	2.27	22.05	2.19	9.9	1.8	77.23	2.18	5.42
1.0	40.44	2.43	19.57	2.35	8.3	1.9	68.29	2.35	5.15
1.1	36.29	2.59	17.51	2.50	7.0	2.1	60.83	2.50	4.90
1.2	32.72	2.74	15.78	2.65	6.0	2.2	54.55	2.66	4.66
1.5	24.64	3.20	11.99	3.06	4.0	2.7	40.66	3.11	4.07

Table 8: Fekola Satellites MRE

Fekola Satellites MRE – July 2014			
	Tonnage (million tonnes)	Grade (gold g/t)	Contained Gold (million ounces)
Indicated Resource – FMZ	1.26	2.24	0.09
Indicated Resource – FNE	0.81	1.64	0.04
Subtotal Indicated	2.07	2.00	0.13
Inferred Resource – FMZ	1.0	2.3	0.1
Inferred Resource – FNE	1.7	1.6	0.1
Inferred Resource – FSE	1.9	1.6	0.1
Total Resource	6.58	1.81	0.38

*Notes: The resource is reported at a lower cut-off grade of 1.0 g/t gold
The resource is estimated on a 100% basis of which 90% is attributable to Papillon Resources Limited
All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding*

Table 9: Fekola Satellites MRE at varying cut of grades

Fekola Satellites MRE									
	Indicated			Inferred			Total		
Au Cutoff	Tonnes	Au	ounces	Tonnes	Au	ounces	Tonnes	Au	ounces
0.4	5.23	1.2	0.20	17.4	0.9	0.5	22.64	0.97	0.70
0.5	4.41	1.3	0.19	13.5	1.0	0.5	17.94	1.10	0.64
0.6	3.74	1.45	0.17	10.6	1.2	0.4	14.35	1.24	0.57
0.7	3.19	1.59	0.16	8.4	1.3	0.4	11.61	1.38	0.52
0.8	2.74	1.72	0.15	6.8	1.4	0.3	9.50	1.53	0.47
0.9	2.37	1.86	0.14	5.5	1.6	0.3	7.87	1.67	0.42
1.0	2.07	2.00	0.13	4.5	1.7	0.2	6.58	1.81	0.38
1.2	1.59	2.26	0.12	3.1	2.0	0.2	4.73	2.08	0.32
1.5	1.11	2.67	0.10	1.9	2.4	0.1	3.04	2.50	0.24

APPENDIX 3 – JORC CODE TABLE 1

Section 1 Sampling Techniques and Data:

Criteria	Explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>The Fekola Deposit was sampled using Reverse Circulation (RC), and Diamond Drill (DD) holes on a nominal 40m by 40m spacing in the centre of the deposit and extending to an 80m and 160m by 40m spacing on the northern portion. A total of 439 RC and 173 DD drill holes for 127,148m were drilled at a nominal angle of -55 degrees to grid east.</p> <p>The Fekola Satellites were sampled using Reverse Circulation (RC), and Diamond Drill (DD) holes on a varying drill spacing nominal 40m by 40m. A total of 343 RC and 30 DD drill holes for 46,232m were drilled at a nominal angle of -60 degrees to grid east.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<p>Drillhole collar locations were surveyed by trained site based technicians using real time kinematic (RTK) differential GPS (DGPS) to a sub decimetre accuracy in horizontal and vertical position. Further validation of the vertical position was undertaken by utilising a LIDAR survey to confirm the elevations. Down hole drill hole surveys were undertaken by the drill contractor utilising a Reflex EZ-Shot downhole survey instrument and by single shot Eastman Cameras. The surveys were taken every 30m down hole. No strongly magnetic rock units are present within the deposit which may upset magnetic based readings.</p> <p>Certified reference materials (CRM) and blanks were inserted into sample streams to assess the accuracy, precision and methodology of the external laboratories utilised. In addition duplicate samples were inserted to assess the variability of the gold mineralisation. Over 10% of all assays were related to quality assurance (QA) checks. In addition the laboratories utilised undertook their own duplicate sampling as part of their own internal QA processes. Examination of the QA/QC sample data indicates satisfactory performance of field sampling protocols and assay laboratories providing acceptable levels of precision and accuracy.</p>
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	<p>RC samples were collected on 1m intervals and split using a four tier riffle splitter to provide an approximate 2.0kg sample.</p> <p>DD holes of HQ and NQ diameter were completed. Half core sampling a predominantly 1m interval of the DD was undertaken. Residual core has been preserved onsite.</p> <p>All samples were sent to an external laboratory for preparation and analysis. Samples were dried, crushed and pulverised to get 85% of the sample passing a 75µm sieve to provide a 50g charge for a lead collection fire assay with an AAS finish. The majority of samples were sent to the SGS Analabs laboratory in Kayes, with a small percentage of samples also being sent to SGS Analabs laboratory Morilla and Bamako, Mali and to Bureau Veritas in the Cote d'Ivoire.</p>
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	<p>At Fekola RC drilling accounts for 51% of drill metres with maximum hole depth of 147m. Diamond drilling was undertaken with RC or PQ sized pre-collars followed by HQ and then NQ core drilled to final depths. RC pre-collars depth ranged up to a maximum of 250m depth and were routinely not within mineralisation.</p> <p>At the Satellites RC drilling accounts for ~90% of drill metres with average hole depth of 123m. Diamond drilling was undertaken with HQ core drilled to final depths. Average depth of hole was 133m. Rotary Airblast Drilling (RAB) over was completed over the area but was not used within the estimation of resources as it was deemed to have too poor a quality sample to be used for estimation.</p>

Criteria	Explanation	Commentary
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Diamond core recovery was logged and recorded by company technicians at the drill rig and recorded into the database. No significant core loss was encountered in mineralised zones with an average recovery of 97% at Fekola RC chips were visually assessed for moisture content and recorded into the database along with sample weights which were routinely reviewed to monitor recoveries.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	The RC drilling rigs had access to booster compressors which were utilised to ensure dry samples where possible. All sample intervals were assayed.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	The core and RC sample recoveries are of an acceptable level and no bias is expected from sample losses. Twinning of a series of RC holes with core has been undertaken to verify the quality of the RC sampling at Fekola.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Core and RC chip samples have been logged for lithology, alteration, mineral assemblage, veining, structure, RQD, density and selective magnetic susceptibility.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging is qualitative in nature with the exception of density and magnetic susceptibility. This is appropriate for Mineral Resource estimation and mining and metallurgical studies of a pre-feasibility level. Core and RC chip trays have been photographed prior to sampling.
	<i>The total length and percentage of the relevant intersections logged.</i>	All core and RC chips have been logged in full
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core has been sampled by cutting half core. Where QA/QC procedures require a duplicate sample this half core is further cut to provide two quarter core samples.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC intervals have been sampled by splitting dry samples utilising a four tier riffle splitter. Where samples are wet they have been dried prior to spitting or occasionally have been quartered wet.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	All samples were sent to an external laboratory for preparation and analysis. Samples were dried, crushed and pulverised to get 85% of the sample passing a 75µm sieve to provide a 50g charge for a lead collection fire assay with an AAS finish.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	At Fekola routine weighing of the RC field reject and riffle split samples and measuring core recoveries were undertaken to monitor representivity of samples being produced by the drilling. At the Fekola Satellites, routine weighing of sample was not completed on samples prior to 2012.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Duplicate splits of RC samples and quarter core duplicates were undertaken on a 1:20 basis. These showed acceptable variation and repeatability.
<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	No significant coarse gold is observed at Fekola therefore the 2kg sample split for RC and half core samples of the core holes is considered appropriate.	
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Gold assays were obtained by using a 50g charge for a lead collection fire assay with an AAS finish. This is considered to be total gold estimate.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical methods or handheld XRFs were utilised to estimate or ascertain gold grades.
	<i>Nature of quality control procedures adopted (eg standards,</i>	Certified reference materials, blanks and duplicates are

Criteria	Explanation	Commentary
	<i>blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	regularly inserted into the sample preparation and analysis process with approximately 10% of all samples being related to quality control. Umpire samples are routinely sent to an alternate lab to check 10% of mineralised samples. The laboratories utilised also maintain their own process of QA/QC utilising CRMs, repeats and duplicates Review of the companies quality control samples as well as the laboratories QAQC has shown no sample preparation issues, acceptable levels of accuracy and precision and no bias to the analytical datasets.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Reported significant intervals were reviewed and checked by geological and then senior geological management
	<i>The use of twinned holes.</i>	At Fekola program of twinned RC and core holes was undertaken to assess the impact of wet samples and sample loss on RC drilling. Visual inspection of all sections shows that there is good correlation between the intersection of gold mineralisation seen in the RC drill holes and their neighbouring diamond core twins and on average both sampling methods returned similar gold mineralised intervals and tenor. It is observed that in the broader intersections where there are internal zones of lower grade mineralisation the contacts to these zones (and grade tenor) are reflected similarly in the two sampling methods. No twinned holes have been completed on the Satellites.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All primary data is recorded to paper forms designed by the Company. Data is then keypunched into controlled excel templates with validation. The templates are then provided to an external database management company for loading and validation into a structured relational database. The external database management company maintains archives and backups of all digital data and provides daily updates back to the Company. These procedures are documented within Papillon's geological procedures manuals.
	<i>Discuss any adjustment to assay data.</i>	No adjustments to assay values have been made.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill hole collar locations were surveyed by trained site based technicians using real time kinematic (RTK) differential GPS (DGPS) to a sub decimetre accuracy in horizontal and vertical position. Further validation of the vertical position was undertaken by utilising a LIDAR survey to confirm the elevations. Down hole drill hole surveys were undertaken by the drill contractor utilising a Reflex EZ-Shot down hole Survey instrument and by single shot Eastman Cameras. The surveys were taken every 30m down hole. No strongly magnetic rock units are present within the deposit which may upset magnetic based readings.
	<i>Specification of the grid system used.</i>	All horizontal coordinates are based on WGS84 datum and using a UTM zone 19 N projection. The vertical datum is based on EGM2008.
	<i>Quality and adequacy of topographic control.</i>	Topographic control is based on a LIDAR derived digital terrain model and has a vertical accuracy of <0.20m and a spatial resolution of <1.0m providing adequate topographical control for Mineral Resource estimation and mine planning.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	At Fekola results reported and incorporated into the Mineral Resource estimate range from a 40m by 40m spacing within the centre of the resource area to an 80m by 40m to a 160m by 40m spacing on the northern and southern extremities of the resource area. At the Satellites spacing varies from 120m line space down to 40m lines spaced data and from 40 to 80m spacing. At the FMZ area a number of holes are drilled to the west providing scissors to check for alternate orientations of mineralisation.
	<i>Whether the data spacing and distribution is sufficient to establish</i>	Data spacing provides sufficient spatial detail to establish

Criteria	Explanation	Commentary
	<i>the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	geological and grade continuity to allow Inferred, Indicated and Measured Mineral Resources to be estimated.
	<i>Whether sample compositing has been applied.</i>	No compositing of intervals in the field have been undertaken.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The general strike of gold mineralisation is in a NNW direction and dipping steeply to the west. Within the Satellites the trend of quartz vein related mineralisation is to the NNE. The use of holes drilled to the east and the west to provide a scissor has provided checks for alternate orientations of mineralisation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	The sampling of drill holes oriented as close as practical to be orthogonal to the general strike and dip of the gold mineralisation i.e. inclined to the west, is expected to produce the most appropriated sample for input into the Mineral Resource estimate.
Sample security	<i>The measures taken to ensure sample security.</i>	Chain of custody is managed by Papillon. Samples are transported from the drill site by company vehicle to a sample preparation yard where samples are prepared for dispatch. Samples are collected directly from site by the laboratory. Sample submission forms are sent in paper form with the samples as well as electronically to the laboratory. Reconciliation of samples occurs prior to commencement of sample preparation of dispatches.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	All QA/QC data is reviewed in an ongoing basis and reported in monthly summaries. The data is also independently reviewed by MPR Geological Consultant Pty Ltd (MPR) as part of the Mineral Resource estimation process. MPR has undertaken site visit to review and inspect the application of procedures at the Fekola site. These regular and external reviews have concluded that the sampling and analytical results have resulted in data suitable for incorporation into the Mineral Resource estimation.

Section 2 Reporting of Exploration Results:

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Fekola project lies on the Medinandi Research Permit as granted by Arrete 041113/MMEE-SG on the 27/5/2004 and wholly transferred to Songhoi Resources SA by Arrete 062761/MMEE-SG on 13/11/2006. The Medinandi Research Permit has had two renewals and has been granted a one year proration until the 28/5/2014 to facilitate the granting of a mining lease. Songhoi Resources SA is a joint venture company in which Papillon Resources has a 90% interest. Resettlement of farmers within the resource area has been completed. No historical sites, wilderness or national parks are located within the Permit. Prior to mining the company intends to relocate a nearby school.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	Tenure is considered secure. A mining licence application was submitted on 5/8/2013. There are no known impediments to the granting of this application.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Work within the broader area was undertaken by Sonafrem (1960's), BRGM (1970s), Guefest (1990s), WAG (1990's), Randgold (1990s), Central African Gold (2000s). Work completed by these groups included mapping, geochemical surveys, rock

Criteria	Explanation	Commentary
		<p>chipping, landsat and aeromagnetic surveys and interpretations, trenching, auger and aircore drilling.</p> <p>The Fekola deposit is blind to the surface and lies under an extensive lateritic ferricrete cap and alluvial cover. A regional gold in soil anomaly lies around the Fekola area.</p> <p>Papillon drilled the discovery hole at Fekola in December 2010.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>Fekola is located within the Kedougou-Kenieba-Inlier, an erosional window through the sedimentary Taoudeni Basin to the Lower Proterozoic volcano-sedimentary and igneous basement rocks which form the over-arching Birimian Greenstone Belts associated with the West African Craton.</p> <p>The deposit lies within the Dalema-Kofi formation, which is of Lower Proterozoic age. The host sequence comprises finely laminated quartzite, fine grained sedimentary rocks and mafic intrusive rocks. Extensive drilling and sampling undertaken to date has confirmed a number of features of the mineralised zone, in particular an alteration assemblage consisting of a hematite, carbonate, albite, and sericite assemblage with the presence of fine grained pyrite being a strong indicator of the gold mineralisation. Mineralisation is observed from close to surface to a current maximum vertical depth of 480m. Significantly, the mineralised zone includes a high grade shoot which is observed to be shallowly plunging at approximately 20 degrees in a NNW trend.</p>
Drill hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	<p>No new exploration results are included in this announcement.</p> <p>All mineralised and non-mineralised drill holes within the resource area have previously been reported in announcements to the ASX providing collar easting, northing, elevation, dip, azimuth and length of hole and mineralised intercepts as encountered.</p>
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>No new exploration results are included in this announcement. All mineralised and non-mineralised drillholes within the resource area have previously been reported.</p> <p>All results are for gold assay only and no metal equivalent values are calculated.</p>
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></p>	<p>All drilling is planned in such a way as to intersect mineralisation in a perpendicular manner. Drill holes are oriented as close as practical to be orthogonal to the general strike and dip of the gold mineralisation.</p> <p>At Fekola Mineralisation dips at approximately 80° to the WNW although local variations internal to the deposit occur.</p> <p>At the Satellites mineralisation in quartz veins trends NNE and deeps steeply west.</p>

Criteria	Explanation	Commentary
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Appropriate diagrams in relation to the deposit, including plans, cross sections and long section, accompany all previous exploration results announcements.
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All mineralised and non-mineralised drillholes within the resource area have been previously reported.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	The Company has reported the results of a Pre-Feasibility Study ('PFS') for the Fekola Project (refer ASX Announcement dated 26 June 2013). The PFS included hydrogeological, geotechnical, environmental impact assessments, mining, metallurgical and process engineering studies.
Further work	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	The mineralisation at the Fekola deposit remains open along strike to the north and south. In particular the high grade plunging shoot continues to the north and will be the focus of ongoing drilling.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	These are shown in the main body of the document.

Section 3 Estimation and Reporting of Mineral Resources:

Criteria	Explanation	Commentary
Database integrity	<i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i>	Digital templates with lookup tables and fixed formatting are used for logging and sampling data. Data transfer between laboratories and Papillon is electronic in nature. Digital versions of all data entry is reviewed by senior company staff against original paper versions and signed off.
	<i>Data validation procedures used.</i>	Data upon loading is imported into a relational database with keyed lookup values and acceptable data ranges. Data is then validated for overlapping ranges or incongruent data by visual plotting and inspection.
Site visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i>	Nic Johnson, consultant geologist with MPR, visited the Fekola Project in May 2012 to review the exploration procedures. No issues were identified and all procedures were considered to be of acceptable standards.
	<i>If no site visits have been undertaken indicate why this is the case.</i>	
Geological interpretation	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i>	The broad interpretation of the Fekola deposit bares strong similarities observed at existing mines within the Kedougou-Kenieba inlier that are currently in production.
	<i>Nature of the data used and of any assumptions made.</i>	The Mineral Resource Estimates incorporates constraining envelopes based on a low grade gold threshold. No assumption of primary lithological constraints are used in the estimation process.
	<i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i>	Wireframes representing the top of fresh rock was interpreted from the geological logging data and is used in the estimation model to assign resource composites to the secondary oxide domain for applying bulk densities.
	<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	At the Satellites artisanal mining has occurred along parts of the quartz vein system. Artisanal miners typically develop shafts within the oxide zone to extract the quartz vein. No modelling of depletion due the artisanal mining has been incorporated into the Satellites estimate.
		Domaining of the deposits using a 0.1 gold envelope has been undertaken.

Criteria	Explanation	Commentary
	<i>The factors affecting continuity both of grade and geology.</i>	At Fekola the deposit shows a north south lithological trend with continuity of rock types in this orientation. Mineralisation shows continuity in a NNW shallow north dipping shoot. Late stage footwall faults are interpreted to offset the lithology and a lower section of the gold mineralisation.
Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	<p>The Fekola study area extends for approximately 5.1km in strike and the west dipping main zone of gold mineralization is between 100-200m in horizontal width, narrowing at its southern and northern limits. The Mineral Resource is limited in depth by drilling, which extends from surface to a maximum depth of approximately 480m vertically.</p> <p>The Satellites consist of 3 zones of mineralisation with each being narrow 1-5m width and along ~2km long trends with the FMZ and FSE trends continuing across the international border to the SW. Mineralisation is currently limited by depth of drilling with an average hole length of 123m and a deepest hole of 272m (~230m vertical), though mineralisation of similar style below this depth may not be economic. Mineralisation is preserved within quartz veins within the weathered zone and can come to the sub surface.</p>
Estimation and modelling techniques	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	<p>The method of Multiple Indicator Kriging (MIK) with block support adjustment to estimate gold. MIK of gold grades use indicator variography based on the resource composite sample grades within distinct mineralised populations defined by wire-frames. Within each domain gold grade continuity was characterised by indicator variograms at 14 indicator thresholds spanning the global range of grades.</p> <p>MIK was used as the preferred method for estimation of gold at Fekola and the Satellites as the approach has been demonstrated to work well in a large number of deposits of diverse geological styles. The gold mineralisation seen at Fekola is typical of that seen in most structurally controlled gold deposits and where the MIK method has been found to be of most benefit.</p> <p>Data viewing, compositing and wire-framing were performed using Micromine software. Exploratory data analysis, variogram calculation and modeling, and Mineral Resource estimation have been performed using FSSI Consultant (Australia) Pty Ltd GS3M software. GS3M is designed specifically for estimation of recoverable resources using MIK.</p> <p>The assay data were composited to 2m down-hole intervals by MPR using Micromine. A composite length of 2m was chosen as it is a multiple of the most common sampling interval (1m) and 2m composites down the inclined (-55/-60 degree) drill holes nominally produces a vertical spacing between composites of approximately 1.2m, approximately half to quarter the height of potential open pit mining bench height (either 2.5 or 5.0m).</p>
	<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	<p>MPR has completed previous MRE's on the Fekola deposit in January 2013 and June 2012 and on the Satellites in January 2011.</p> <p>Third party independent reviews were undertaken on the Mineral Resource estimates reported for the Fekola Deposit in January 2013. The review concluded that the estimate was reliable. The current estimate is an update to the January estimate.</p> <p>No previous mining has occurred at Fekola therefore the current resource estimate has not been reconciled to production.</p>
	<i>The assumptions made regarding recovery of by-products.</i>	The resource model only estimates gold
	<i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i>	There are no deleterious or other non-grade variables identified as being significant at Fekola.
	<i>In the case of block model interpolation, the block size in</i>	Block dimension is 20mE by 40mN and chosen due to this

Criteria	Explanation	Commentary
	<i>relation to the average sample spacing and the search employed.</i>	dimension approximates the average drill spacing in the modeled resource areas. A three pass octant search strategy was employed to locate samples for use in block estimation and to produce the three resource confidence categories. Pass one use an ellipse with x, y and z dimension of 40 by 40 by 20 metre, respectively, oriented dipping to the west. Pass two and three uses an expanded the search by 50%. Minimum samples used in pass 1 and 2 was 16, reduced to 8 for the third pass.
	<i>Any assumptions behind modelling of selective mining units.</i>	A block support adjustment was used to estimate the recoverable gold resources within model blocks. The shape of the local block gold grade distribution has been assumed lognormal and an additional adjustment for the "Information Effect" has been applied to arrive at the final resource estimates. Selective mining unit assumed to be 5mE by 10mN by 5mRL for the Fekola Deposit and 5mE by 10mN by 5mRL for the Satellites.
	<i>Any assumptions about correlation between variables.</i>	Gold is the only economic metal estimated in the current model.
	<i>Description of how the geological interpretation was used to control the resource estimates.</i>	Mineralised domain wire-frames developed at nominal 0.1 g/t gold cut-off and used to flag resource composites and code domain proportions to the block model. A further division of the model domains into oxide and fresh rock is applied by triangulated surfaces interpreted from the logging of the drill samples.
	<i>Discussion of basis for using or not using grade cutting or capping.</i>	Statistical analysis showed the gold population in each domain to be highly skewed and generally having moderate coefficient of variation. Selection of the median (and in some cases in conjunction with high grade cuts) as the average grade of the highest indicator threshold used to reduce the influence of extreme composite grades on the model gold estimates.
	<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	Visual validation of grade trends and gold distributions was carried out along with the generation of north, east and elevation swath plots comparing average model gold estimates with drill hole assay averages.
Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	The resource tonnage is reported on a dry bulk density basis.
Cut-off parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i>	The grade estimate is based on mineralisation constraints which are designed to capture all anomalous mineralisation at a nominal 0.1g/t gold lower cut-off. The estimation approach produces a selective mining estimate based on the anticipated SMU assuming open pit mining. The model is considered valid for reporting and open pit mine planning at a range of lower cut-off grades up to a lower cut-off grade of 1.5g/t gold. The 1g/t gold cut-of grade is used for reporting.
Mining factors or assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	Mining method for the extraction of gold at Fekola is currently anticipated to be by open pit mining, excavating benches of 2.5m or 5.0m in height. Grade control of ore blocking based on sampling from high quality RC drilling spaced at approximately 5mE by 10mN with samples taken at 1.5m or 2m intervals down-hole. No mining studies have been undertaken on the Satellites, though given their proximity to the Fekola Deposit are expected to become incremental feed.
Metallurgical factors or assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the</i>	Papillon has completed a number of metallurgical testwork programs as part of the Scoping Study and PFS. The testwork results confirm that the ore at Fekola exhibits simple metallurgical characteristics is amenable to Gravity Recovery by gravity concentration and a conventional Carbon in leach process. The positive results of the PFS clearly indicate the Mineral Resources at the Fekola Deposit have reasonable prospects for eventual economic extraction (refer ASX

Criteria	Explanation	Commentary
	<i>basis of the metallurgical assumptions made.</i>	Announcement dated 26 June 2013). No mining studies have been undertaken on the Satellites, though given their proximity to the Fekola Deposit are expected to become incremental feed.
Environmental factors or assumptions	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	Waste and disposal options were included in the Environmental and Social Impact assessment (ESIA) completed by the Company. The company has subsequently been advised an environmental permit has been granted by the relevant Malian departments upon completion of the ESIA (refer ASX Announcement dated 9 th May 2013)
Bulk density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	The bulk density values were derived from 2,003 measurements taken on core by Papillon field staff at the Fekola Deposit using the weight-in-air, weight-in-water method on air-dried HQ core (Archimedes method). The densities observed at the Fekola Deposit have been applied to the Satellite areas.
	<i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i>	There is little variation of bulk density values within the fresh material, which accounts for the majority of measurements. The mean of the available densities for measurements flagged as fresh rock is 2.77 g/cm ³ and median is 2.76 g/cm ³ , the mean being accepted as the density of fresh material at Fekola.
	<i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	Only a few measurements for weathered material have been undertaken due to the highly friable nature of the samples collected from this horizon. The density used in the resource model for the oxide horizon has been assumed conservatively at 1.80 g/cm ³ in the current study. This assumption is not considered material to the Mineral Resource estimate due to only a very small percentage (<5%) of the modelled resources exist in the weathered horizon.
Classification	<i>The basis for the classification of the Mineral Resources into varying confidence categories.</i>	The gold estimates within each block have been classified according to the distribution of sampling in the kriging neighbourhood. This classification scheme takes into account the uncertainty in the estimates related to the proximity and distribution of the informing composites.
	<i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i>	A progressively less stringent three pass search strategy produces the initial three categories of confidence. The highest confident estimate uses a search ellipse of approximately the same dimension of the block dimension and a significant number of resource composites selected from within a octant constraint. The search radii are expanded and sample criteria relaxed for the second and third categories.
	<i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i>	The reported Mineral Resource estimates and its classification into the Measured, Indicated and Inferred categories is consistent with the Competent Person's view of the deposit.
Audits or reviews	<i>The results of any audits or reviews of Mineral Resource estimates.</i>	Third party independent reviews were undertaken on the Mineral Resource estimates reported in January 2013 for the Fekola Deposit. The review concluded that the estimate was reliable. The current estimate is an update to the January estimate. No audit or review of the Satellites has been undertaken given it's small percentage of the total resources within the Fekola Project.
Discussion of relative accuracy/confidence	<i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an</i>	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of Measured, Indicated and Inferred.

Criteria	Explanation	Commentary
	<p><i>approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p>	
	<p><i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	<p>MPR has current relevant experience in reconciliation on mines of similar deposit styles and this has been incorporated in the assessment of appropriate classifications</p>

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Papillon Resources Limited

ABN

96 119 655 891

Quarter ended ("current quarter")

30 JUNE 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(4,199)	(17,392)
(b) development	-	-
(c) production	-	-
(d) administration	(1,880)	(4,442)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	176	1,911
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
(a) deferred acquisition costs	-	-
Net Operating Cash Flows	(5,903)	(19,923)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(163)	(531)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(163)	(531)
1.13 Total operating and investing cash flows (carried forward)	(6,066)	(20,454)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,066)	(20,454)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	8,105	10,410
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) (a) share issue costs	(29)	(50)
	Net financing cash flows	8,076	10,360
	Net increase (decrease) in cash held	2,010	(10,094)
1.20	Cash at beginning of quarter/year to date	41,283	53,383
1.21	Exchange rate adjustments to item 1.20	(4)	-
1.22	Cash at end of quarter	43,289	41,289

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	187
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,700
4.2 Development	-
4.3 Production	-
4.4 Administration	1,200
Total	4,900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,227	2,227
5.2 Deposits at call	42,062	39,062
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	43,289	41,289

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	N'tebougou	Nil	90%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	352,044,210	352,044,210	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,300,000 7,500,000 1,700,000 650,000	1,300,000 7,500,000 1,700,000 650,000	\$0.65 \$0.70 \$0.80 \$1.00	\$0.65 \$0.70 \$0.80 \$1.00
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<u>Options:</u> 300,000 250,000 1,100,000 750,000 650,000 500,000 <u>Rights:</u> 994,000 1,812,000 2,126,000	- - - - - - - - - - -	<u>Exercise price</u> \$0.50 \$0.61 \$0.65 \$0.80 \$1.10 \$1.20 - - - -	<u>Expiry date</u> 18 Oct 2014 26 Oct 2014 18 Oct 2014 20 Sep 2014 30 Jun 2015 30 Jun 2015 30 Jun 2015 30 Jun 2015 30 Jun 2016 30 Jun 2017
7.8 Issued during quarter	<u>Rights:</u> 170,000 590,000 790,000	- - -	- - -	30 Jun 2015 30 Jun 2016 30 Jun 2017
7.9 Exercised during quarter	<u>Options:</u> (400,000) (400,000) (500,000) (7,500,000) (550,000) (650,000) (500,000) (650,000)	- - - - - - - -	<u>Exercise Price</u> \$0.65 \$0.65 \$0.65 \$0.70 \$0.80 \$0.80 \$0.80 \$1.00	<u>Expiry date</u> 20 Sep 2014 18 Oct 2014 02 Nov 2014 30 Jun 2014 20 Sep 2014 18 Oct 2014 02 Nov 2014 30 Jun 2014
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **or other standards acceptable to ASX** (see note 5).
- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 14 July 2014
(Company secretary)

Print name: **Gregory Swan**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.