ASX ANNOUNCEMENT 10 November 2020

Grace Geophysics Programs Completed

HIGHLIGHTS

- **46 km line km of Gradient Array Induced Polarisation (GAIP) surveying just completed covering 4.5 km strike length the over the gold mineralised Grace and Bemm Shear Zones.**
- **The GAIP survey is much higher resolution and has covered the entire gold mineralised shear trends compared to IP surveys completed in the 1980's and 1990's by other explorers, and will be used to help define targets for drilling in Q1 2021.**
- **A VTEM airborne electromagnetic survey covering 192 survey line km also just completed over the Grace Prospect.**

Grace Project – Paterson Range, Western Australia

Paterson Resource Limited (ASX:PSL or the 'Company') is pleased to announce that an extensive GAIP survey of 3 grid blocks covering the Grace and Bemm Shear zones has now been completed over the Company's 100% owned Grace Project tenements (Figure 1). Data processing and targeting by the Company's geophysical consultants Resource Potentials in Perth has now commenced. Results of the GAIP survey are already clearly showing anomaly trends related to the gold mineralised shear zones which have been missed by historic drilling. The final processed results of the GAIP survey will be used assist the planning of resource infill drilling and exploration drilling on new target areas.

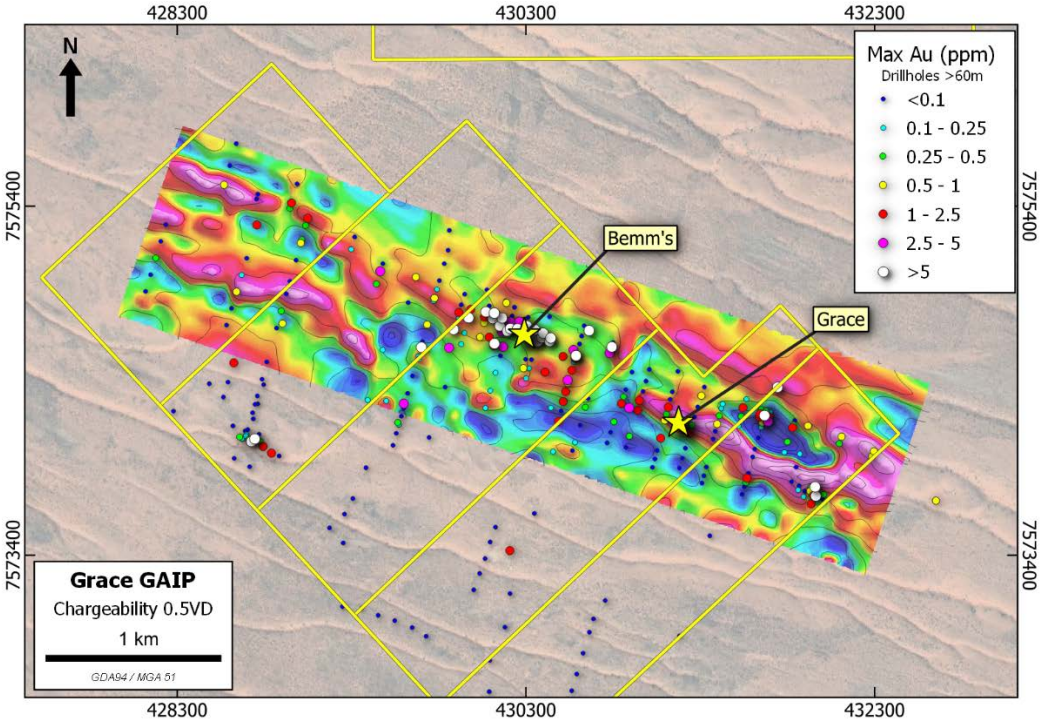

Figure 1. Preliminary GAIP chargeability 0.5VD filtered data grid over the Grace and Bemm Shear zone trend, showing maximum gold assays plotted at drillhole collar locations.

Paterson Resources has also just completed a VTEM airborne electromagnetic survey consisting of 192 survey line kms over the Grace Prospecting Licence blocks P45/2905-2909 and also the surrounding Exploration Licence E45/4524. An example of the raw electromagnetic anomaly data from the VTEM survey is shown in Figure 2, indicating zones of elevated conductivity representing deep weathering or sulphide target areas for drilling below shallow historical drilling in the new target areas.

The data acquired from both geophysical surveys are being processed to a final stage, with final data to be filtered, modelled and interpreted to assist with drill targeting for gold mineralisation.

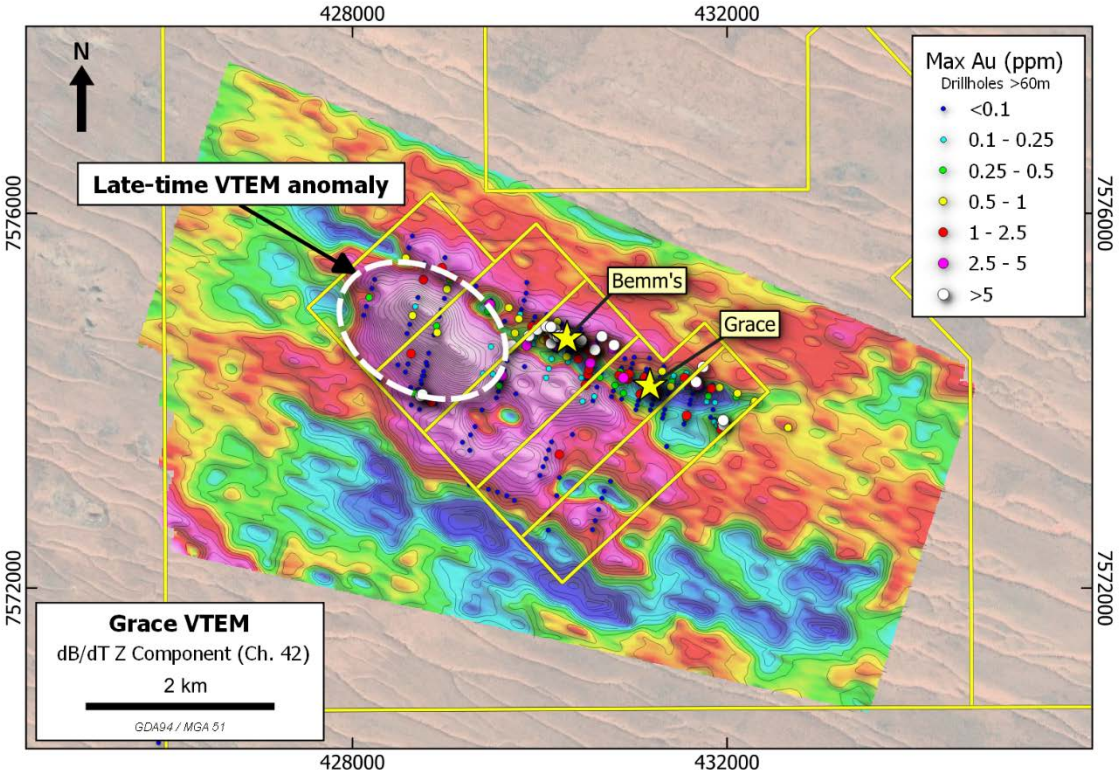

Figure 2. VTEM electromagnetic anomaly image of 'late-time' Z-coil receiver response as raw data grid from a recently completed survey over the Grace and Bemm shear zones showing maximum gold assays plotted at drill collar locations. A conductive target zone has been identified in the raw VTEM data and is highlighted by a dashed circle.

About the Grace Project

The Grace Project area is located approximately 25km southeast of the Telfer Gold Mine and consists of a sub-greenschist facies regional stratigraphic sequence of quartz rich sandstones and interbedded siltstone/dolomite units of the Malu and Isdell Formations. Hydrothermal breccias cut the layered stratigraphy and gold mineralisation is associated with quartz-dolomite-pyrite veins and hydrothermal breccias.

The Grace deposit has been drilled along 450-500m of strike and 90m across strike to an average depth of 73m. High grade shallow oxide gold mineralisation commences from surface and in general transported cover.

The historic drilling has allowed the calculation of an inferred mineral resource of 1.59mt @ 1.35g/t Au for 69,000ozs (*PSL ASX Announcement 22 May 2020 – Entitlement Issue Prospectus).

The Grace Project is located in the highly prospective Paterson Province which is currently experiencing a significant uplift in exploration following the recent discovery of the Winu Cu-Au deposit by Rio Tinto and the

discovery of a large and continuous deep Au-Cu mineralised system below the Havieron deposit by Newcest Mining Limited and Greatland Gold PLC (Figure 3).

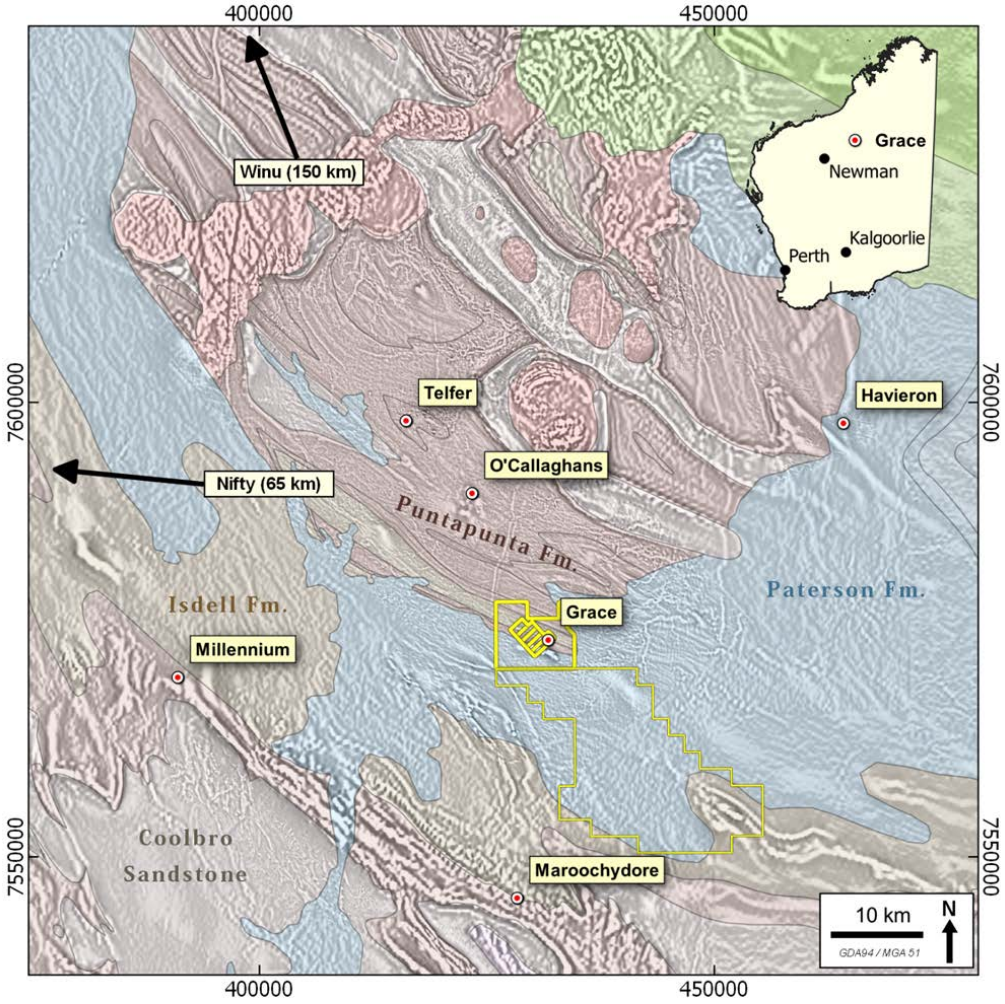

Figure 3. Grace Project location and Paterson Resources tenements (yellow outline) showing nearby copper-gold deposits over an image of Paterson Province geology draped over a magnetic anomaly image.

COMPETENT PERSON'S STATEMENT:

The information in this announcement that relates to exploration results is based on and fairly represents information reviewed or compiled by Mr Matt Bull, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bull is a Director of Paterson Resources Limited. Mr Bull has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken 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 Bull has provided his prior written consent to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

Disclaimer

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Paterson operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside Paterson Resources (PSL) control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of PSL, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

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Section 1 – Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *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.*	• Gradient Array Induced Polarisation (GAIP) survey data acquisition was completed by Khumsup Geophysics Ltd using a Scintrex GDD 5kW transmitter and Scintrex GDD 16-channel receiver system. Transmitter base frequency 0.125 Hz (2 second time base). Average transmitter current 3.2Amps. Copper sulphate porous pots employed for receiver electrodes. The GAIP method measures apparent resistivity and chargeability to a maximum depth of approximately 150m. • Airborne electromagnetic (AEM) survey data acquisition was completed by UTS Geophysics (Geotech Airborne Ltd) using the VTEM Max system. Transmitter frequency 25Hz. Transmitter loop diameter 30m. Average EM receiver terrain clearance 35m. The VTEM system measures inductive ground conductors to a depth of approximately 300m.
Drilling techniques	• *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).*	• Not Applicable– No Drilling or Sampling Completed
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Not Applicable– No Drilling or Sampling Completed

Criteria	JORC Code explanation	Commentary
	• *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.*	
Logging	• *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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Not Applicable– No Drilling or Sampling Completed
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not Applicable– No Drilling or Sampling Completed
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument*	• Not Applicable– No Drilling or Sampling Completed

Criteria	JORC Code explanation	Commentary
	make and model, reading times, calibrations factors applied and their derivation, etc. • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Not Applicable– No Drilling or Sampling Completed
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Datum GDA94 and projected MGA Zone 51 • GAIP survey stations were located using handheld GPS accurate to 5m. • VTEM survey data were located using DGPS accurate to 1m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• 3 GAIP survey blocks were completed with 1 line of overlap between each survey block. Total GAIP survey coverage area of 5.2km^2. • GAIP blocks were oriented WNW-ESE with dimensions 1.5km long (WNW-ESE) by 1.1km wide (NNE-SSW). GAIP survey lines were oriented NNE-SSW (020-200 degrees of azimuth relative to true north) with 100m line spacing and 50m station spacing. GAIP receiver dipole separation 50m. The GAIP transmitter dipole separation varied between 2.2km to 2.4km. • VTEM survey data acquired over 1 survey block. Total VTEM survey coverage area of 36.5km^2. • VTEM airborne EM data were acquired along flight lines at 200m line spacing and NNE-SSW (018-198 degrees of azimuth relative to true

Criteria	JORC Code explanation	Commentary
		north) orientation. Nominal station spacing of 2m along survey flight lines.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• The GAIP and VTEM survey lines where orientated approximately 90 degrees to the Grace-Bemm shear zones to optimise sample geometry.
Sample security	• *The measures taken to ensure sample security.*	• Data were collected and reviewed daily during collection to ensure accuracy and security of the data.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The data hasve not been audited as it is not required for this kind of survey.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	• Mineral licences P45/2905-2909, E45/4524 & E45/5310 are held directly or by entities controlled by Paterson Resources Limited. • All tenements are contained completely within land where the Martu People have been determined to hold native title rights. To the Company's knowledge no historical or environmentally sensitive sites have been identified in the area of work. • • The mineral tenements are in good standing and no known impediments exist.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration was completed by Newcrest Mining Limited (Newcrest), including its predecessor Newmont Mining Australia, owners of the Telfer Gold Mine. • Exploration completed included geological mapping, geophysical surveys (IP, ground magnetics and ground gravity), rock chip sampling and drilling (RAB, RC and diamond core drilling). • WAMEX reports reviewed and utilised to complete the data compilation include A29118, A30479, A31642, A34922, A37495, A43922, A46877, A50323, A53741, and A79774. • Open file data available from the Geological Survey of Western Australia and Geoscience Australia has also been reviewed.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geological setting is the Paterson Province Proterozoic aged meta-sediment hosted hydrothermal shear, fault and strata/contact controlled precious and/or base metal mineralisation which is typically sulphide bearing. The mineralisation in the region is interpreted to be granite intrusion related. The Paterson is a low grade metamorphic terrane, but local hydrothermal alteration and/or contact metamorphic mineral assemblages and styles are indicative of a high-temperature local environment. Mineralisation styles include vein, stockwork, breccia and skarns. • The Grace Gold-Copper Project, gold-copper mineralisation is hosted by laminated and banded carbonaceous pyritic dolomitic siltstones and micritic dolomite. Intrusive dolerite sill units are also known to be associated with mineralisation within the sequence, but granitic intrusion could occur at depth below the project area. The host rocks are variably contorted and brecciated with intense albite alteration. High grade gold, chalcopyrite, +/-arsenopyrite, +/- pyrite occurs as veins which appear linear features and are spaced up to 50m apart.

Criteria	JORC Code explanation	Commentary
		Based on recent Leapfrog modelling of past work undertaken by Criterion, there appears to be ore shoots associated with secondary structures cutting the veins that have a plunge and have not been adequately tested. • Two principal targets are being targeted. Stacked reefs associated with domal structure similar to the Telfer Gold– Copper Mine. The second target is gold mineralisation associated with shear zones cross cutting dolerite units intruding the sedimentary sequence.
Drill hole Information	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *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.*	• Not Applicable– No Drilling or Sampling Completed
Data aggregation methods	• *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.* • *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.*	• Not Applicable– No Drilling or Sampling Completed

Criteria	JORC Code explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• Not Applicable– No Drilling or Sampling Completed
Diagrams	• *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.*	• Included in announcement
Balanced reporting	• *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.*	• For the exploration results are preliminary results from geophysical surveys data interpretation is ongoing at Resource Potentials geophysical consultants.
Other substantive exploration data	• *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.*	• Not Applicable– No Drilling or Sampling Completed
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work is planned to include data editing, noise assessment, processing, modelling, interpretation and targetting of the GAIP and VTEM survey data. Further geophysical survey work may include extension of the GAIP survey coverage and follow-up dipole-dipole IP (DDIP) surveys to further refine drilling targets.