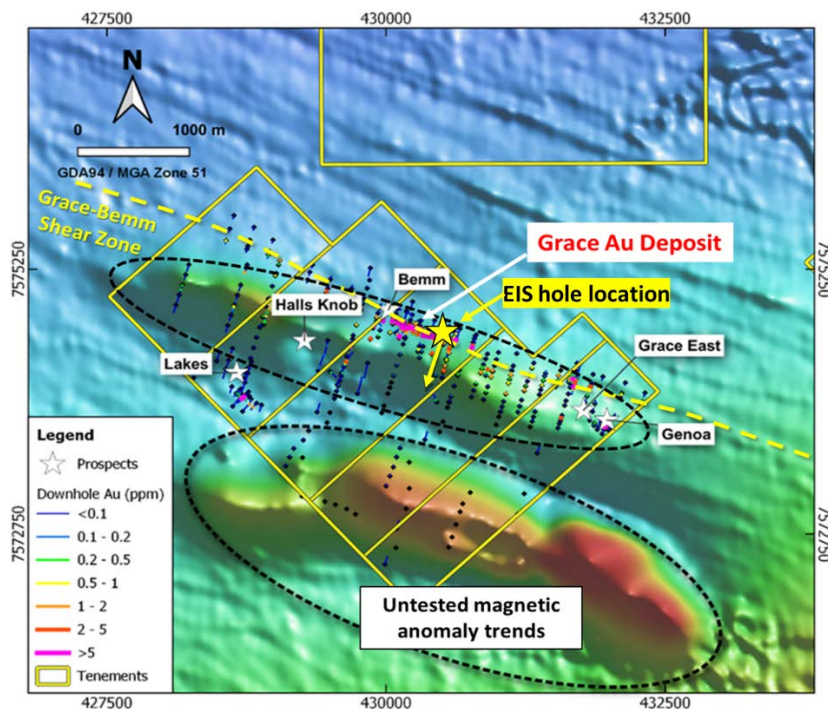


## Paterson Awarded \$200k EIS Funding

- Paterson Resources awarded \$200k co-funding EIS grant from the WA government
- EIS funds to be used to drill a 900m deep diamond hole designed to target a large magnetic anomaly source located below the gold mineralised Grace/Bemm Shear Zone
- Limited previous shallower drilling has indicated potential for a large gold mineralised system at depth
- Recent Au and Cu discoveries in the Paterson province (Winu and Havieron) have high highlighted the potential for magnetic bodies to host gold mineralisation

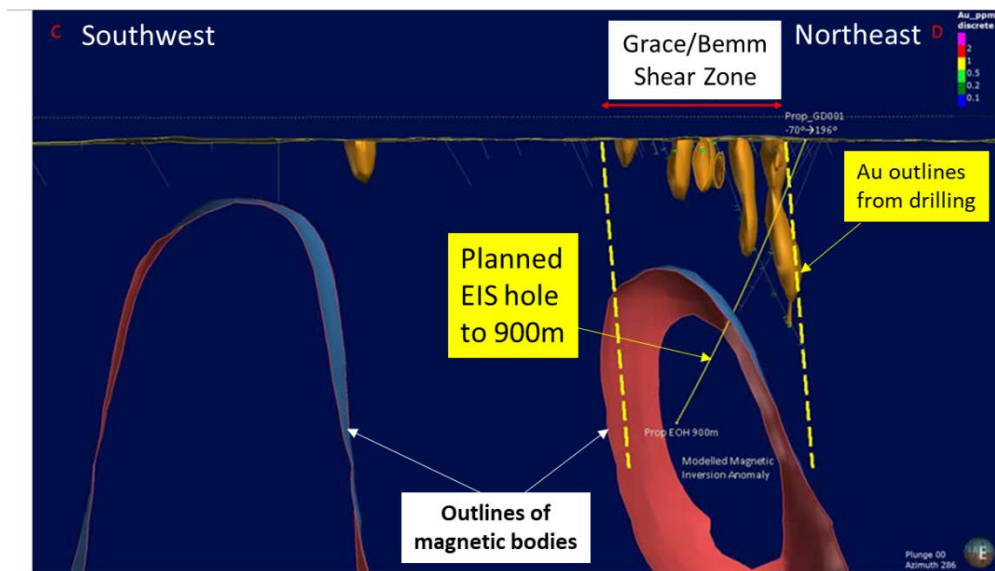
### EIS Grant Target

Paterson Resource Limited (ASX: PSL or the 'Company') is pleased to announce that the Government of Western Australia Department of Mines, Industry Regulation and Safety (DMIRS) has awarded the Company a co-funded drilling grant of \$200,000 under their Exploration Incentive Scheme (EIS). The EIS funds will be used to drill a deep 900m diamond hole to test a large magnetic anomaly source located below a broad zone of anomalous gold mineralisation at the Grace/Bemm prospect, forming the northern magnetic trend of the two main magnetic anomaly trends in the project area (Figure 1). The northern magnetic target to be tested by the EIS co-funded drillhole is approximately 2.5km in length and located to the south east of current resource drilling, but in an area of higher grade Au and anomalous Cu from sparse historical drillholes. No drilling to significant depth has previously been undertaken to property test for the source of this northern magnetic anomaly trend. Figure 1 shows the location of the EIS funded hole in relation to historic drilling and the two magnetic target trends.



**Figure 1. Magnetic intensity map covering the Grace and Bemm Shear zone trend, showing two large untested magnetic anomaly trends, the location of the proposed EIS co-funded deep diamond drillhole, historical gold drilling, and the outline of the Company's 100% owned mineral prospecting tenements.**

Historic gold exploration has focused on the Grace/Bemm Shear Zone trend, where shallow drilling has intersected gold mineralisation mainly in the oxide zone, with the average drilling depth only extending to 73.4m. Out of the 5 deepest (+500m) diamond drill holes in the project area, all of them have intersected gold mineralisation greater than 0.5g/t Au, indicating that the gold mineralised system persists at depth. Two deeper historical drill holes have hit significant gold mineralisation at depths of 526m and 281m, but are separated by 1100m along the strike of the major regional Grace/Bemm Shear Zone, and approximately 400m and 200m vertically below the limits of the next closest drill hole. Modern airborne magnetic geophysical surveys and modelling of the data have highlighted the presence of magnetic source bodies which are known hosts to gold and copper mineralisation in other locations in the Paterson region, such as Newcrest's Haverton gold deposit. Therefore, the Company has carried out magnetic modelling to estimate the geometry of magnetic source bodies at depth to fit the observed magnetic anomaly trends, and then plan deep drillholes to test these magnetic anomaly source bodies, targeting zones close to anomalous shallow drilling results. Figure 2 shows a cross section along the planned EIS co-funded drillhole trace and crossing through modelled magnetic bodies related to the two magnetic anomaly trends shown in Figure 1. Also shown in Figure 2 are outlines of Au anomalism from drilling that occurs within the shallow part of the Grace/Bemm Shear Zone trend.



**Figure 2. Cross section showing the planned EIS co-funded deep drillhole crossing the Grace/Bemm shear zone to test the source of the northern magnetic anomaly trend, which sits below anomalous Au and Cu from historical drilling.**

### Planned Drilling Program

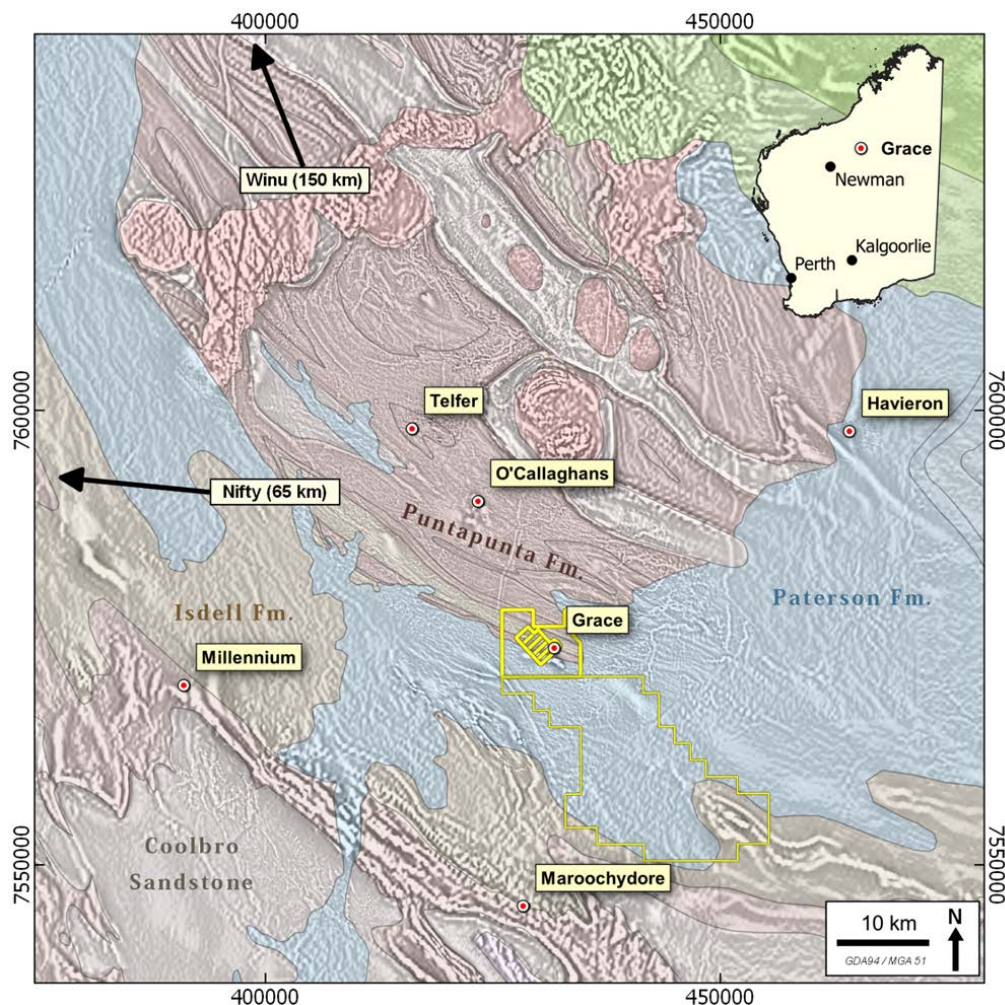
The Company has also just completed ground IP surveying over the Grace/Bemm Shear Zone trend, as well as an airborne VTEM electromagnetic survey over the entire Grace Project group of 100% owned prospecting licences and into the surrounding exploration licence. Processing of these newly acquired geophysical survey datasets is ongoing and will be used to target zones of potential sulphide mineralisation and key structural trends as part of an early 2021 drilling program, which will now include the EIS co-funded drillhole targeting deeper mineralisation associated with the northern magnetic anomaly trend.

## About the Grace Project

The Grace Project area is located approximately 25km to the 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 73.4m. 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 follow recent discovery of the Winu Cu-Au deposit by Rio Tinto and discovery of a large and continuous deep Au-Cu mineralised system below Havieron by Newcrest 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.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by PSL. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

## Section 1 – Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li><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></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>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></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>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.</li> </ul>	
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable— No Drilling or Sampling Completed</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable— No Drilling or Sampling Completed</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable— No Drilling or Sampling Completed</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	
Verification of sampling and assaying	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li><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></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>Datum GDA94 and projected MGA Zone 51</li> <li>Aeromagnetic survey data collected using differential GPS accurate to within 1m</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>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.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>The airborne magnetic survey data used for modelling and drill targeting were collected using 100m line spacing with survey lines oriented NE-SW and flown at an average height of 60m.</li> <li>Magnetic anomaly data were inversion modelled using UBC code to produce a block model of magnetic susceptibility on a 50mx50mx10m cell size (XTZ), which was then used to target drilling on modelled magnetic anomaly source bodies sitting below historical gold and copper assay anomalies from drilling.</li> </ul>
Orientation of data in relation to	<ul style="list-style-type: none"> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>The airborne magnetic survey lines were orientated approximately 90 degrees to the Grace-Bemm shear zone trend.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>geological structure</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	
<i>Sample security</i>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li><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></li> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>P45/2905-2909, E45/4524 &amp; E45/5310 are held directly or by entities controlled by Paterson Resources.</li> <li>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</li> <li>have been identified in the area of work.</li> <li>The tenements are in good standing and no known impediments exist.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>Previous exploration was completed by Newcrest Mining Limited (Newcrest), including its predecessor Newmont Mining Australia, owners of the Telfer Gold Mine.</li> <li>Exploration completed included geological mapping, geophysical surveys (IP, ground magnetics and ground gravity), rock chip</li> </ul>



Criteria	JORC Code explanation	Commentary
		<p>sampling and drilling (RAB, RC and diamond core drilling).</p> <ul style="list-style-type: none"> <li>WAMEX reports reviewed and utilised to complete the data compilation include A29118, A30479, A31642, A34922, A37495, A43922, A46877, A50323, A53741, and A79774.</li> <li>Open file data available from the Geological Survey of Western Australia and Geoscience Australia has also been reviewed.</li> </ul>
Geology	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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. 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.</li> <li>Two principal targets are being targeted. Stacked reefs associated</li> </ul>

Criteria	JORC Code explanation	Commentary
		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.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>• 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:               <ul style="list-style-type: none"> <li>○ easting and northing of the drill hole collar</li> <li>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>○ dip and azimuth of the hole</li> <li>○ down hole length and interception depth</li> <li>○ hole length.</li> </ul> </li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Not Applicable– No Drilling or Sampling Completed</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>• Not Applicable– No Drilling or Sampling Completed</li> </ul>
<i>Relationship between mineralisation</i>	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole</li> </ul>	<ul style="list-style-type: none"> <li>• Not Applicable– No Drilling or Sampling Completed</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>n widths and intercept lengths</i>	<p><i>angle is known, its nature should be reported.</i></p> <ul style="list-style-type: none"> <li><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></li> </ul>	
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>Included in announcement</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>For the exploration results are preliminary results from geophysical surveys data interpretation is ongoing at Resource Potential geophysical consultants.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable– No Drilling or Sampling Completed</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>Further work is planned to include drilling of deep magnetic targets as well as processing of the existing data to define the depths of anomalies as well as extension of the GAIP survey lines to the east and dipole-dipole IP (DDIP) surveys to further refine drilling targets.</li> </ul>