



ASX ANNOUNCEMENT

10 March 2021

Grace Project Drill Plan Finalised and Site Logistics Commenced

HIGHLIGHTS

- Site logistics for the 2021 drill program commenced with field staff mobilised to the Grace Project in the Paterson Province.
- Paterson's Exploration Manager visited the Grace and Pilbara projects to identify further targets and any logistical requirements for upcoming field programs
- Extensive drilling campaign targeting high impact exploration targets outlined by geophysical surveys.
- Infill drilling over the Grace-Bemm Shear Zone will also be targeted where historic drilling intersected numerous wide high-grade gold intercepts.
- Drill program to target large tonnage deposits with potential for similar styles to other significant gold deposit in the Paterson province of WA including Telfer and Havieron.

Paterson Resources Limited ("Paterson" or "the Company") (ASX:PSL) is pleased to announce the 2021 exploration program at the Grace Project is now underway. The Company's exploration manager Daniel McIntyre visited the project site in early March to prepare logistics for the upcoming drilling program after a period of heavy rain in the region. The current drilling program is targeting similar styles of mineralisation to the world class Telfer Copper/Gold Deposit 25km to the north and the Havieron Project located 40km to the east. Historic drilling has produced excellent near surface high-grade gold mineralisation which has not been followed up. These results include:

- 10.0m @ 20.95 g/t Au from 6.0m - GPB0801 (RAB)
- 33.0m @ 1.55 g/t Au from 53.0m - GR124502 (RC)
- 12.0m @ 14.38 g/t Au from 56.0m - GR037 (RC)
- 3.1m @ 8.28 g/t Au from 17.1m - GPC9106 (DDH)
- 22.0m @ 1.31 g/t Au from 71.0m - GR124002 (RC)
- 6.0m @ 5.61 g/t Au from 34.0m - GR128001 (RC)
- 4.0m @ 7.04 g/t Au from 38.0m - GR124501 (RC)
- 16.0m @ 2.64 g/t Au from 34.0m - BR8-5 (RAB)
- 4.0m @ 5.13 g/t Au from 30.0m - HK3-4 (RAB)

(PSL Entitlement Issue Prospectus – ASX Ann 22 May 2020)

Grace Project Location

The Grace Project is located in the heart of the Paterson Province, where multiple major exploration companies, including Rio Tinto, Newcrest and Greatland Gold, are actively exploring within the area. Significant discoveries nearby Paterson Resources 'Grace' project include Havieron to the northeast, and Maroochydore to the south, with the world-class Telfer mine located 30 km northwest. **Figure 1** shows tenements located nearby the Grace project, including significant regional discoveries and mines.

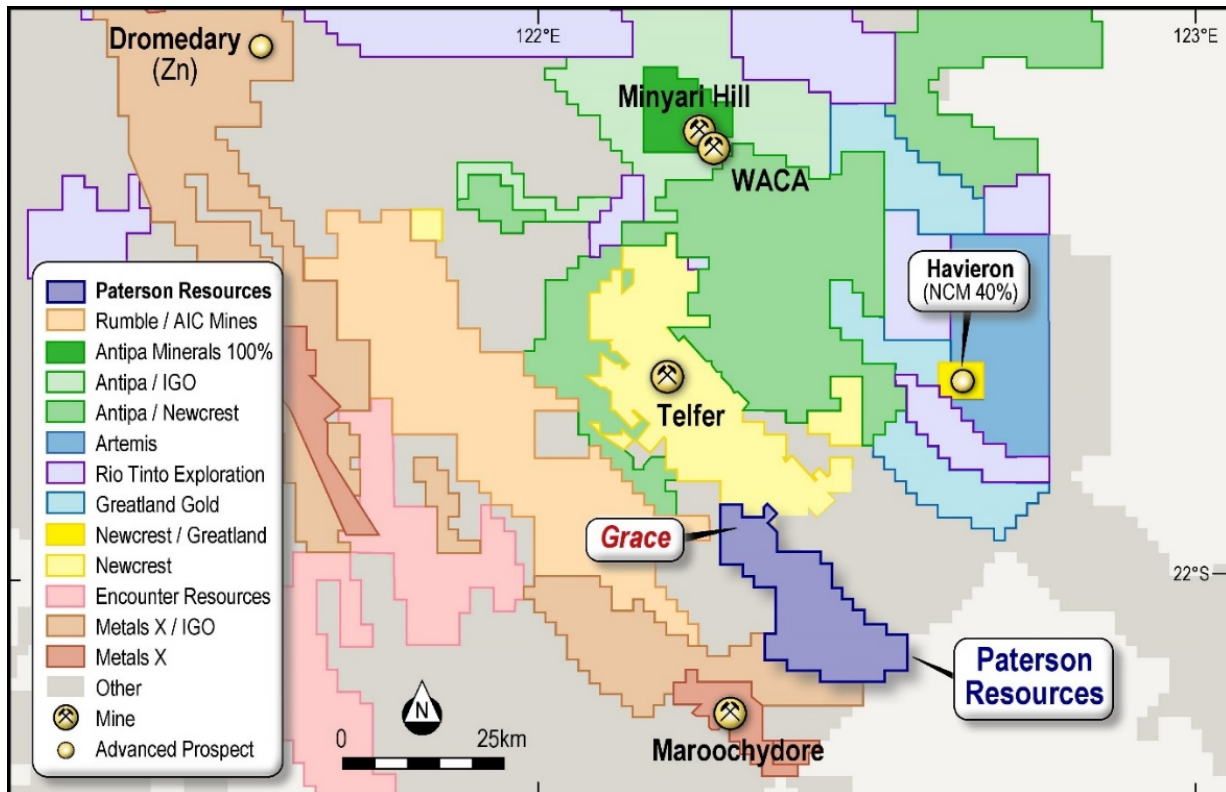


Figure 1: Grace Project Tenement Map

2021 Drilling Program

This drilling program will target high-impact targets that were identified from recent geophysical surveying, as well as infill significant gaps between known mineralization at the Grace and Bemm Shear Zones. Modern infill drilling will follow up historic drilling carried out by Newmont Australia/Newcrest Mining. No significant exploration drilling has been undertaken in this area since 2004. **Figure 2** shows the planned drillhole collar locations for the 2021 drill program, along with existing access tracks that were mapped from satellite imagery. Many of the proposed drill collars are located on, or nearby the existing tracks, which facilitate easy access to drill-pads with minimal required clearing and ground disturbance.

Drillhole targets are based on interpretation of geophysical data and anomalies identified from recent gradient array IP (GAIP) and airborne electromagnetic (EM) surveying, and regional gravity and magnetic anomaly datasets. The primary target for the 2021 drilling program is extension of historic shear zone-hosted gold mineralisation within the Grace-Bemm Shear Zone trend, which will be tested by fences of drillholes with depth 150 m or greater. Additional planned drillholes are targeting other IP and VTEM anomalies and interpreted structurally complex zones to the NW of Grace-Bemm shear zones, as well as deeper geophysical anomaly sources to the south.

Figure 3 shows drillhole locations for the 2021 program relative to GAIP conductivity and historic high-grade intercepts from historical drillholes greater than 60 m depth. Historical high-grade gold intercepts generally coincide with the IP conductivity anomaly trends, which may be related to enhanced weathering above mineralised shear zones. **Figure 4** shows the drillholes located south of Grace -Bemm, which target deeper geophysical anomalies identified from interpretation of VTEM and magnetic data.

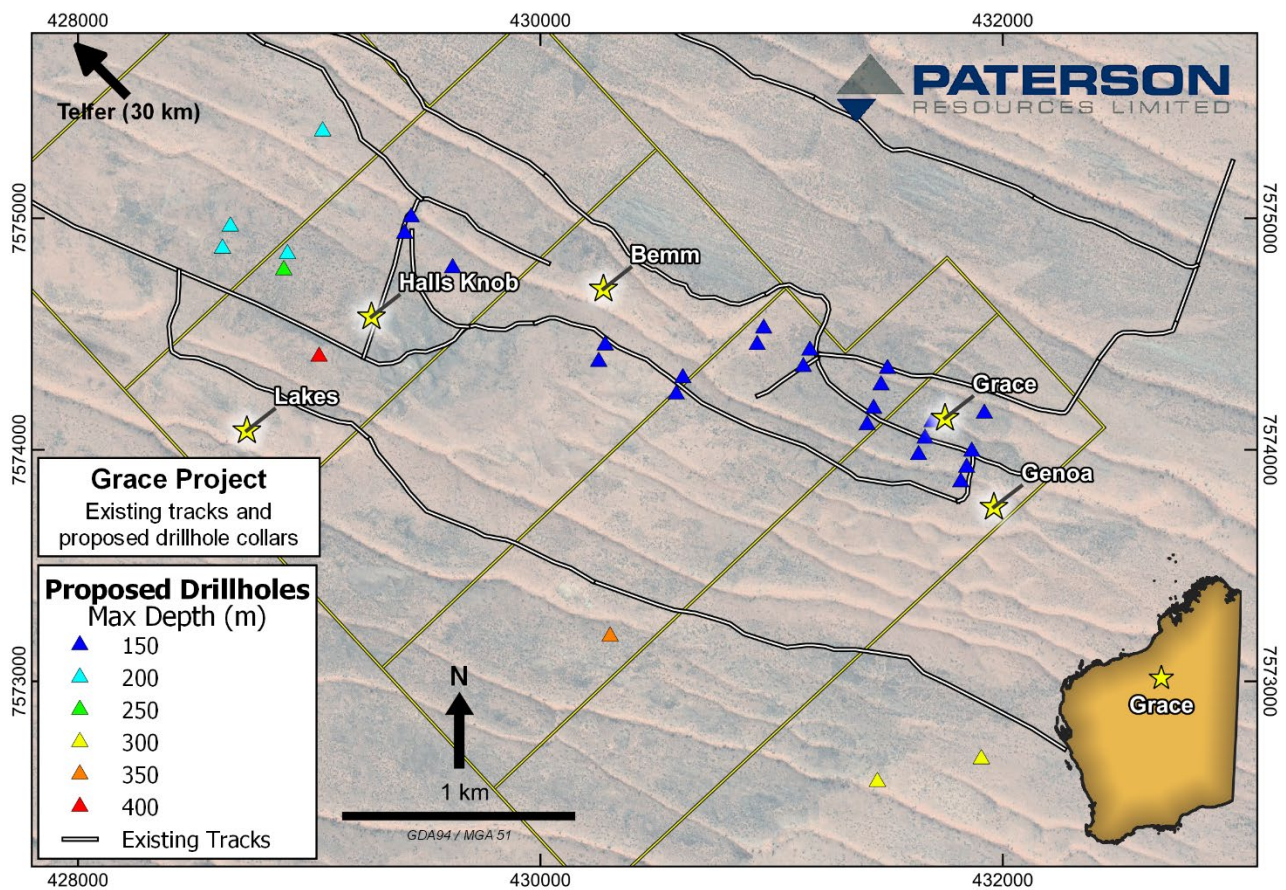


Figure 2: Google Earth satellite image showing access tracks and planned drillhole collar locations coloured by maximum downhole depth. The drillhole locations are either located on or nearby existing tracks.

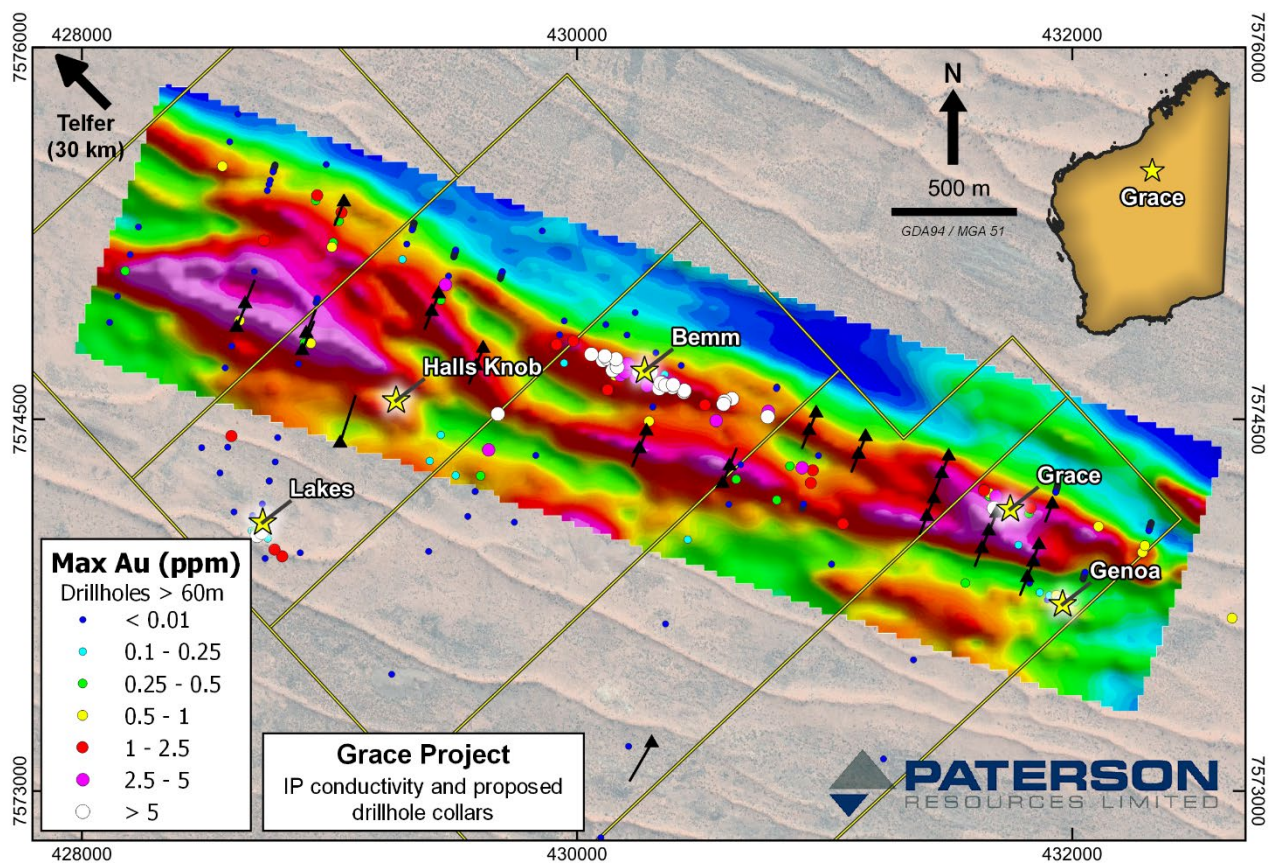


Figure 3: Map showing proposed drillhole collars (black triangles) and drillhole traces (black lines) over an image of gradient array IP conductivity, which shows mineralisation at Grace and Bemm prospects are generally aligned with conductive anomaly trends. IP conductivity anomaly trends potentially indicate gold mineralised structures located along-strike and proximal to known mineralisation.

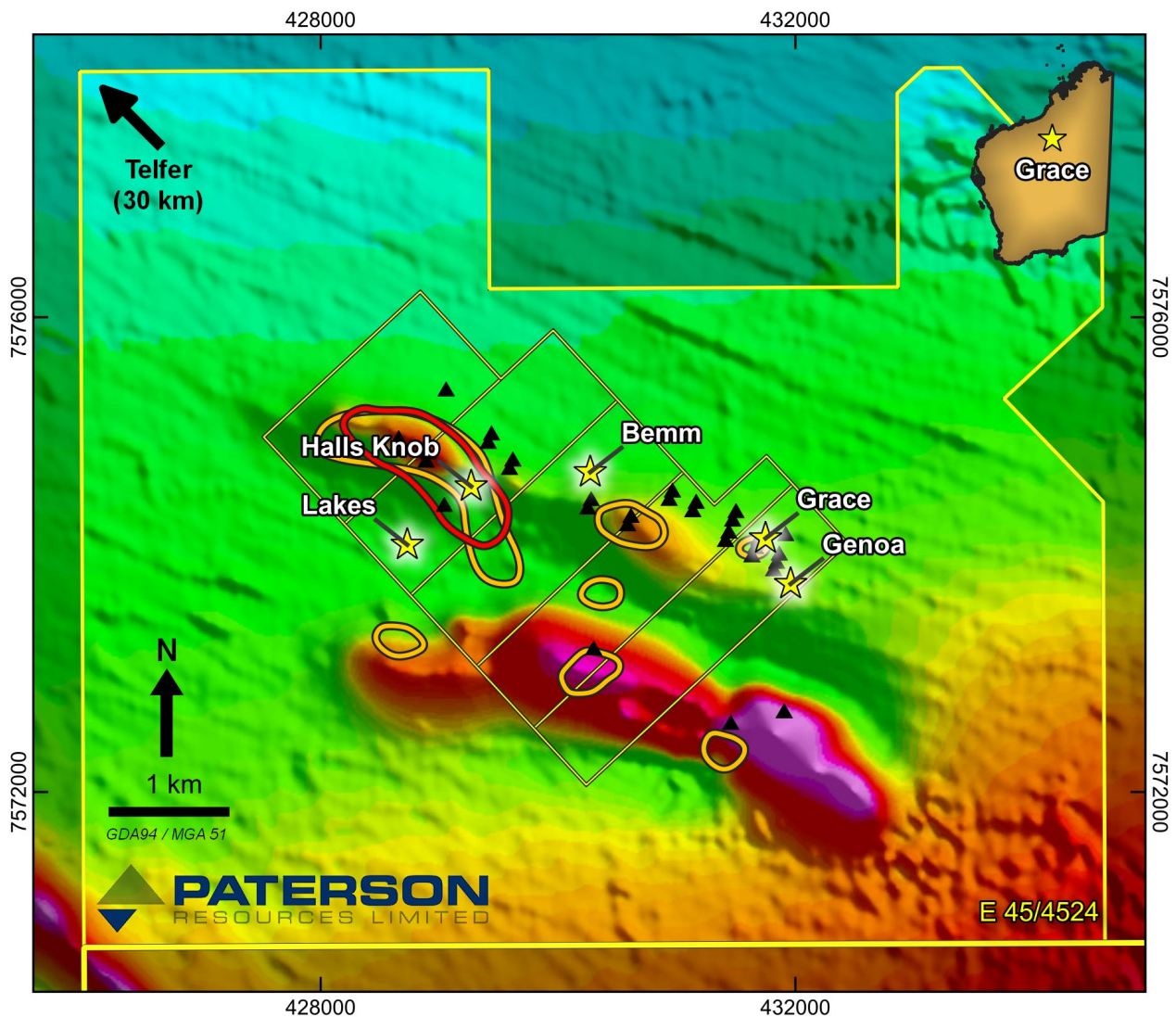


Figure 4: Planned drillhole collar locations shown at a tenement scale over a filtered airborne magnetic anomaly image, with anomalies identified from mid- and late-time VTEM EM decay data (orange and red polygons respectively). Deeper drillholes to the west and south of Grace and Bemm are targeting geophysical anomaly sources that have not been tested by current drilling.

About the Grace Project

The Grace Project area is located approximately 25 km 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 **breccia's** cut the layered stratigraphy and gold mineralisation is associated with quartz-dolomite-pyrite veins and hydrothermal breccias.

The Grace deposit has been drilled along 450-500 metres 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. Historic drilling has allowed the calculation of an inferred mineral resource of 1.59mt @ 1.35g/t Au for 69,000 oz. (*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 Haverton by Newcrest Mining Limited and Greatland Gold PLC (**Figure 5**).

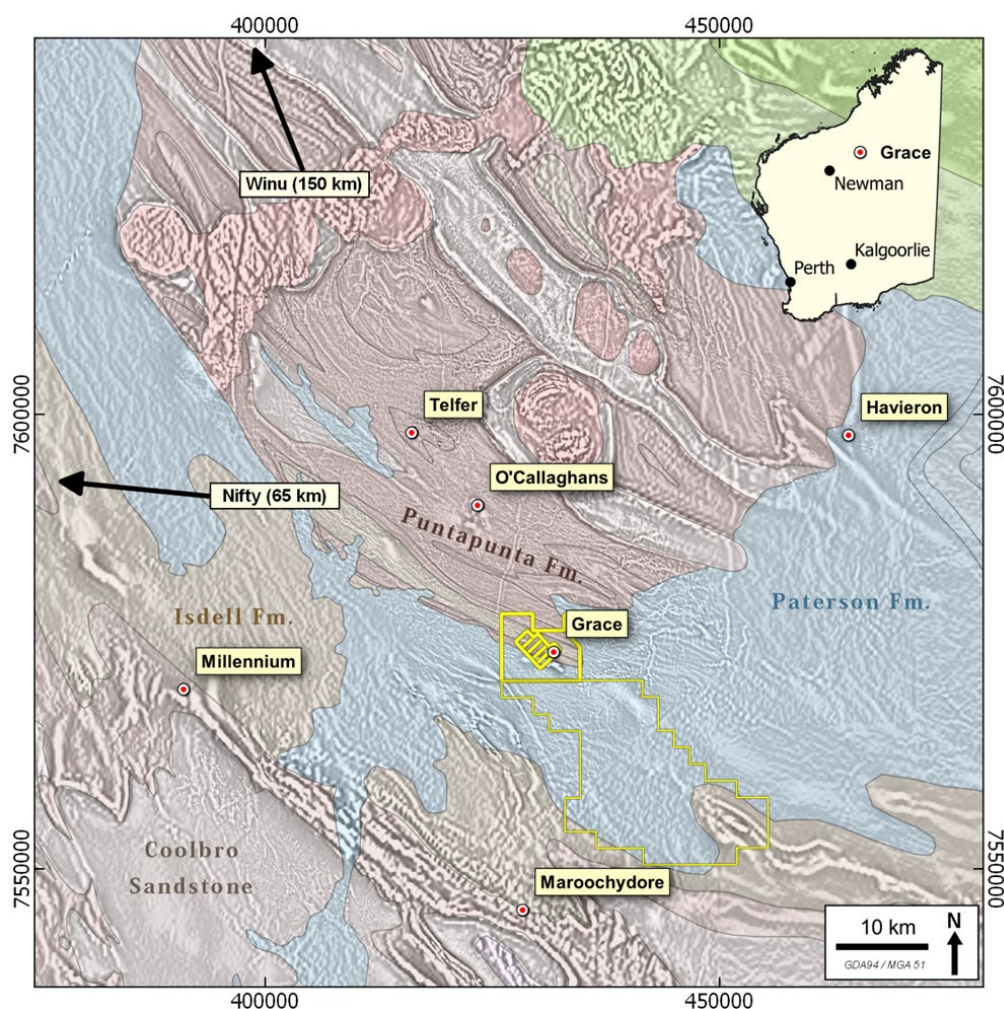


Figure 5. Map showing the location of the Grace Project and Paterson Resources tenements (yellow outline), and nearby significant copper-gold deposits over an image of Paterson Province geology draped over a filtered magnetic anomaly image.

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

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