

Quarterly Activities Report Quarter Ended 31 March 2021

HIGHLIGHTS

- Exploration manager on the ground reviewing targets and logistical requirements for future exploration throughout WA tenure.
- Numerous high-quality targets identified across a range of geological and structural settings, displaying similarities to nearby major gold deposits in the Paterson Province
- Significant untested possible basement conductivity target identified at Grace
- Plan of Works (POW) application submitted for RC and Diamond drilling at Grace to test the geophysical targets and to complete the EIS funded diamond drillhole.
- Detailed orientation soils program designed and planned for completion over anomalous zone between Hackneys Creek and Lucky Draw prospects to determine the appropriate multielement analytical techniques and size fractions for assay.
- Regional soils program along commenced to test for extensions of known mineralisation trends.
- Collation and analysis of further historical surface geochemistry has identified an exciting new untested Arsenic (As) with coincident radiometric anomaly synonymous with known copper mineralisation along the Lloyd Copper Mine trend
- Appointment of an experienced Land Access Coordinator to facilitate ongoing work programs.

The Board of Paterson Resources Limited (**Paterson or the Company**) (ASX: PSL) provides the following commentary and Appendix 5B for the Quarter ended 31 March 2021.

Exploration Projects

Grace Project – Paterson Range, Western Australia

The Grace Project is located in the highly prospective Paterson Province approximately 25 km southeast of the Telfer Gold Mine 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 1)

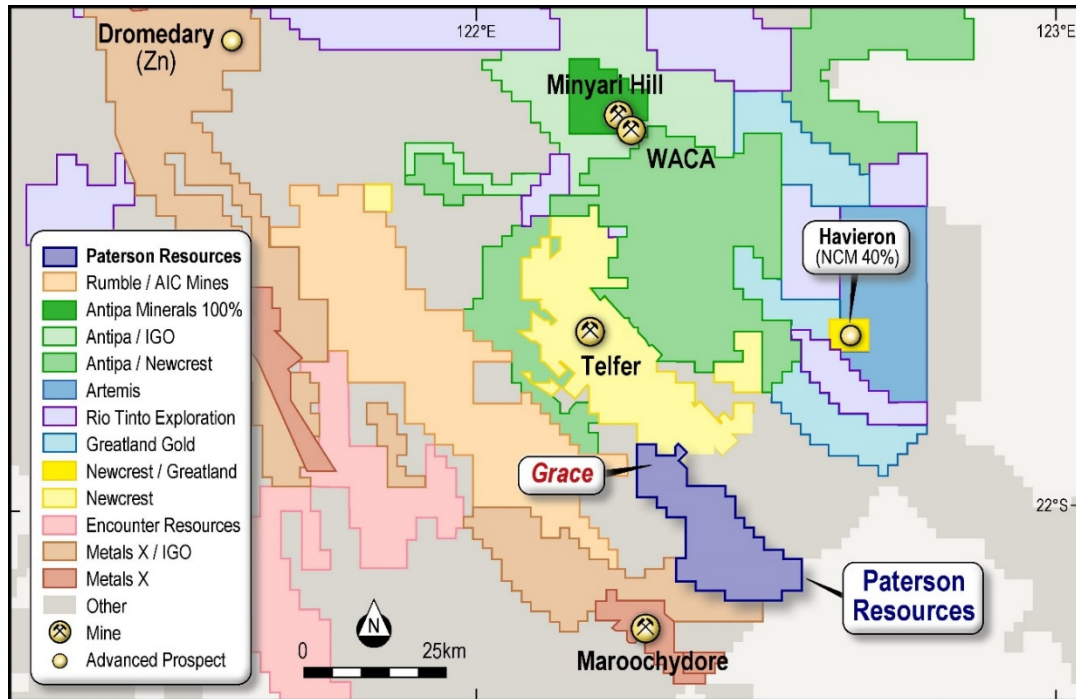


Figure 1: Grace Project Location Plan

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

Class	Type	Tonnes (Mt)	Au (g/t)	Ounces (koz)
Inferred	Oxide / Transitional	1.59	1.35	69
	TOTAL	1.59	1.35	69

Table 1: Grace Mineral resource statement (*PSL ASX Announcement 22 May 2020 – Entitlement Issue Prospectus)

The best intercepts for historic drilling in the Grace Project 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)

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Recently completed gradient array induced polarisation (GAIP) and VTEM helicopter-borne electromagnetic survey data sets have been processed by experienced geophysical consultancy Resource Potentials Pty Ltd. Detailed data integration, interpretation and drill planning is ongoing. However, numerous geophysical targets and subsurface geological structures have been identified in a range of geological and structural settings, including:

- Identification of several major structurally sheared corridors with folds and late faults which may control gold mineralisation within the project area
- Untested extensions of GAIP conductivity and chargeability anomaly trends correlated to shear zones hosting known gold and copper mineralisation at the Grace-Bemm prospect
- Possible bedrock conductor identified in VTEM survey data located along a folded structural zone, which is proximal to an untested deep magnetic anomaly source and Au anomalism in shallow drilling
- Identification additional VTEM conductivity anomalies sitting over magnetic anomalies

Deep RC drilling is proposed for Q3 to test each of the target types identified above to identify the primary source of gold and copper mineralisation within the Grace project. Shallower RC drilling will focus on the extensions on the shear zones hosting known gold mineralisation along strike.

GAIP Survey

A detailed review of the GAIP survey acquired in Q4 2020 has identified that GAIP conductivity anomalies are well correlated with the known NW-SE orientated shear zone hosting gold mineralisation at Grace-Bemm, and that there are likely extensions of the shear along strike, where IP anomaly trends have been missed by existing drilling or correlate to Au anomalism in shallow historical drilling (Figure 2). In addition a large dilatational zone was identified with folded stratigraphy between these major structural corridors. A conductive unit was identified along the contact between the IP anomalies and the magnetic high. Gold mineralisation is often found within these structures as they allow hydrothermal fluids to move through the host rocks depositing gold when conditions are suitable. Limited drilling to date has intersected high grade near surface mineralisation along these shears and along the dilatational zone.

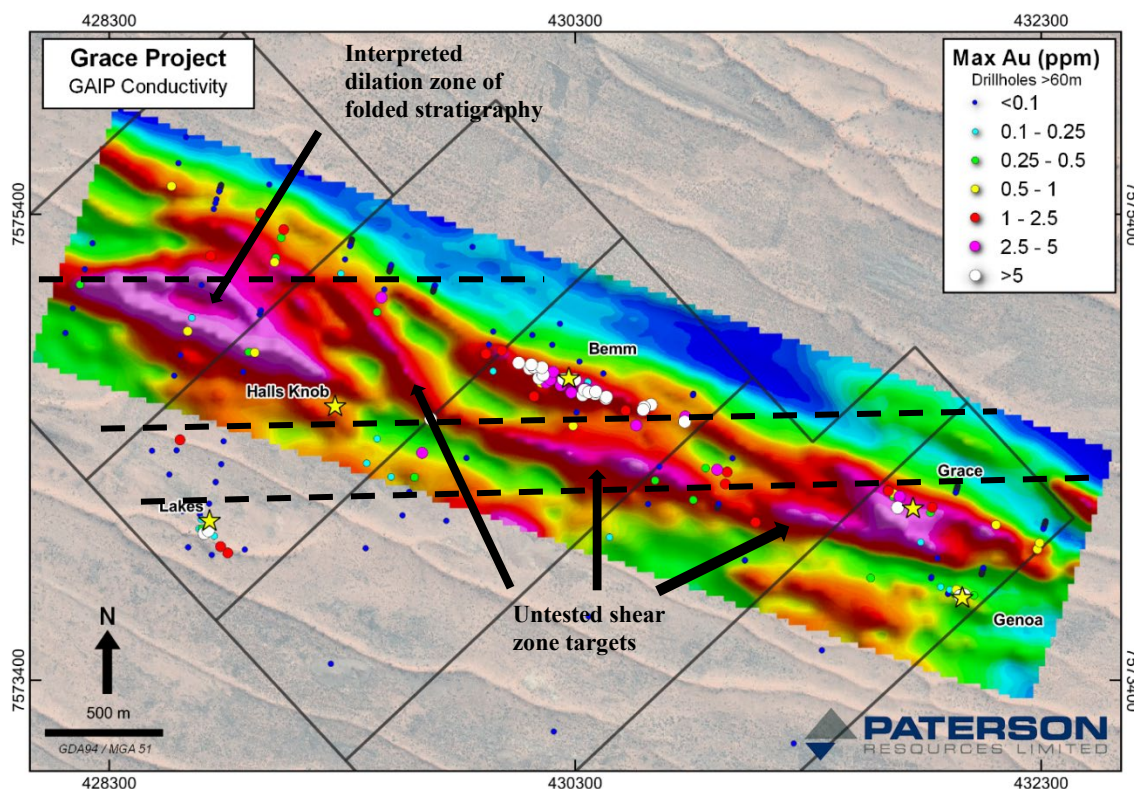


Figure 2: Image showing gridded GAIP conductivity data acquired at the Grace Project, along with maximum downhole gold assay values projected to surface for drillholes having a maximum downhole depth greater than 60m in order to enhance local structural trends, and exclude Au anomalism in shallower drilling that could be related to more oxide style mineralisation. This map highlights GAIP conductivity anomaly trends correlating to known gold mineralised shear zones at both the Grace and Bemm prospects, which is likely due to increased deep weathering along these shear zones. The map is also highlighting conductivity anomaly trends yet to be tested by drilling.

VTEM Survey Results

A review of the VTEM conductor anomalies overlain with airborne magnetic anomaly data highlighted several large untested conductive anomalies, some with anomalous gold mineralisation and brecciation in nearby drill holes.

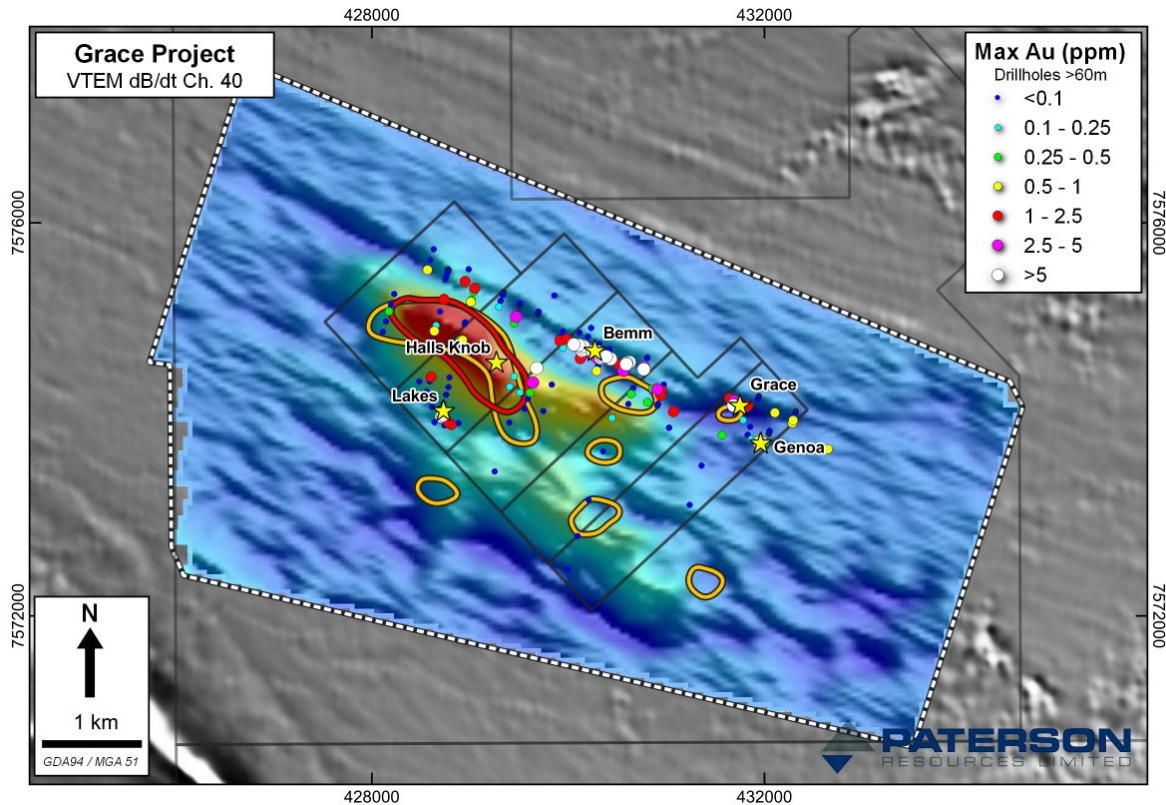


Figure 3: Image showing gridded late-time VTEM dB/dt Z component receiver data at the Grace Project, along with maximum downhole gold assay values projected to surface from drill holes with maximum depth greater than 60 m, and preliminary VTEM anomaly outlines. Mid-time and late-time VTEM anomalies are shown by orange and red polygons, respectively. These mid-to-late time VTEM anomalies could potentially represent bedrock conductors or deeper weathering above mineralised features/structures. Further analysis of the VTEM survey data is required to model the depth, orientation and conductance of the VTEM anomalies.

Magnetic Anomalies

Review of the VTEM anomalies overlain with the regional magnetic data highlighted numerous large untested targets some with anomalous gold mineralisation and brecciation in nearby drill holes. There is a strong correlation between the mid to late time VTEM anomalies and the magnetic anomalies (figure 4). The target to the NW of the Halls Knob prospect has a conductive plate from the IP anomaly as well as coincident VTEM mid to late time anomalies and is planned for drill testing in Q3. The three southern coincident VTEM and Magnetic anomalies are also planned to be drill tested in Q3.

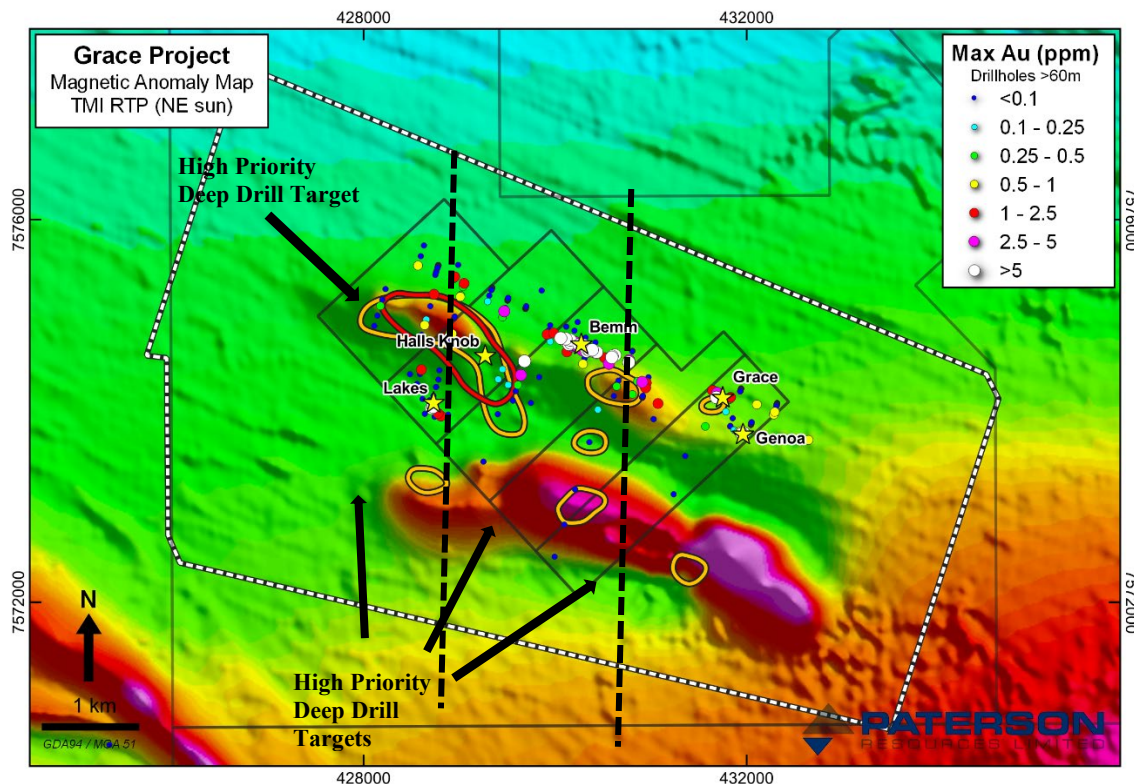


Figure 4: Image showing gridded total magnetic intensity data at the Grace Project, along with maximum downhole gold assay values projected to surface from drill holes with maximum depth greater than 60 m, and preliminary VTEM conductivity anomaly outlines. The VTEM survey outline is shown by the dashed white line. Mid-time and late-time VTEM conductor anomalies are shown by orange and red outlines, respectively.

EIS Drilling Target

Together with the upcoming RC drilling program Paterson Resources will complete a drill hole to a depth of 900m which is co-funded with a \$200,000 grant from the Government of Western Australia. The hole will test a large magnetic anomaly below a broad zone of anomalous gold mineralisation. The magnetic target is approximately 2.5km in length and located to the south east of the current drilling. No drilling to that depth has previously been undertaken however recent exploration in the Paterson Province has shown a majority of the major discoveries occur at depth including the recent Havieron Discovery by Greatland Gold. Figure 5 shows the location on the hole in relation to historic drilling and the magnetic target.

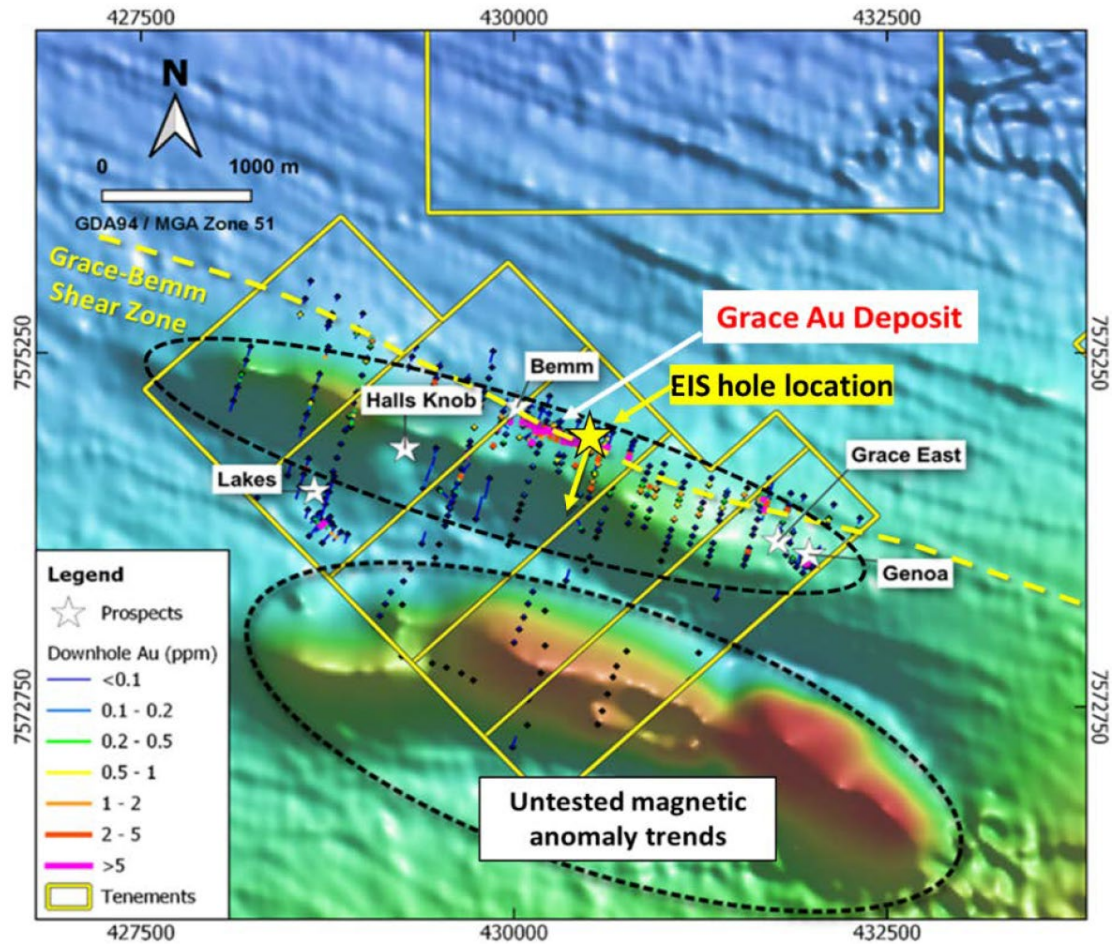


Figure 5: Magnetic intensity map covering the Grace and Bemm Shear zone trend, showing two large untested magnetic anomaly trends, the location of the proposed EIS co funded deep diamond drillhole, historical gold drilling, and the outline of the Company's 100% owned mineral prospecting tenements.

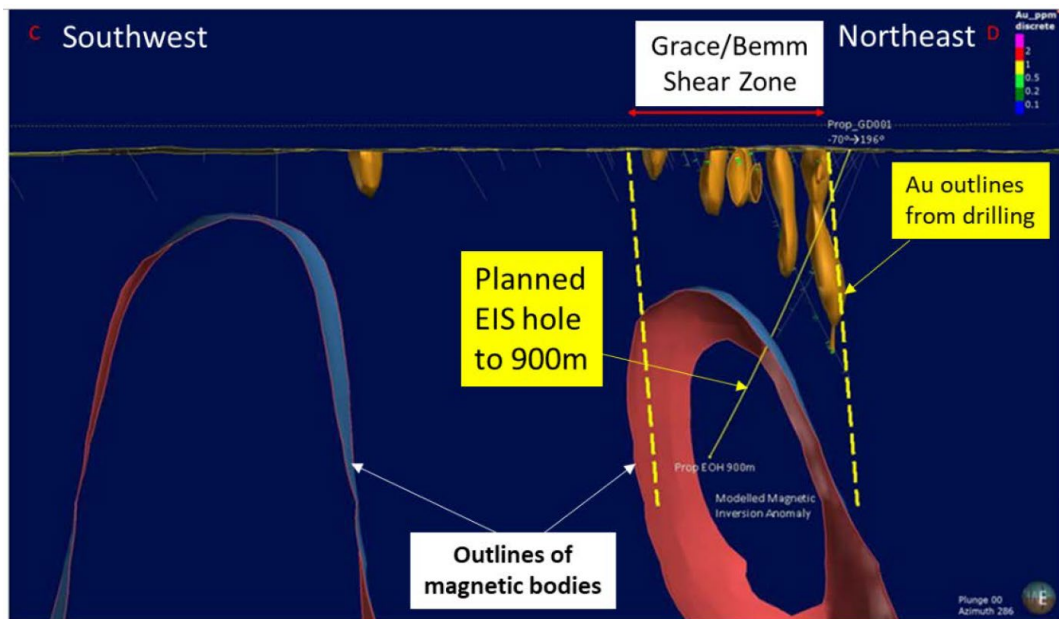


Figure 6: Cross section showing the planned EIS co-funded deep drillhole crossing the Grace/Bemm shear zone to test the source of the northern magnetic anomaly trend, which sits below anomalous Au and Cu from historical drilling.

Pilbara Gold Exploration Projects – Pilbara Western Australia

During the quarter planning for soil geochemical sampling and validation of rock chip sampling programs to identify further drill targets at the Cheela and Bellary Projects These a scheduled for completion in the Q2 2021 with drilling to follow in Q3 2021. The Exploration Manager was out on site reviewing the targets and logistical requirements for the exploration programs.

Burraga Copper Gold Project – Lachlan Fold Belt, NSW

The Burraga gold deposits and prospects are hosted by sediments & volcanics of Ordovician to Devonian age within the complexly folded and faulted Hill End Trough. These deformed rocks were subsequently locally intruded by granite batholiths of Carboniferous age.

At Lucky Draw and Hackneys Creek (which lie close to the margin of the Burraga granite intrusion), the host rocks are metasomatised and have been described as skarn like. The McPhillamy's Gold Deposit (located 50 km to the north of Burraga) is considered to be an Orogenic type gold deposit, and lies in a similar geological setting to that at Burraga.

The Lucky Draw deposit comprises multiple 2 m to 15m thick zones within an overall package about 70 m thick. Both the individual zones and the package strike north south and dips gently (20° - 30°) to the west. Gold mineralisation at Lucky Draw has been defined by drilling over a strike length of 400 m and 200 m down dip to a depth of about 100 m below surface.

At Hackney's Creek gold mineralisation also occurs in multiple 2 m to 20m thick zones within an overall package about 120 m thick. Mineralisation also strikes north and dips 50° to 60° to the west. Drilling has defined gold mineralisation over a strike length of 220 m and 250 m down dip to about 250 m below surface.

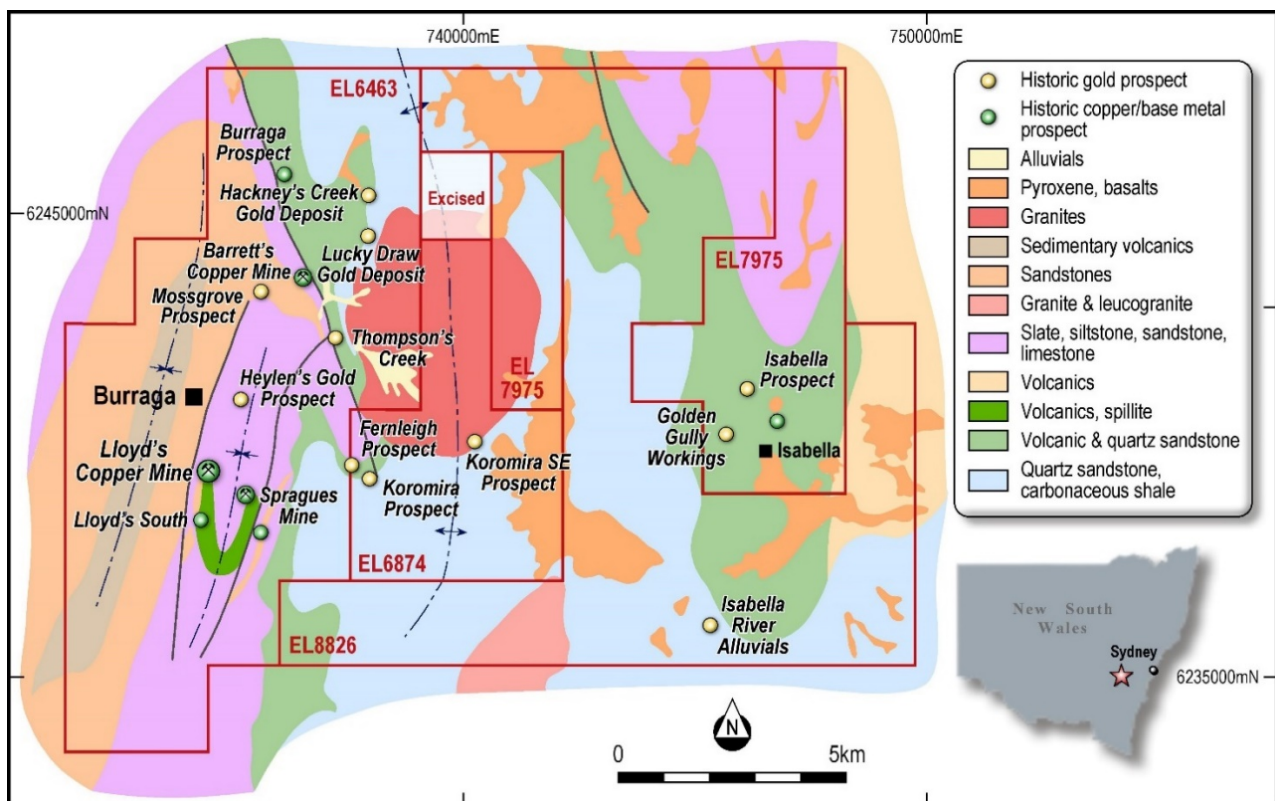


Figure 7: Burraga Project Area

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Recent field activities at the Burranga project have been delayed by recent rain events but allowed the company to focus on further collation of historic data and analysis. This review has highlighted the potential of the Lloyds Copper deposit as a priority target for the company due to the existing copper resource as well as significant potential for expansion with further exploration. Increases in the copper prices over recent months have been noted by the company. An experienced land access coordinator has been appointed to help facilitate increasing work programs over Hackneys Creek and Isabella with an initial focus on expanding the areas of known mineralisation prior to drill testing.

Hackneys Creek Gold Prospect

The Lucky Draw gold deposit and Hackneys Creek gold prospect were discovered using bismuth stream-sediment with results over 3ppm and bismuth soil anomalies closely associated with the known mineralisation. Two discrete high bismuth soil anomalies of similar tenor to the Lucky Draw and Hackneys Creek prospects have been identified with coincident gold soil anomalies. These remain high priority drill targets.

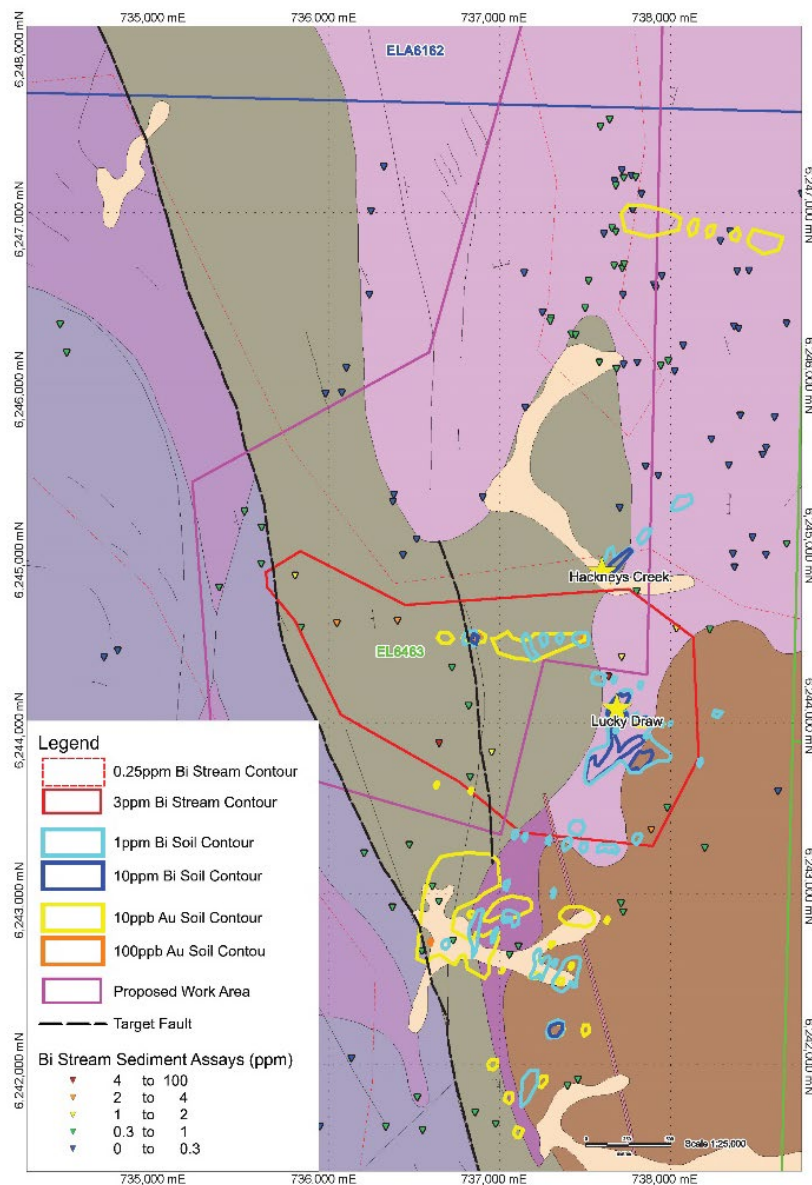


Figure 8: Bismuth and gold soil and stream sampling anomalies in the Lucky Draw and Hackney's Creek prospect areas

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An orientation soil sampling survey will be conducted between Hackney's Creek and Lucky draw to determine the appropriate multi element analytical technique and size fractions for assay. Current analytical techniques have a substantially higher sensitivity than historical methods which should aid in the identification of the subtle anomalies that host the gold mineralisation throughout the area. An additional application ELA6162 has been lodged covering the northern extent of the anomaly which is expected to be granted in the coming weeks.

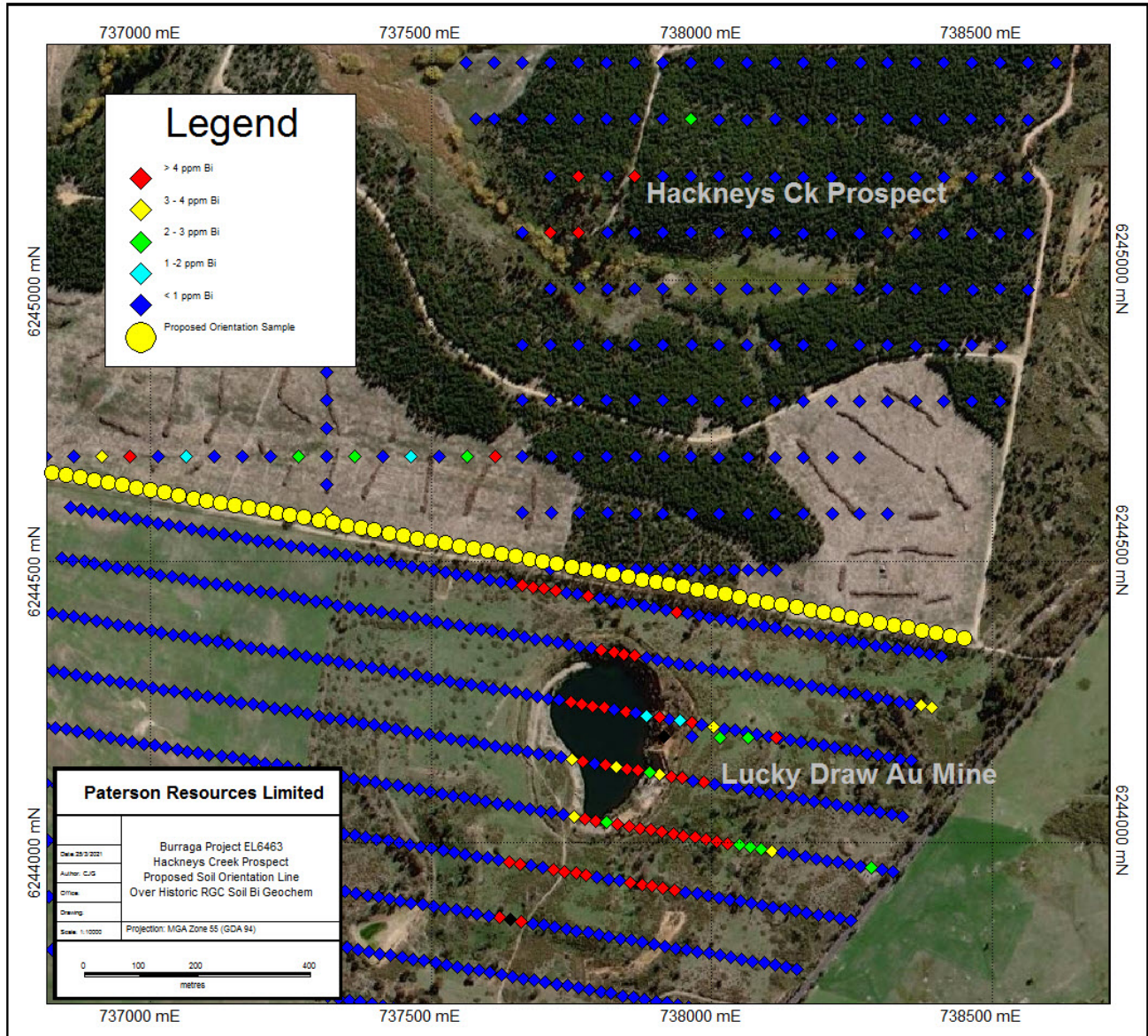


Figure 9: Proposed orientation soil survey sites between the Hackney's Creek and Lucky Draw Prospects on the historic RGC soil sampling coloured by Bi.

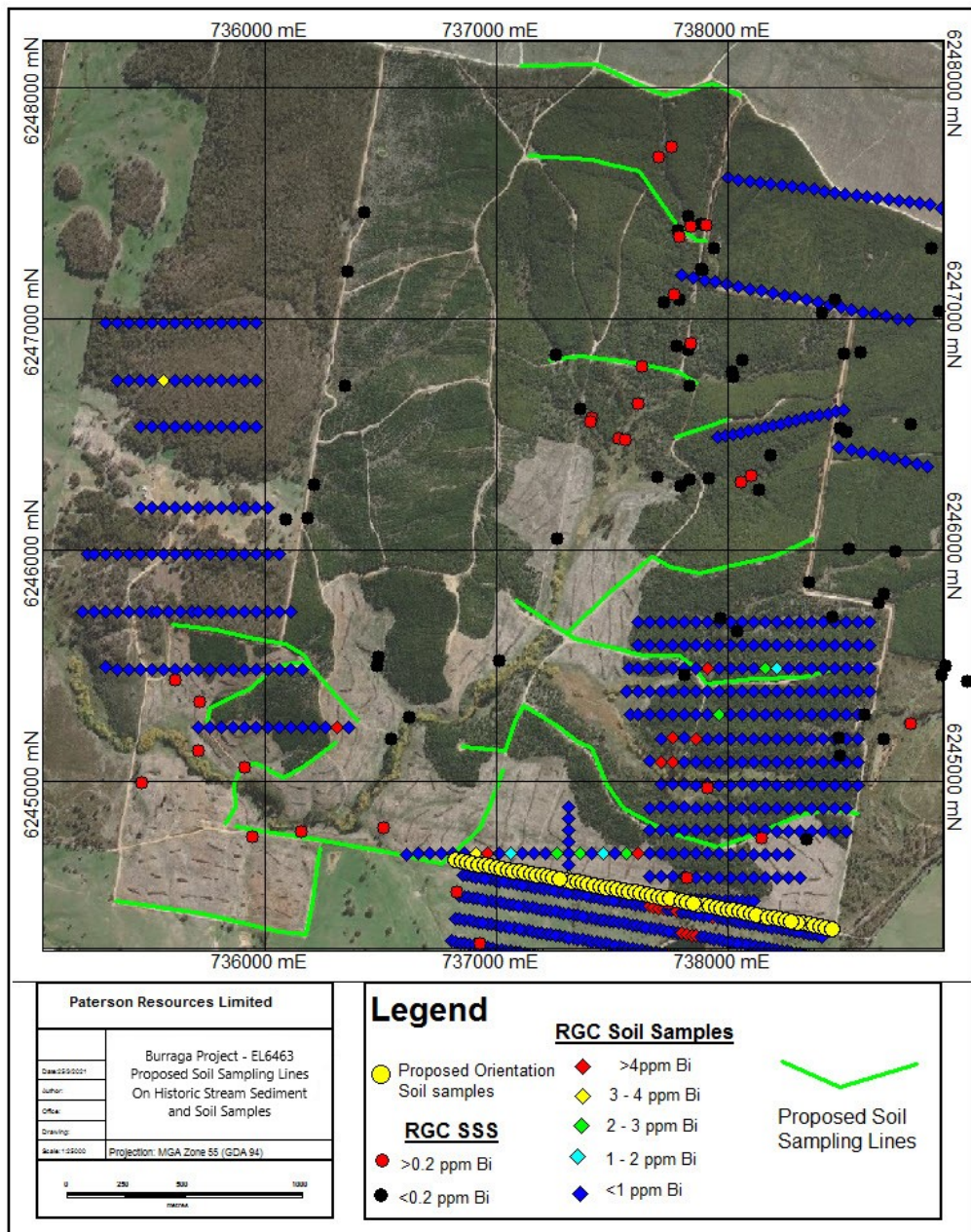


Figure 10: Proposed soil survey lines and orientation soil survey sites between the Hackney's Creek and Lucky Draw Prospects on the historic RGC soil sampling coloured by Bi.

The most promising intercepts returned from past drilling carried out by RGC Exploration at Hackney's Creek included in the inferred resource estimation are: (refer to ASX release "Hackney's Creek and Lucky Draw Gold Prospects Burrage NSW", 26 August 2020)

- 21.3m @ 9.19 g/t Au from 89m, including 4m @ 40.38 g/t Au from hole LDD309
- 33.6m @ 2.27 g/t Au from 71.4m, including 5m @ 5.83 g/t Au from hole LXD283
- 25.0m @ 3.57 g/t Au from 20m, including 4m @ 7.48 g/t Au from hole LXD359
- 2.0m @ 11.25 g/t Au from 28m hole LXD 282
- 16.0m @ 3.30 g/t Au from 34m from hole LRC 353

Isabella Gold Prospect

Historic exploration data for Isabella Prospect shows a significant stream sediment bismuth anomaly above 3ppm cut-off over an area of 3km by 700m. Limited shallow drilling typically 30-40m in depth conducted in 1989 and 1990 by RGC returned encouraging near surface intervals including;

- **IRC008 2m @10.1g/t Au from 14 to 16m**
- **IRC020 7m @ 5.24g/t Au from 3 to 10m**
- **IRC021 7m@4.76g/t Au from 14m to 21m**

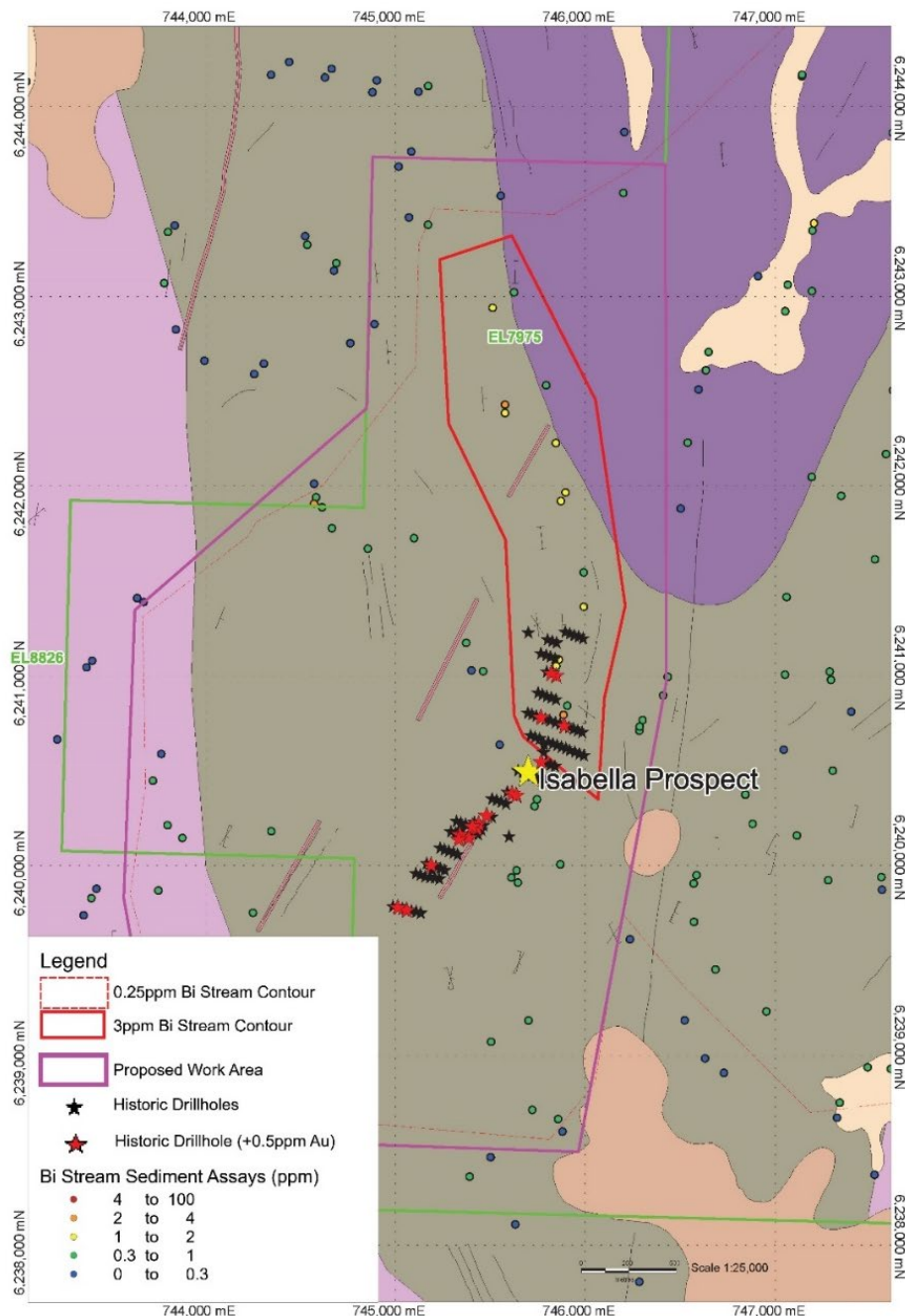


Figure 11: Isabella Bi Stream Sample Anomaly with Historic Drilling and the proposed work area for the 2021 field season.

Lloyd's Copper Mine Area

The Lloyds Copper Mine produced 19,443 tons of Copper from 469,626 tons of ore implying a recovered grade of 4.14% Cu, between 1880 and 1920, then intermittently up to 1961. The current mineral resource in the Lloyd's Copper Mine area contains a combined resource of 1.68Mt of 0.9% Copper consisting of an inground resource of 1.31Mt @ 0.8% Copper, Tailings of 280kt @1.2% Copper and slag heaps of 90kt @1.3% Copper and 0.7% Zinc. (refer ASX release "Burranga Copper Project Resource Estimate" 23 June 2015)

Model		Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Zn (%)	Cu Metal (t)
Lloyds (0.3% Cu cut-off)	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	910,000	0.8	0.1	7	0.2	7,130
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	1,310,000	0.8	0.1	6	0.2	10,090
Tailings	Indicated	280,000	1.2	0.3	9	0.2	3,490
Slag Heaps	Inferred	90,000	1.3	0.2	7	0.7	1,170
Burranga Combined	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	1,280,000	0.9	0.1	7	0.2	11,520
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	1,680,000	0.9	0.1	7	0.2	15,120

Table 2. Lloyds Copper Mineral Resources by model and resource category

Field activity on the Burranga project commenced with reconnaissance of access to the project areas after recent rainfall. Paterson is reviewing the drilling data from this project to develop an updated exploration model to build on the current Inferred Resource of 1.68mt @ 0.9% Cu already identified. A review of recently collated historical data has outlined a new untested Arsenic (As) anomaly with a coincident potassium radiometric anomaly (figure 12). This exciting anomaly is synonymous with known copper mineralisation along the Lloyds copper Mine trend and proves that there is still significant potential in the area to add to the resource inventory through new discoveries. A soil sampling program over this target will be designed with the aim to have it completed by mid 2021 to identify targets for follow up drill testing.

Historic intercepts at the Lloyd's Copper Mine include:

- **EYMRC027**
 - 17m @ 0.6% Cu, 0.1% Zn and 5.4 g/t Ag from 164m to EOH
- **EYMRC028**
 - 20m @ 0.8% Cu, 0.1% Zn, 7.5 g/t Ag from 180m - including 3m @ 3.1% Cu, 0.1% Zn, 28.6 g/t Ag from 192m
 - 1m @ 4.2% Cu, 1.1% Zn and 50.4 g/t Ag from 238m
- **EYMRC030**
 - 9m @ 2.3% Cu, 0.1% Zn and 12.4 g/t Ag from 197m - including 1m @ 9.6% Cu, 0.4% Zn, 0.1% Pb and 50.4 g/t Ag from 198-199m
 - 4m @ 0.8% Zn from 249m - including 2m @ 1.5% Zn from 251m

(refer ASX release "Elysium Extends Copper Mineralisation at Burranga release on the 7 Aug 2017)
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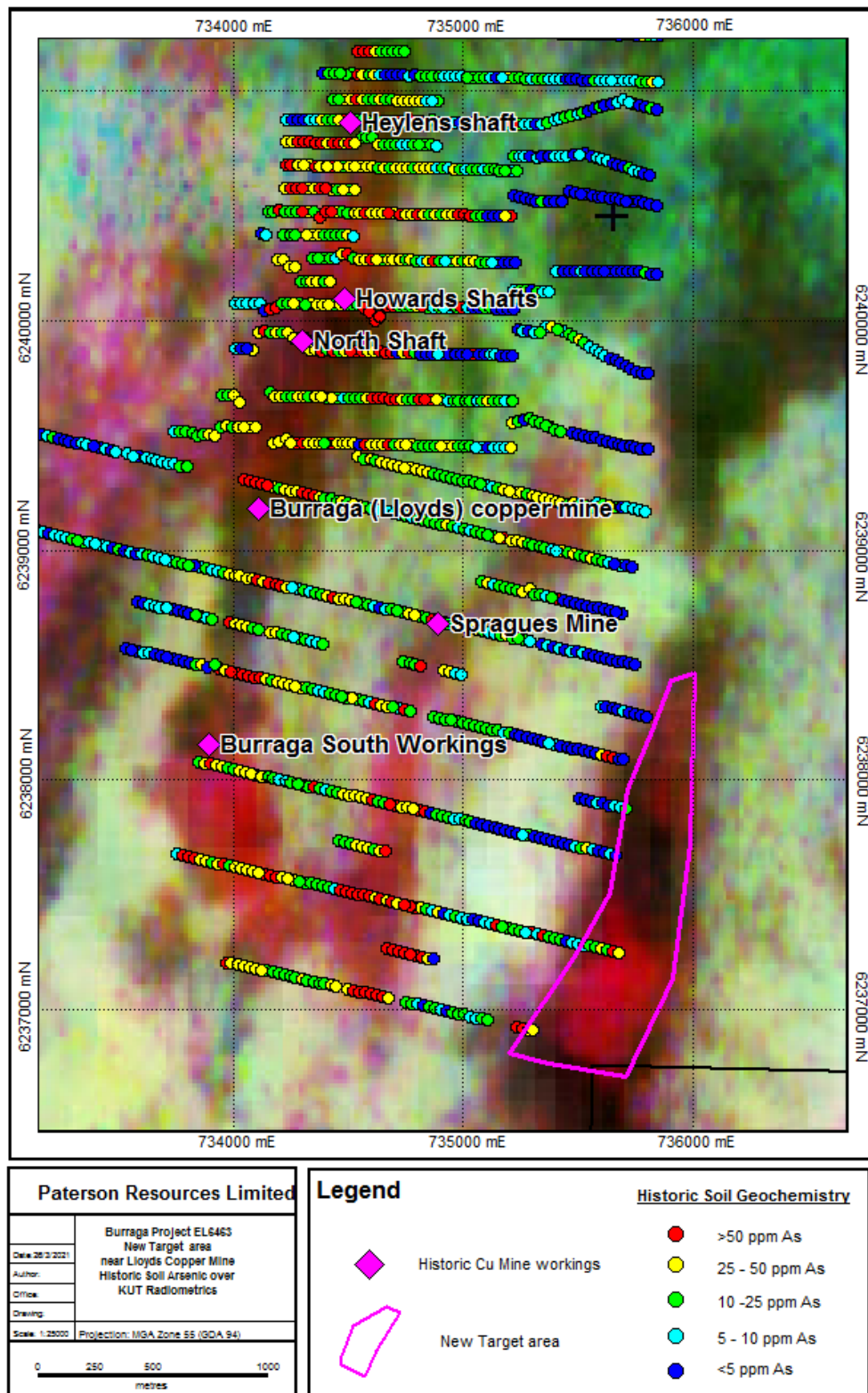


Figure 12: Newly target defined by the historic Dominion soil samples coloured by Arsenic (As) on the radiometric image. Potassium radiometric anomaly identified by the red on the background image.

(* The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcements. All material assumptions and technical parameters pertaining to the resource estimate continue to apply and have not materially changed.)

Corporate

During the quarter, the Company completed its less than marketable parcel share sale facility announced on 14 September 2020 (**Facility**).

The Facility allowed shareholders with less than a marketable parcel of shares to exit the Company's register without incurring brokerage fees.

A total of 1,684 shareholders with an aggregate of 3,531,438 shares (on a post-consolidation basis, or 52,971,570 shares on a pre-consolidation basis) participated in the Facility. The shares were sold at a price of \$0.0375 each (on a post-consolidation basis, or \$0.0025 each on a pre-consolidation basis).

The Company's share registry, Computershare, arranged for the pro-rata distribution of proceeds to each participant in the Facility, which occurred on 22 January 2021.

The reduction of the Company's shareholder base by 1,684 shareholders as a result of the Facility has significantly reduce the Company's administrative and corporate costs moving forward.

For and on behalf of the Board
Sarah Smith
Company Secretary

This announcement has been authorised for release to ASX by the Board of Paterson Resources Limited.

For further information, please visit www.patersonresources.com.au:

ASX Listing Rule 5.3.1

Exploration and Evaluation expenditure during the quarter was \$300k. The majority of this was spent on stamp duty, maintaining the Company's tenement portfolio in goodstanding including payment of shire rates and tenement rents, as well as expenditure on the Company's Grace Project.

ASX Listing Rule 5.3.2

There were no substantive mining production and development activities during the quarter.

ASX Listing Rule 5.3.5

The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Directors	\$57,254	Periodical fees paid to Directors and/or Director related entities
Director	\$-	Exploration consulting fees paid to a Director/Director related entities

The following table sets out the tenement information reported on a consolidated basis as required by ASX Listing Rule 5.3.3.

Mining tenements held at the end of the Quarter and their location

Project Name	Location		Tenement Licences	Interest held by Group
Bellary	WA		E47/3578	100%
Hamersley	WA		E47/3827	100%
Elsie North	WA		E45/5020	100%
Cheela	WA		E08/2880	100%
Grace	WA		E45/4524	100%
Grace	WA		P45/2905	100%
Grace	WA		P45/2906	100%
Grace	WA		P45/2907	100%
Grace	WA		P45/2908	100%
Grace	WA		P45/2909	100%
Grace	WA		E45/5130	100%
Burruga	NSW		EL6463	100%
Burruga	NSW		EL6874	100%
Burruga	NSW		EL7975	100%
Burruga	NSW		EL8826	100%

1. The mining tenement interests acquired during the quarter and their location

Not applicable.

2. Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Not applicable.

3. Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable.

ABOUT PATERSON RESOURCES:

Paterson Resources (ASX: PSL) is a publicly listed, junior mineral resources company focused on the exploration and development of gold and copper projects. Paterson has aggregated a diversified portfolio of assets that are at multiple stages, commodities and jurisdictions. The Grace Gold Project located in the world class Paterson mineral province in Western Australia consists of two granted exploration licences and five granted prospecting licences (E45/4524, E45/5130, P45/2905, P45/2906, P45/2907, P45/2908, and P45/2909). The Company also has an extensive landholding prospective for gold in the Pilbara in Western Australia, with four exploration licences (E08/2880, E47/3578, E47/3827, and E45/5020). The Burruga Copper Gold Project, located in the world class minerals province of the East Lachlan Fold Belt in central western New South Wales consists of four contiguous exploration licences (EL6463, EL6874, EL7975 and EL8826) covering a total area of

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approximately 221km². Paterson is an active explorer with the aim of discovering a valuable mineral resource and delivering shareholder value.

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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