

Drilling Commences at the Grace Copper-Gold Project, WA

HIGHLIGHTS

- Drilling has commenced at the flagship Grace Gold Project, which is located 25km south-east of Newcrest's world-class Telfer Copper-Gold Mine and 40km south-west of the Havieron Gold Deposit in the Paterson Province, WA
- The drilling campaign, comprising 6,000m of reverse circulation (RC) and diamond drill-holes, has been designed to test high impact targets along strike from historic shallow high-grade intercepts
- In addition, reflecting the comprehensive nature of the campaign, several deeper magnetic targets are set to be drill-tested to determine if mineralisation is open at depth
- Encouragingly, historic drilling has intersected excellent near surface high-grade gold mineralisation, which have not been followed up, including the following intercepts:
 - ❖ 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)¹



Figure 1 & 2: Drilling underway at the Grace Gold Project

Paterson Resources Limited (“Paterson” or “the Company”) (ASX:PSL) is delighted to announce the drilling contractor, DDH1, arrived at the Grace Copper-Gold Project in the highly prospective Paterson Province, Western Australia, over the week-end. Pleasingly, the six-week drilling campaign is now underway (**Figure 1 & 2**) and set to test key targets. Specifically, the drilling campaign is targeting similar styles of mineralisation to the world-class Telfer Copper-Gold Mine (25km north-west) and Havieron Gold Deposit (40km north-east).

2021 DRILLING CAMPAIGN

This current drilling campaign is focused on: 1) high-impact targets that were identified from recent geophysical surveying; and, 2) infilling significant gaps between known mineralisation previously intersected in the Grace and Bemm Shear Zones.

The current infill drilling will follow up historic work carried out by Newmont Australia and Newcrest Mining. Moreover, drill-hole targets are based on interpretation of geophysical data and anomalies identified from recent gradient array IP (GAIP), airborne electromagnetic (VTEM) surveying, regional gravity and magnetic datasets.

The primary target for the 2021 drilling campaign is extending historic shear zone-hosted gold mineralisation within the Grace-Bemm Shear Zone trend; note, this will be tested by fences of drillholes. Furthermore, incremental planned drill holes are targeting other IP / VTEM anomalies, interpreted structurally complex zones north-west of Grace-Bemm and deeper geophysical anomalies to the south.

With reference to **Figure 3** below, it shows the drill-hole locations for the 2021 program relative to GAIP conductivity and legacy high-grade intercepts from historical drill-holes greater than 60m 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.

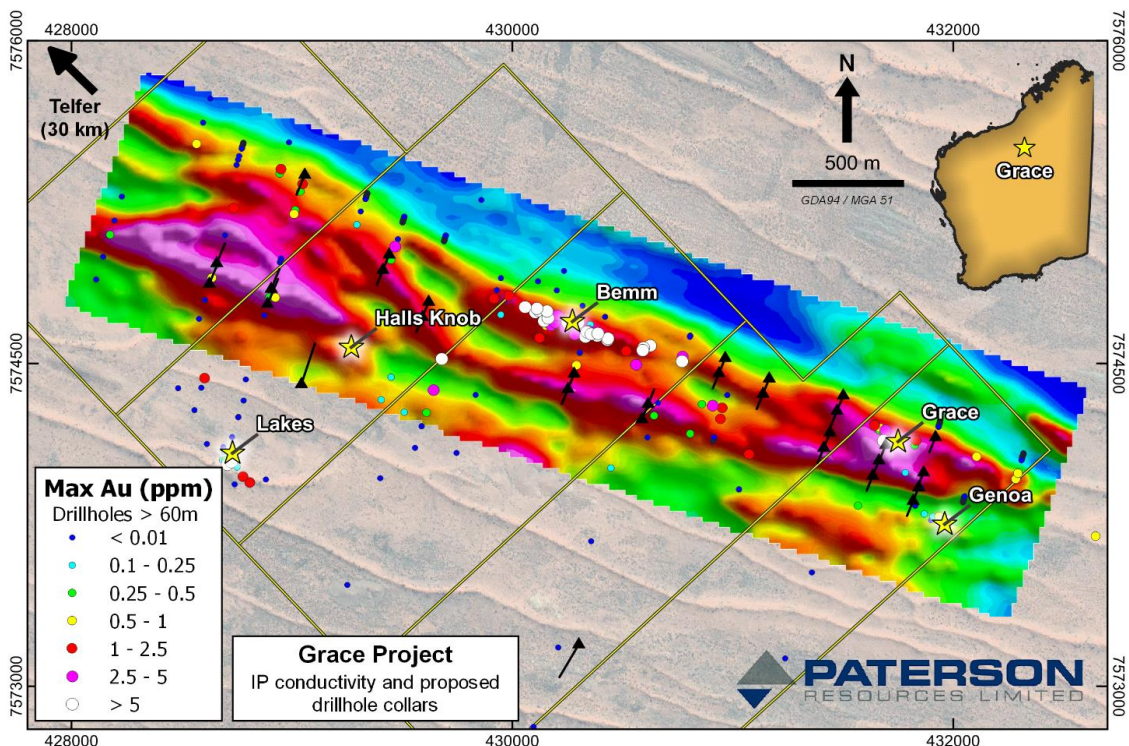


Figure 3: Map showing proposed drill-hole collars (black triangles) and drill-hole traces (black lines) over an image of gradient array IP conductivity, which shows mineralisation at Grace and Bemm prospects are generally aligned with conductive anomaly trends. IP conductivity anomaly trends potentially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

With reference to **Figure 4**, this shows the drill-holes located south of Grace-Bemm, which target deeper geophysical anomalies identified from interpretation of VTEM and magnetic data.

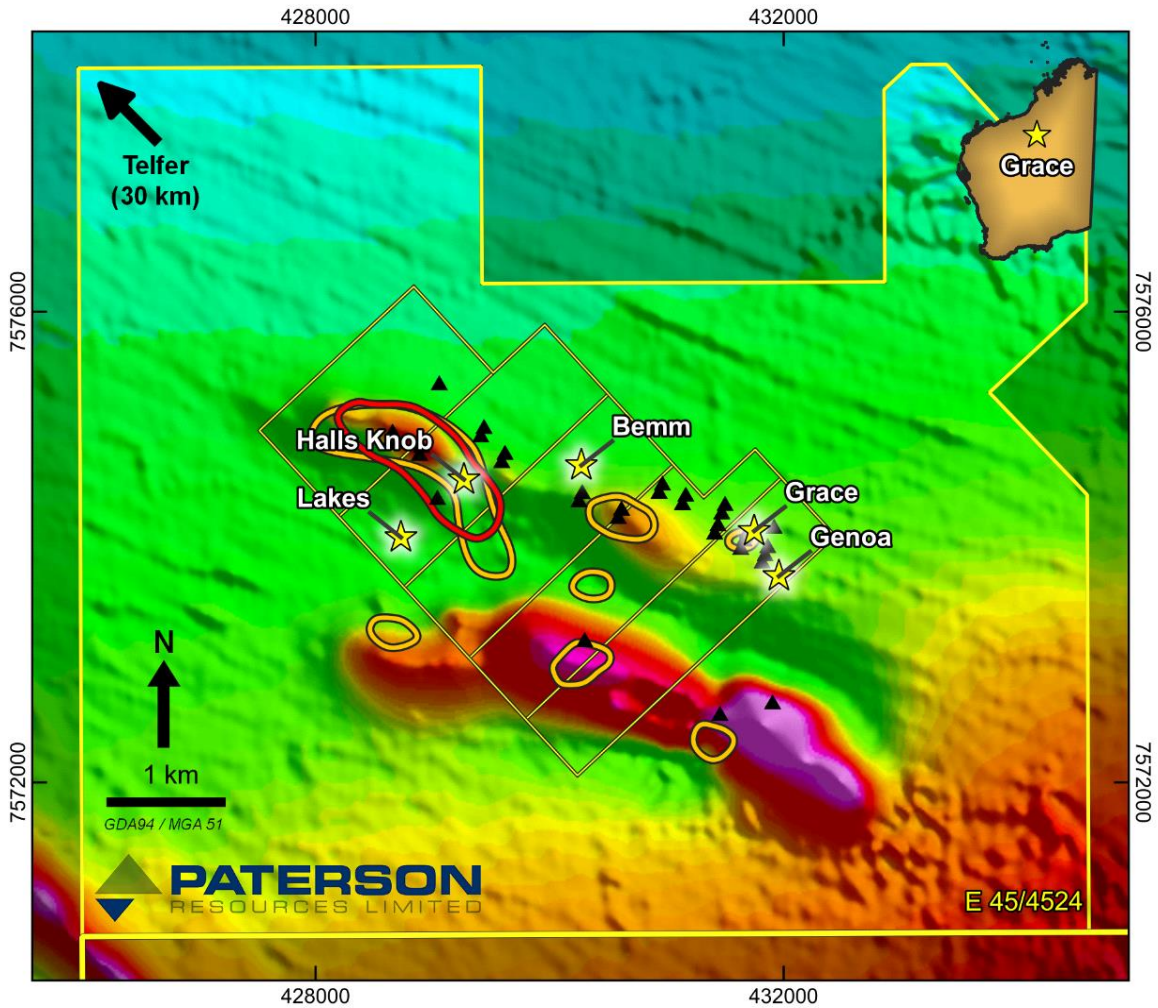


Figure 4: Planned drill-hole collar locations shown at a tenement scale over a filtered airborne magnetic anomaly image, with anomalies identified from mid- and late-time VTEM EM decay data (orange and red polygons respectively). Deeper drill-holes to the west and south of Grace and Bemm are targeting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

GRACE PROJECT LOCATION

The Grace Copper-Gold Project is located in the heart of the Paterson Province, where multiple major exploration groups, including Rio Tinto, Newcrest and Greatland Gold, are actively exploring within the area. Significant discoveries nearby Paterson Resources Grace Copper-Gold Project include Havieron to the north-east, Maroochydore to the south plus the world-class Telfer mine located 25 km north-west.

Placing this in context, **Figure 5** shows the Grace Copper-Gold Project tenements proximal to significant regional discoveries and mines.

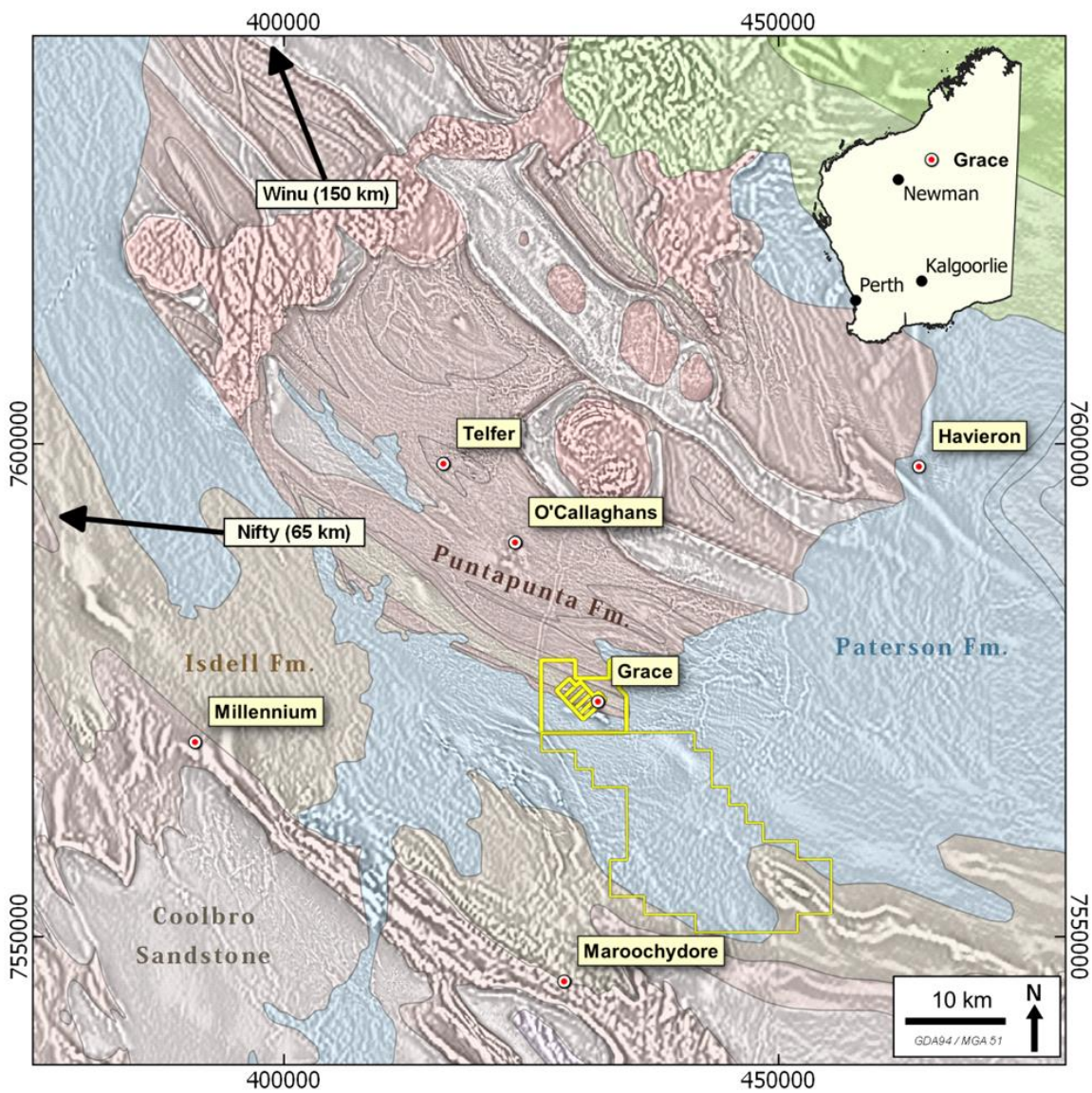


Figure 5: Map showing the location of the Grace Project and Paterson Resources tenements (yellow outline), and nearby significant copper-gold deposits over an image of Paterson Province geology draped over a filtered magnetic anomaly image.



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 geoscientists. 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.

References

1: PSL Entitlement Issue Prospectus – ASX Ann 22 May 2020

**Paterson Resources confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the previous market announcement continue to apply and have not materially changed.*

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This announcement was approved for release to the ASX by the Board of Paterson Resources