

Quarterly Activities Report Quarter Ended 30 September 2021

HIGHLIGHTS

- Drilling program at Grace commenced in early September
- 880m EIS diamond drill hole completed with wide intervals of pyrite and quartz veining intersected.
- Altered and brecciated rocks surrounding a granitic unit intersected at depth spatially associated with the targeted magnetic anomaly.
- Pervasive pyrite-arsenopyrite-chalcopyrite sulphide mineralisation was intercepted within a silica-carbonate altered breccia zone in several holes

The Board of Paterson Resources Limited (**Paterson** or **the Company**) (ASX:PSL) provides the following commentary for the Quarter ended 30th September 2021.

Exploration Projects

Grace Project – Paterson Range, Western Australia

Paterson Resources commenced its maiden drilling campaign during the quarter at the Grace Copper-Gold Project in the highly prospective Paterson Province, Western Australia. The campaign was designed to test a series of priority targets outlined from geophysics and historical drilling, which has identified similar styles of mineralisation to the world-class Telfer Copper- Gold Mine (25km north-west) and Havieron Gold Deposit (40km north-east).

Encouragingly numerous intersections of the shallow mineralisation highlighted the potential for a more significant underlying system that has yet to be adequately tested. The main focus of the drilling was to follow up these results of the deeper diamond drill hole in order to better understand the structural relationships of the mineralisation.

A full review of the structural information, coupled with petrophysical analysis, is now being undertaken, particularly over the encouraging widespread zones of alteration, veining and brecciation. The laboratory estimates the assay results from the drilling will be returned within 4 to 6 weeks.

Historic drilling at the project has produced excellent near surface high-grade gold mineralisation which have not been followed up include;

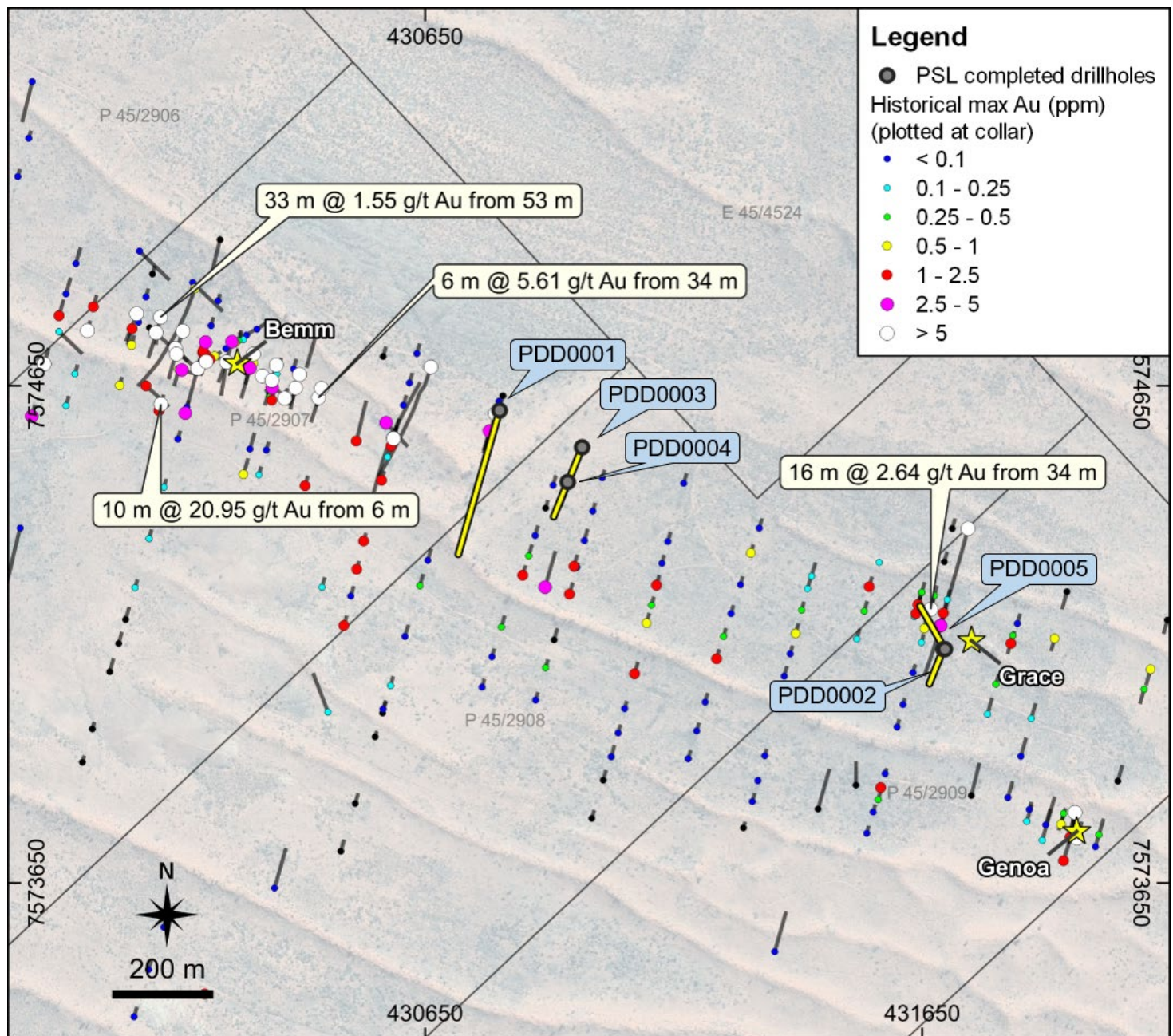
- 10.0m @ 20.95 g/t Au from 6.0m - GPB0801 (RAB)
- 33.0m @ 1.55 g/t Au from 53.0m - GR124502 (RC)
- 12.0m @ 14.38 g/t Au from 56.0m - GR037 (RC)
- 3.1m @ 8.28 g/t Au from 17.1m - GPC9106 (DDH)
- 22.0m @ 1.31 g/t Au from 71.0m - GR124002 (RC)
- 6.0m @ 5.61 g/t Au from 34.0m - GR128001 (RC)
- 4.0m @ 7.04 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)

Figure 1 shows a map of the completed drilling in relation to the historic drilling at the project, a cross section showing PDD0001 and the modeled magnetic isosurface is shown in figure 2 and the approximate location of the intersected mineralisation is also shown.

Figure 1: Map of the drill holes at the Grace Project and the Historic Drilling.



Photos of HQ diamond core from PDD0001 over the intervals 202.95 to 209.85 and from 216.8 to 223.89 shown in figures 2 and 3 showing the style in mineralisation intersected during the program. Interpretation of the results is ongoing and assay results from the drilling will be released as they come to hand.



Figure 2: Core from PDD0001 showing quartz-carbonate veining and pyrite associated with the Grace/Bemm fault zone from 202.95m to 209.85m.



Figure 3: Core from PDD0001 showing quartz-carbonate veining and pyrite associated with the Grace/Bemm fault zone from 216.8m to 223.89m

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 25 km northwest. **Figure 4** shows the Grace tenements and the significant regional discoveries and mines.

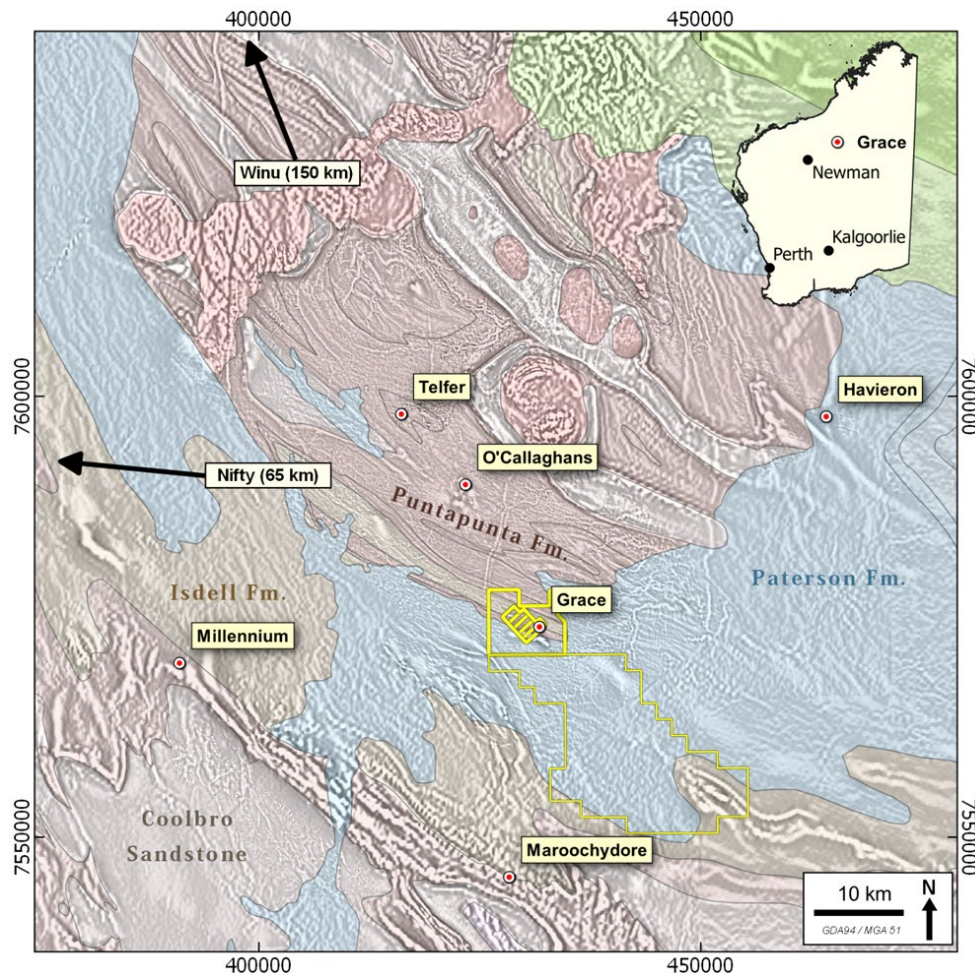


Figure 4: Map showing the location of the Grace Project and Paterson Resources tenements (yellow outline), and nearby significant copper-gold deposits over an image of Paterson Province geology draped over a filtered magnetic anomaly image.

Corporate

During the quarter, the Company completed a capital raising to raise approximately \$1.2m by way of a placement of up to 22,222,222 shares (**Placement Shares**) to sophisticated and professional investors (**Placement**) together with one (1) free attaching option for every one (1) Placement Share subscribed for (**Placement Options**). The Placement was strongly supported by the top 20 investors of the Company.

The Placement Shares were issued at a price of 5.4c per share under the Company's available placement capacity under Listing Rule 7.1. The Placement Options will have an exercise price of \$0.105 and will expire on 30 September 2023 (ASX: PSLOD).

The Company will seek shareholder approval for the Placement Options at its upcoming Annual General Meeting (AGM) to be held on 29 November 2021. The funds raised from the Placement will be used to expand the drilling program at the Grace project allowing for additional high priority targets to be tested, costs of the capital raising and working capital.

The Placement was arranged by the Board and as such, there were no capital raising fees.

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 \$577k. The majority of this was spent on maintaining the Company's tenement portfolio in goodstanding native title, 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	\$69,568	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.

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Paterson Resources Limited

ABN

45 115 593 005

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers			
1.2 Payments for			
(a) exploration & evaluation	(47)	(47)	
(b) development	-	-	
(c) production	-	-	
(d) staff costs	-	-	
(e) administration and corporate costs	(107)	(107)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	-	-	
1.5 Interest and other costs of finance paid	-	-	
1.6 Income taxes paid	-	-	
1.7 Government grants and tax incentives	-	-	
1.8 Other (provide details if material)	-	-	
1.9 Net cash from / (used in) operating activities	(154)	(154)	
1.2(e) Administration and corporate costs includes costs associated with the Placement, Share Purchase Plan and Less than Marketable Parcel Sale Facility conducted during the period.			
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	
(b) tenements	-	-	
(c) property, plant and equipment	(49)	(49)	
(d) exploration & evaluation	(470)	(470)	
(e) investments	-	-	
(f) other non-current assets	-	-	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(519)	(519)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,204	1,204
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	(a) Payment of interest from the issue of convertible debt securities	-	-
	(b) Proceeds from the Less than Marketable Parcel Sale Facility	-	-
	(c) Payment of Marketable Parcel Sale Facility to shareholders	-	-
3.10	Net cash from / (used in) financing activities	1,204	1,204

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,208	2,208
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(154)	(154)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(519)	(519)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,204	1,204
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,739	2,739

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,739	2,208
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,739	2,208

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(70)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(154)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(470)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(624)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,739
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,739
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by: The Board of Paterson Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.