



ASX ANNOUNCEMENT

25 May 2022

Exploration accelerated across the Pilbara and Paterson Projects

HIGHLIGHTS

- Heritage team due to mobilised to the Grace Project, located 25km southeast of the world-class Telfer gold-copper deposit, to finalize the work program clearance for the Company's upcoming second drilling phase.
- Up to 10,000m reverse circulation drilling planned to extend gold-copper mineralisation along the Grace-Bemm shear zone, as well as testing multiple under-explored nearby targets sited on prospective structural trends. Drilling to commence on completion of the survey.
- Extensive soil geochemistry sampling survey over the Company's Pilbara tenements due to be completed by the end of May with samples at the laboratory awaiting assay results.
- Rock chip sampling program undertaken at the Company's Burruga Project located in the Lachlan Fold Belt in New South Wales.
- Geophysical consultants, Resource Potentials, reprocessing a 2014 aeromagnetic geophysical survey that covers much of the Company's Burruga Project tenure. Results anticipated by the end of this month ahead of drill planning.

Paterson's Executive Director Matt Bull said today, *"We are excited to have boots on ground in the Pilbara with a soil geochemical survey well underway at our Pilbara projects. We have expanded the Company's exploration team with field staff dedicated to following up high priority gold and base metal targets at Bellary, Cheela Plains and Hamersley. Coupled with an aggressive RC drilling program due to commence at the Grace Project in the highly prospective Paterson Province, the Company looks forward to a steady flow of news in the coming months."*

Paterson Resources Limited ("Paterson" or "the Company") (ASX: PSL); is pleased to provide an update on progress of the Company's exploration efforts at its West Australian and New South Wales projects.

Grace Project – Paterson Province

The Grace Gold-Copper Project is in the heart of the Paterson Province, where multiple major exploration groups including Rio Tinto, Newcrest and Greatland Gold are actively exploring within the region. Significant discoveries proximal to Paterson’s Grace Project include the Havieron gold-copper deposit to the north-east where Greatland Gold recently reported a 5.5 million ounce gold resource, Cyprum Metal’s Maroochydore copper prospect to the south and the world-class 30-plus million ounce Telfer Gold-Copper Mine, owned by Newcrest, located 25km northwest. Figure 1 shows the Grace tenements and the significant regional discoveries and mines.

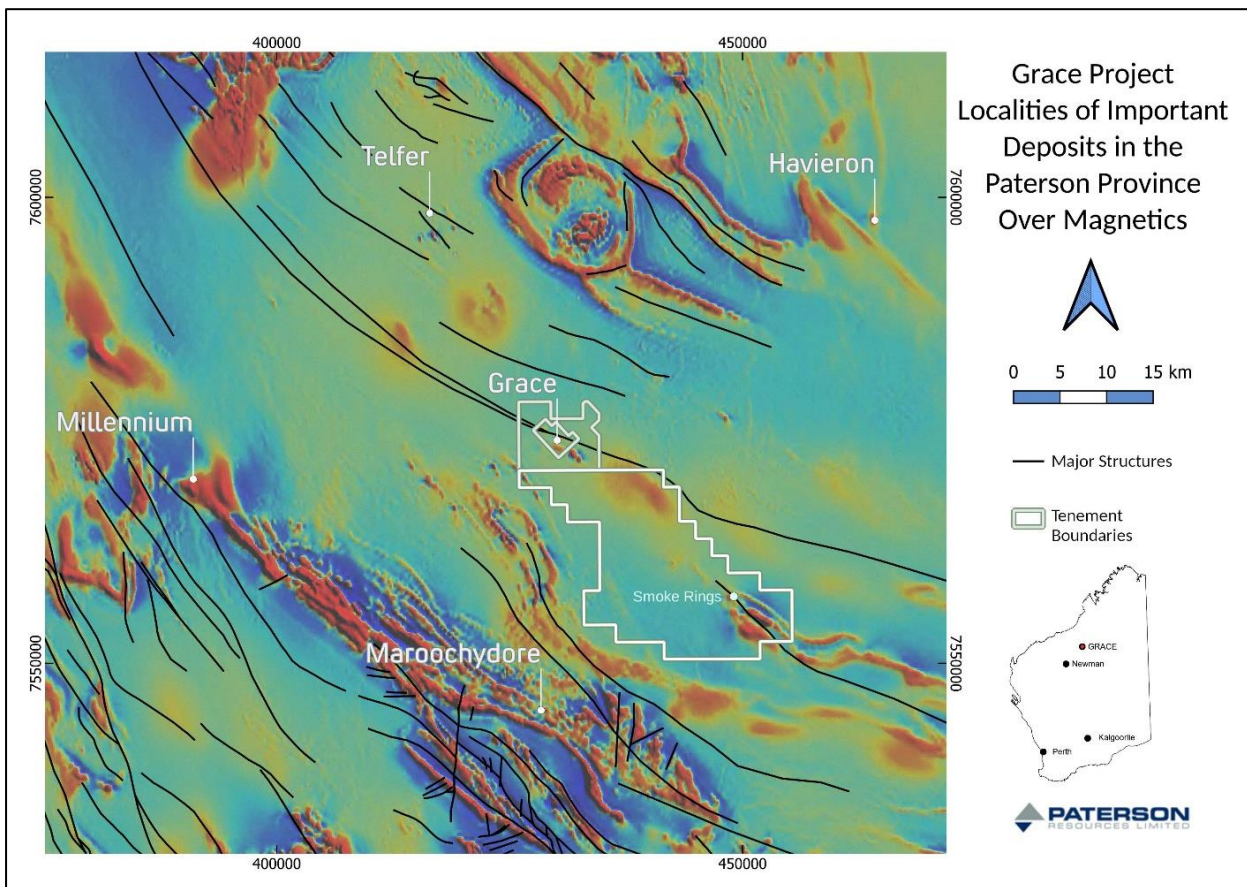


Figure 1: Locality map showing prominent gold and copper deposits in the Paterson Province near Paterson’s tenements

Phase Two Drilling Program – Grace Gold-Copper Deposit

Gold-copper mineralisation at the Grace Prospect displays many similarities with the nearby Telfer gold-copper deposit. There are discordant veins and breccias with gold existing as inclusions in pyrite or in the matrix of the breccia (Figure 2). Mineralisation is centered around the Grace-Bemm shear. The mineralisation system is considered to be the same as Telfer with hydrothermal fluids generated by granitic emplacements about 645 million years ago mobilizing gold present in the sedimentary country rock. Mineralisation at Telfer is hosted in the Malu formation but is also known to be hosted within the Puntapunta formation at Havieron and the Isdell Formation at Grace.



Figure 2: Example of sulphide mineralization in brecciated rock yielding 1.62g/t gold in drill hole PDD0001.

It worth noting the Malu and Puntapunta formations also extend along the length of the Company's tenure. Historic exploration has centered around the Bemm prospect and other prospects in the Isdell formation. The Company considers the intersection of regional structures with the Malu and Puntapunta formations to be prospective for further accumulation of gold-copper mineralisation.

Gold mineralisation in the region is mostly structurally controlled. The Grace-Bemm shear has been explored along a 4km strike length to depths averaging less than 100 metres. A further 3km of strike length to the northwest and up to 2km to the southeast of the of the Grace deposit remains largely unexplored and will be tested in the upcoming program.

Additionally, the Parallel Range Fault that runs parallel to the Grace-Bemm Shear and juxtaposes the Malu Formation onto the Isdell Formation remains largely untested. Historical drilling intercepting this structure returned intercepts of **4m at 2.49 g/t gold from only 14 metres and 14m at 1.37 g/t gold from 48m** in GPB1506 that has never been followed up and presents a compelling target for the Company.

The Company has planned an extensive reverse circulation drilling program of up to 8,000 metres designed to follow up on these high priority targets.

Soil Geochemistry Sampling Survey – Smoke Rings

The technical team at Paterson Resources continues to expand on its understanding of the mineralised system at the Grace Project recently completing an additional review of historical data over its tenure. The review identified previous drilling over the regional Gandy's Folly and Smoke Rings prospects on the Company's 100% owned contiguous E45/5130 tenure (Figure 1) that had not been included in the geological database.

Anomalous values of up to 0.98 g/t gold and 0.06 per cent copper have been highlighted in historical drilling at Smoke Rings coincident with a significant aeromagnetic anomaly.

Paterson has planned a mobile metal ion – or "MMI" surface geochemical soil survey program to traverse the distinct geophysical anomaly close to historical drilling. The MMI technology is a proven advanced geochemical technique well suited for areas under transported cover and especially well-suited for deeply buried mineral deposits. The surface geochemical program is due to commence in the first week of June this year.

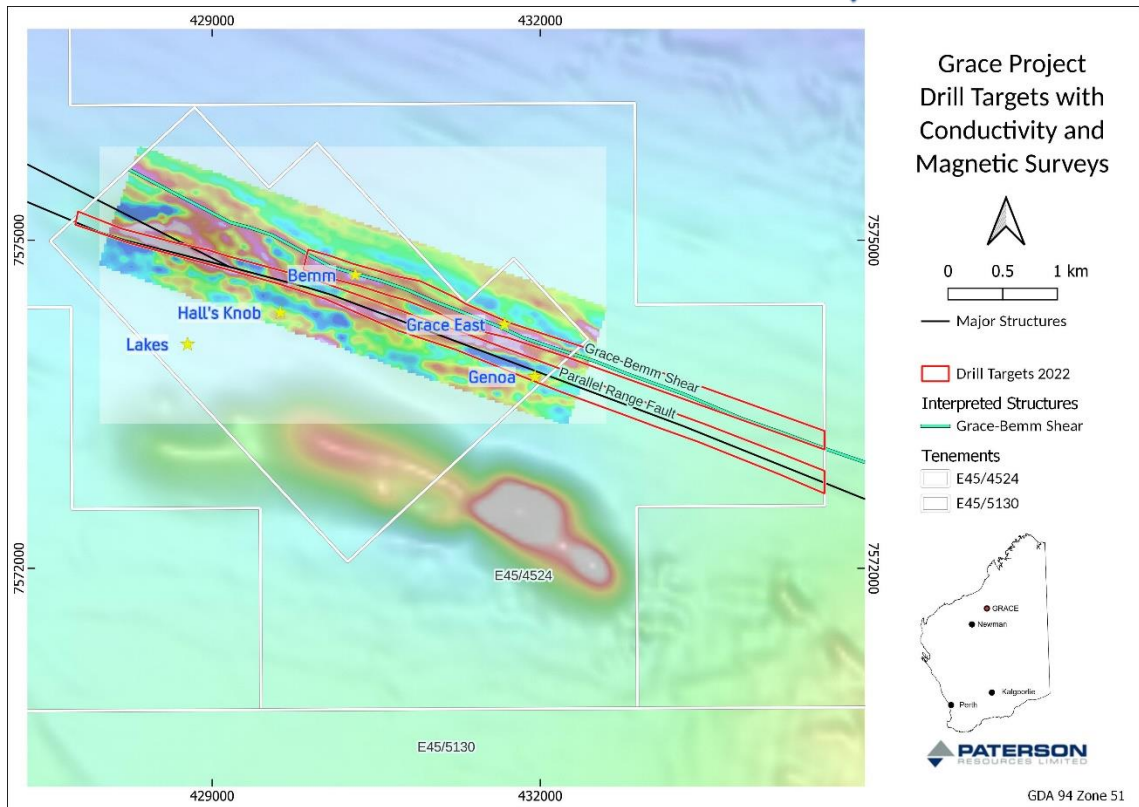


Figure 3: Conductivity survey with interpreted shear zones will be targeted with new drilling

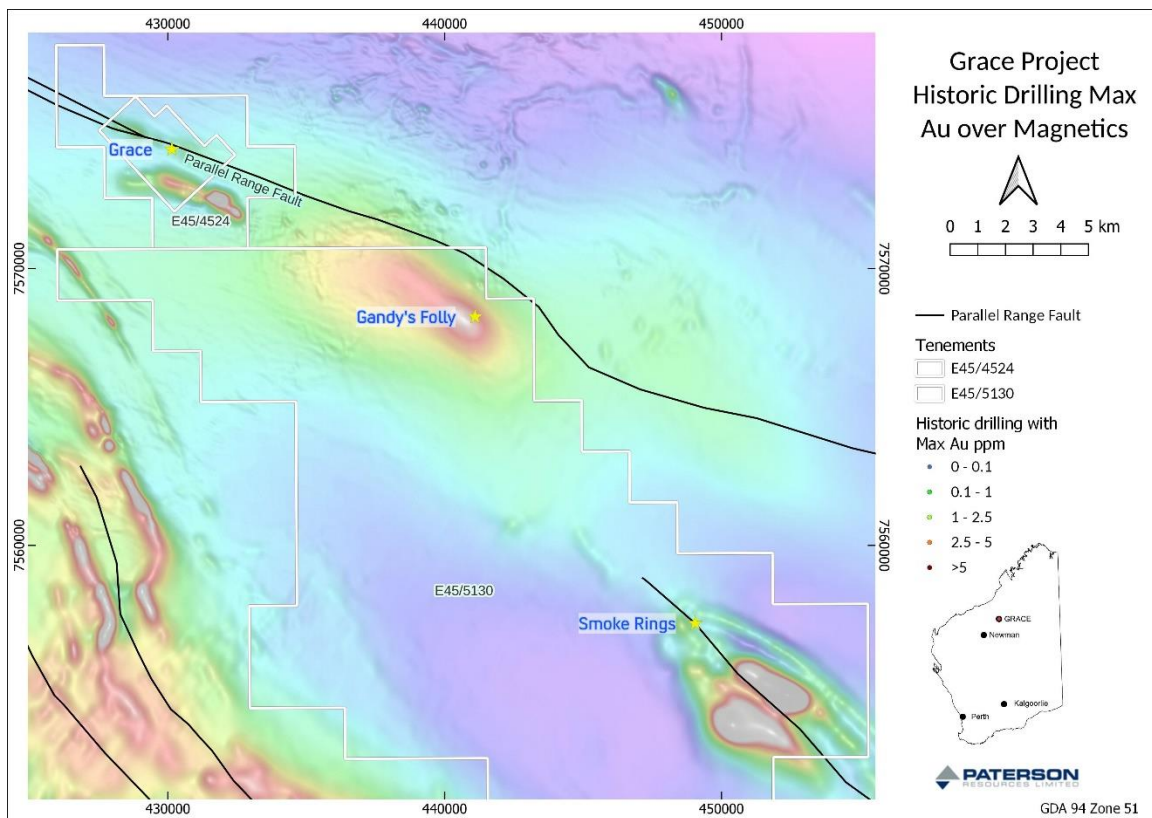


Figure 4: Location of regional targets "Gandy's Folly" and "Smoke Rings" coinciding with distinct aeromagnetic anomalies

Pilbara Gold & Base Metal Projects

The soil geochemistry sampling survey at the Company's Pilbara Projects is nearing completion. The field team was mobilized to the Pilbara earlier this month to conduct a systematic geochemical soil sampling survey over high priority targets at the Bellary, Cheela Plains and Hamersley projects (Figure 4). More than 400 samples have been collected to date from all three projects. The sampling patterns are based on the results of previous grab sampling programs and regional geological trends and are planned to infill previously identified gold and base metal soil anomalies.

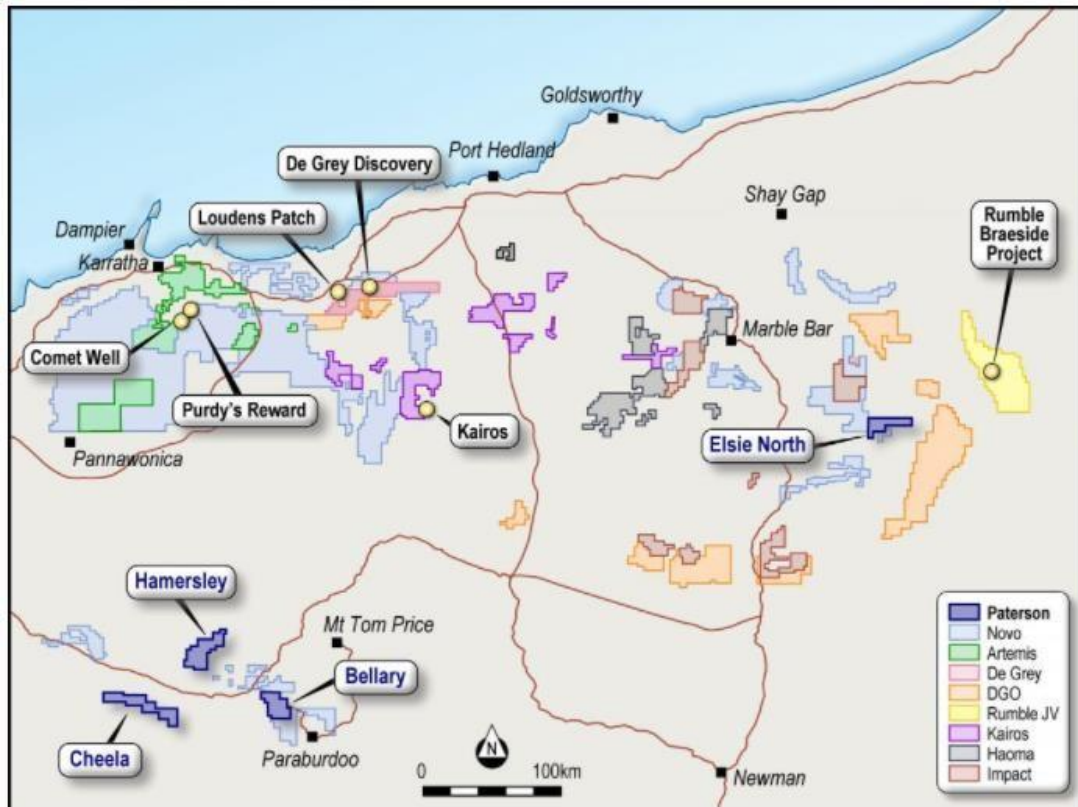


Figure 4: Location of PSL's Cheela Plains, Hamersley, Bellary and Elise North Pilbara Projects



Figures 5: Field team conducting surface soil geochemical sampling

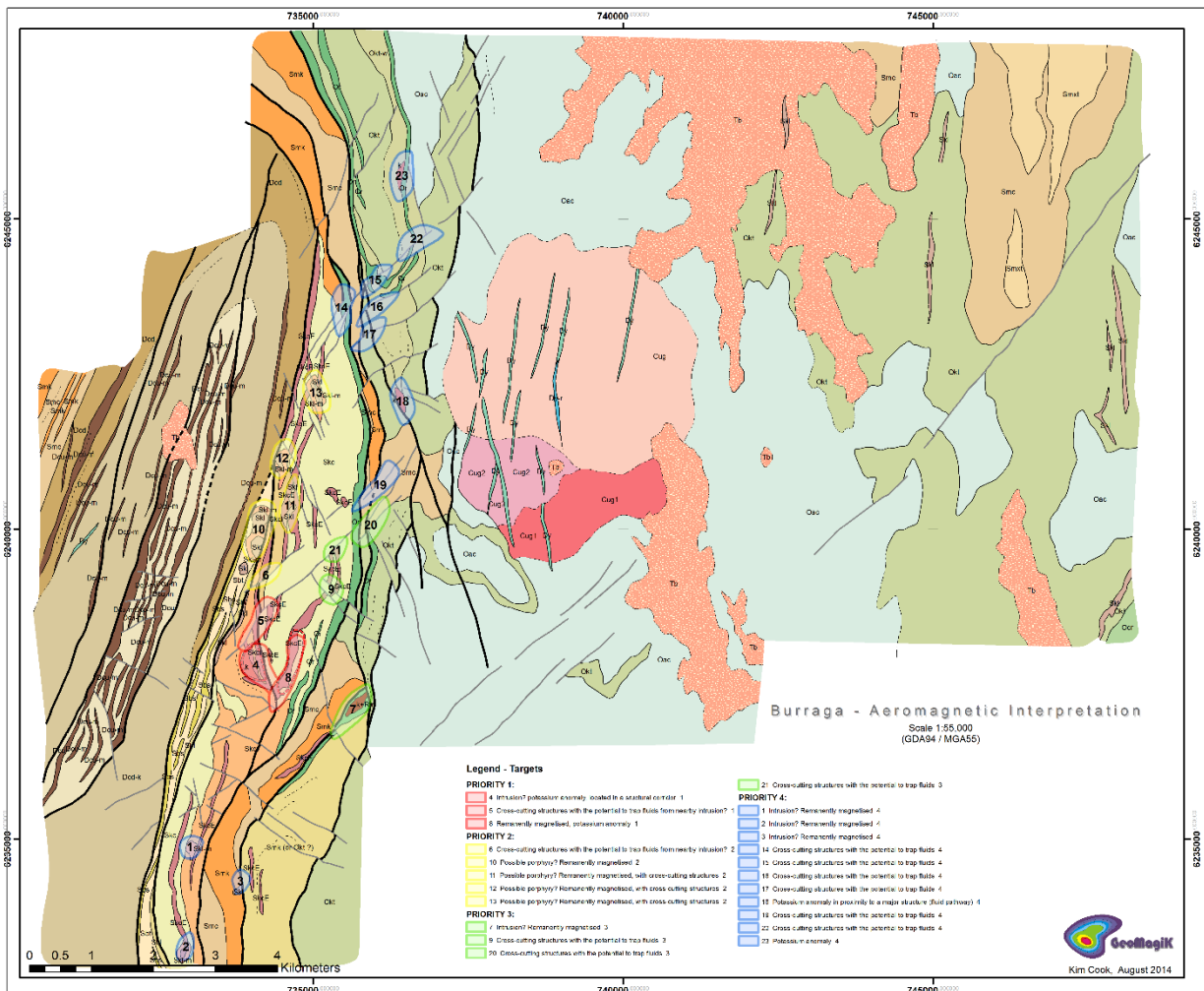
Next Steps

Paterson's priority at its Pilbara tenements is to focus on advancing towards drill-ready status which will include the following:

- Target definition and infill soil sampling
- Ground geophysical surveys
- Planning and design of an exploration drilling program to test identified high priority targets
- Heritage clearances and all requisite permitting

Burraga Project

The Burraga Project comprises five Exploration Licences (EL6463, EL6874, EL7975, EL8826 and EL9135). Approximately 2km south of the village of Burraga is the historic Lloyds Copper Mine, the focus of exploration in recent years. EL6463 covers a north-south trending corridor of stratigraphy and structures prospective for base-metal mineralisation. In the northeast corner of EL6463, some 7km north-northeast of Burraga, is the Lucky Draw Gold Mine which was mined in the 1990's.



Figures 6: Geophysical interpretation of 2014 airborne magnetic survey identifying high priority targets

A field visit was completed earlier this month with rock chip samples taken from around the Lloyds Copper Mine. Accessibility for upcoming drilling was assessed along with initiating discussions with local landholders.

A reinterpretation of a detailed airborne aeromagnetic survey which was conducted by previous operators in 2014 is currently underway by Resource Potentials in Perth. The previous interpretation focused on a 2-dimensional interpretation that highlighted areas of interest on a geological map. With advancing technology, historical surveys can be reprocessed to generate 3-dimensional models of magnetic anomalies providing a better understanding of the geometry and depth of the anomalies generating drill-ready targets. The reprocessed interpretation is due by the end of this month.

Next Steps

Paterson awaits the reinterpretation of the 2014 aeromagnetic survey data and will incorporate the reprocessed data in with the geological model and drilling database to finesse drill targets. The company is also reviewing the suitability of a variety of ground geophysical methods to assist with targeting.



Figure 7: Old workings at the Lloyds Copper Mine at Paterson Resources Burraga Copper-Gold Project in NSW

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 Australian 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.

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