ASX ANNOUNCEMENT 1 July 2022

Exploration Update

High priority targets identified at Burraga Project from detailed Aeromagnetic Survey Reinterpretation

HIGHLIGHTS

- **Detailed reprocessing of 2014 aeromagnetic survey conducted by Thomson Aviation for Elysium Resources completed by Perth-based geophysical consultancy Resource Potentials.**
- **A cluster of high priority 3D anomalies identified only 500m south of historic Lloyds Copper (Zinc-Lead-Silver) Mine in under-explored terrain.**
- **Previous drilling returned assay values up to 8.1% Zinc**
- **Land access negotiations underway**

Paterson's Executive Director Matt Bull commented on the results, *"We are highly encouraged by the distinct bullseye anomalies identified through the reprocessing of Elysium Resource's 2014 aeromagnetic survey. The anomalies are sited only 1.5km along strike and south of to the historic Lloyds copper mine in an area where very little exploration has taken place. Several intriguing copper and zinc intercepts nearby the anomalies warrant further immediate investigation and follow-up. Coupled with the upcoming drilling program at the Grace Gold-Copper Project in Western Australia's prolific Paterson Province, Paterson Resources are entering an exciting exploration phase and we look forward to keeping the market updated in due course."*

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 New South Wales Burraga Project.

Perth-based geophysical consultancy Resource Potentials was engaged to reprocess a detailed airborne geophysical survey conducted by Elysium Resources in in April 2014. Thomson Aviation flew a magnetic and radiometric survey (MAG) over three contiguous tenements at Burraga including EL6463, EL6874 and EL7975. The survey was flown on a 60m line spacing at a nominal terrain clearance of 60m and was intended to provide better resolution data than the government and open file data available.

At the time, a preliminary interpretation of the data by geophysical consultant Kim Cook of GeoMagik identified a cluster of 3 high priority targets (Target 4, Target 5 and Target 8 – Figure 1) 500m to 1.5km to the south of the historic Lloyds Copper Mine. The anomalies were given as two-dimensional projections at surface

with no depth or size indicators provided.

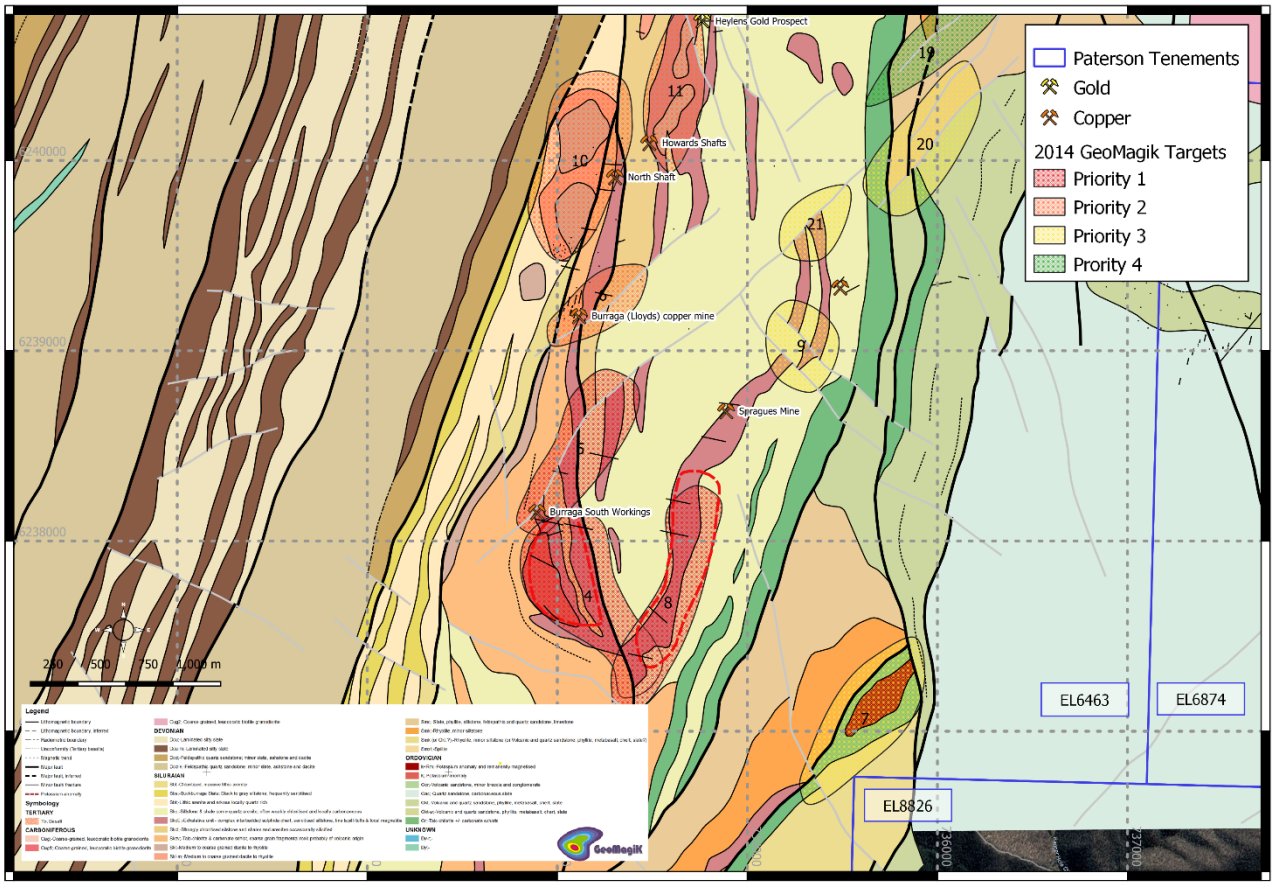


Figure 1: Location of Targets identified by geophysical consultants GeoMagik in 2014

Resource Potential completed unconstrained 3D magnetic vector inversion (MVI) modelling of the Burraga 2014 airborne magnetic (AMAG) data using Geosoft's VOXI modelling algorithm in order to resolve the depth and geometry of these magnetic source bodies.

Target 8 is located on the eastern limb of the Lloyds syncline within an interbedded sequence of sericitized siltstones, lapilli tuffs, mafic schists and sulphidic cherts of the Rockley Volcanics (Figure 1) and Target 4 is sited on the western limb with regional thrust faulting offsetting the sequence.

The central potassium anomaly is located in a structural corridor and presents as a potential intrusion. The Priority 1 targets coincide with the remnantly magnetised potassium anomaly and the cross-cutting structures to the north could provide potential mineralised fluid traps for the suspected central intrusion.

The MVI model has resolved a high-amplitude magnetic source target corridor with amplitudes up to +0.01 SI, located within and proximal to Target 8 extending along strike for nearly 2.4km (Figure 2). The southern part of the magnetic anomaly corridor contains a very strong magnetic anomaly source with an amplitude of +0.05 SI, the centre of which is modelled at a depth of 300 m below ground level and strikes for 370m.

An additional strong modelled magnetic source body is coincident with Target 4 with a maximum amplitude of 0.04 SI and is proximal to an interpreted coarse-grained leucogranite intruding into the volcanic sequence. The target corridor with amplitudes up to +0.01 SI extends for 1.2km on the western limb of the Lloyds syncline

and could represent a possible fold repetition of the anomaly on the eastern limb. Both of the modelled magnetic anomalies are proximal to or coincident with identified potassium anomalies (Figure 2).

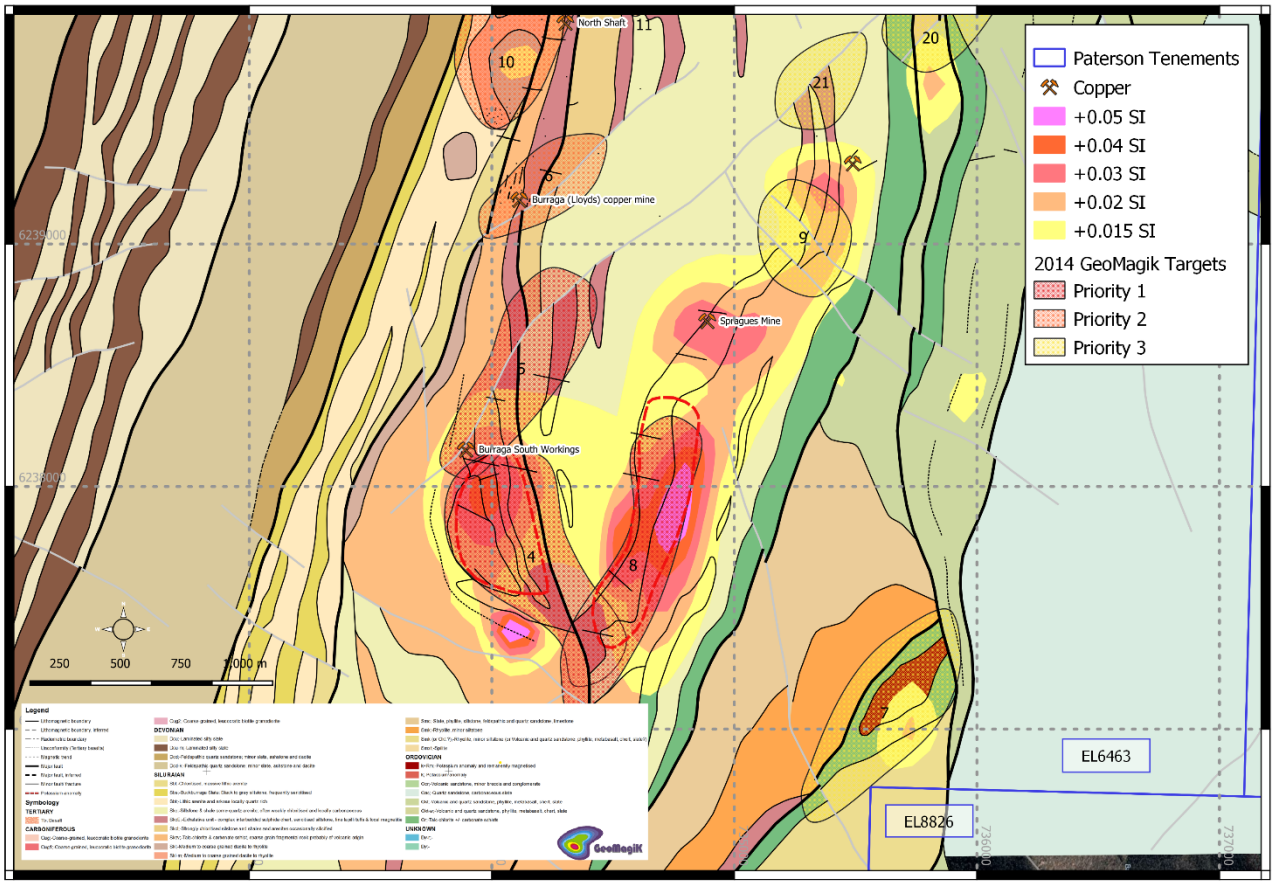


Figure 2: Surface projection of 3D magnetic vector inversion isosurfaces completed by Resource Potentials

Much of the historical exploration at Paterson's Burraga project has been focused near the Lloyds copper mine that were mined mainly during the late 19th century. The largest producer was the Lloyds Copper Mine which produced 19,443 tonnes of copper (470,000 tonnes of ore at 3.6% Cu) from a complex quartz – carbonate - sulphide vein system located within a significant altered shear zone.

Limited historical exploration has been conducted over the Burraga South workings and nearby Sprague Mine with Getty Oil Development Company completing 10 diamond drill holes (Figure 3: DB1-DB9 and DB9A) for 2,791m in 1983 designed to test a series of geophysical anomalies and the depth extent of mapped gossans (Figure 3). Significant intercepts from the program included:

- 4m @ 3.43% Zn, 0.15% Cu and 12g/t Ag rom 110m including 1m @ 8.1% Zn from 111m **(DB4)**
- 5m @ 1.11% Zn, 0.27% Cu and 7.62g/t Ag from 129m **(DB4)**
- 1m @ 5.16% Zn, 0.19% Cu and 29g/t Ag from 150m **(DB4)**
- 2m @ 1.26% Zn, 0.15% Cu, 2.21% Pb and 41.9g/t Ag from 244m **(DB4)**
- 4m @ 1.79% Zn, 0.07% Cu, and 5.5g/t Ag from 187m **(DB7)**
- 9m @ 1.08% Zn and 11.33g/t Ag from 228m **(DB7)**

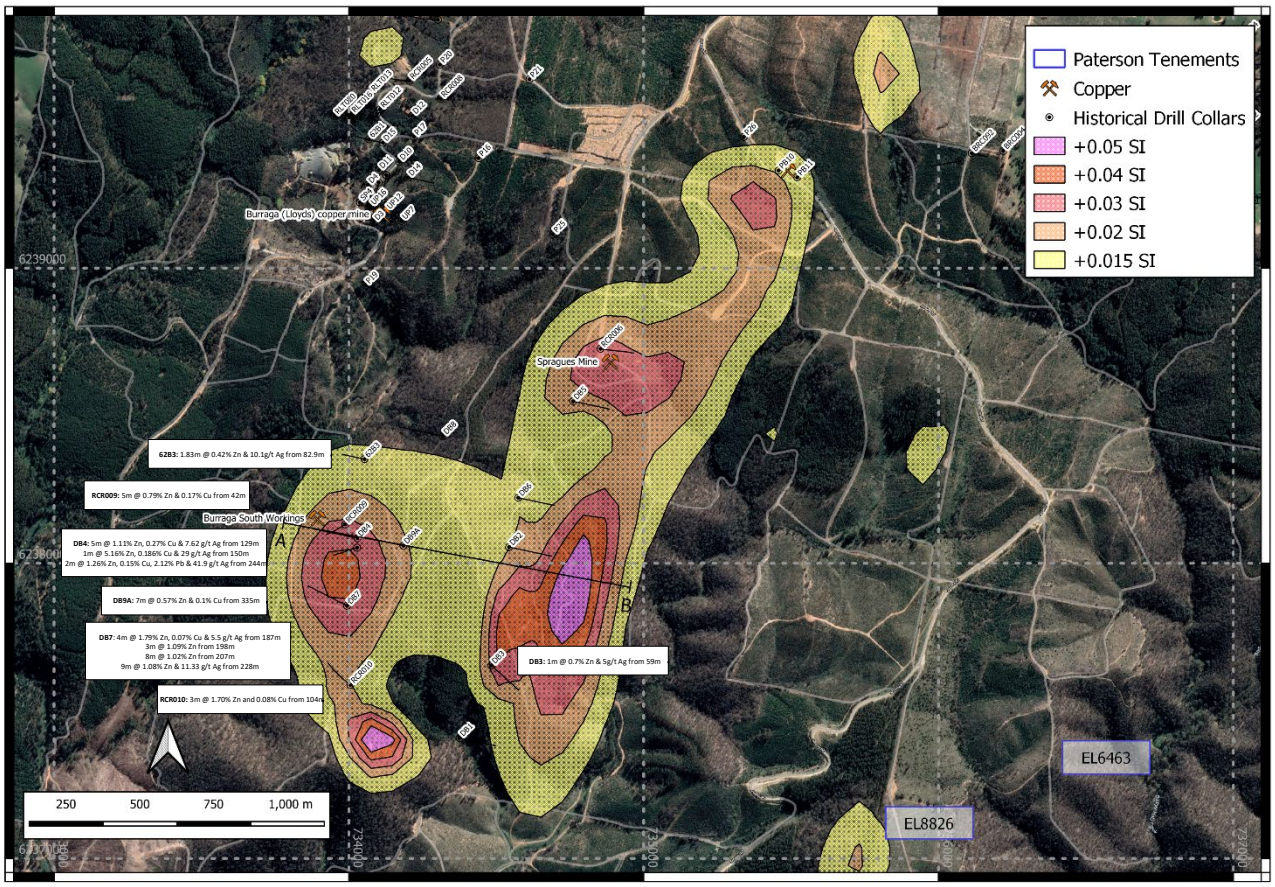


Figure 3: Location of historical drilling relative to 3D magnetic vector inversion surfaces

Analysis of the drill core at the time by Getty highlighted the pyrrhotite, sphalerite and chalcopyrite mineralisation assemblage within variable quartz and K-feldspar veining suggested a skarn ore mineralisation model. Latter analysis of the core from drillholes DB1 and DB3 by Michelago Ltd in 1994 identified elevated arsenic up to 1,120ppm, molybdenum up to 67ppm, and barium up to 6.01% indicating proximity to a strongly mineralizing intrusive/porphyry body (Figure 4).

A further three RC drill holes (RCR006, RCR009 and RCR0010) were completed by Republic Gold in 2007. Anomalous intercepts included:

- 5m @0.79% Zn and 0.17% Cu from 42m **(RCR009)**
- 3m @ 1.7% Zn ad 0.08% Cu from 104m **(RCR010)**

Whilst elevated base metals were intersected in the historical drilling, it appears the drilling has skirted around the anomalous high MVI model interpretation (Figure 5).

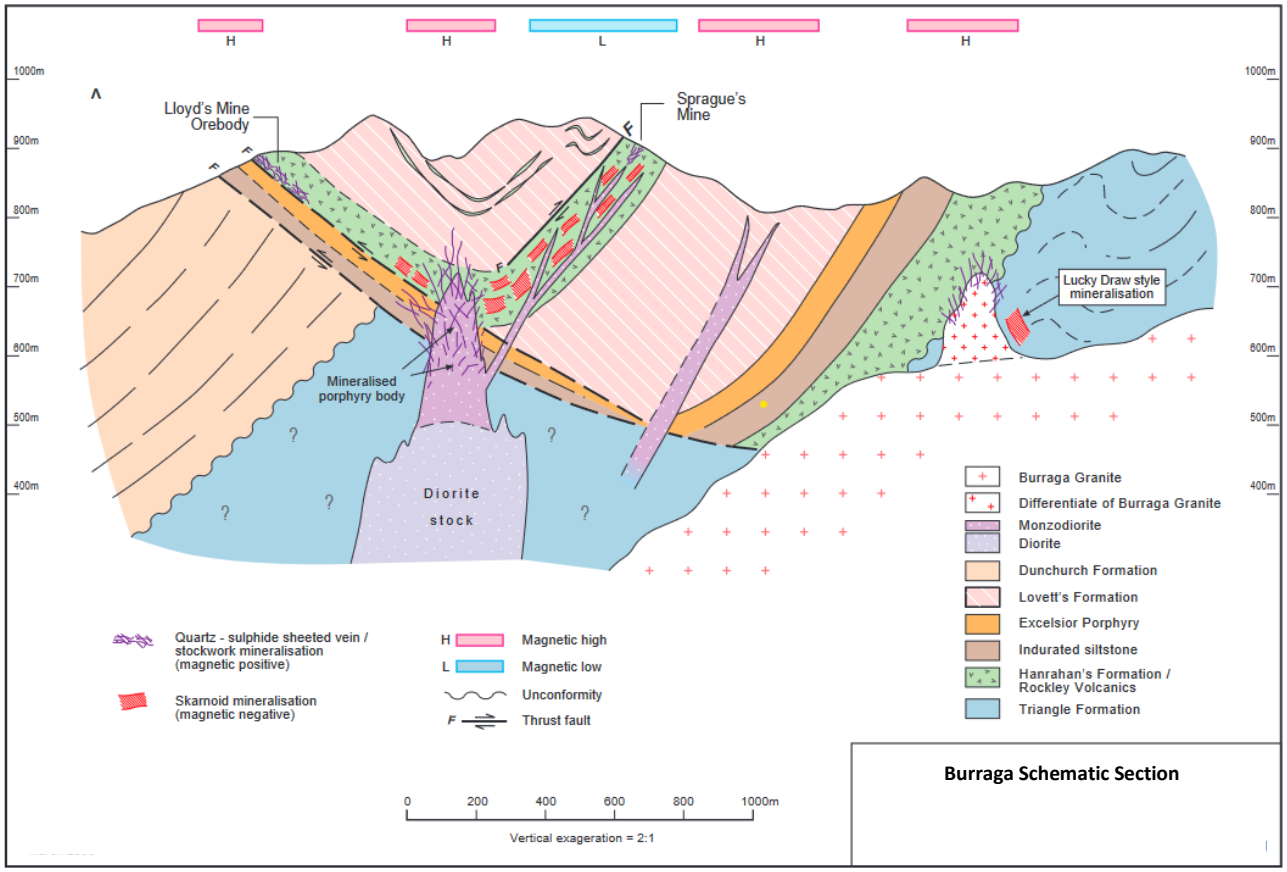


Figure 4: Ore mineralisation model suggested for Burraga South and Sprague's Prospects

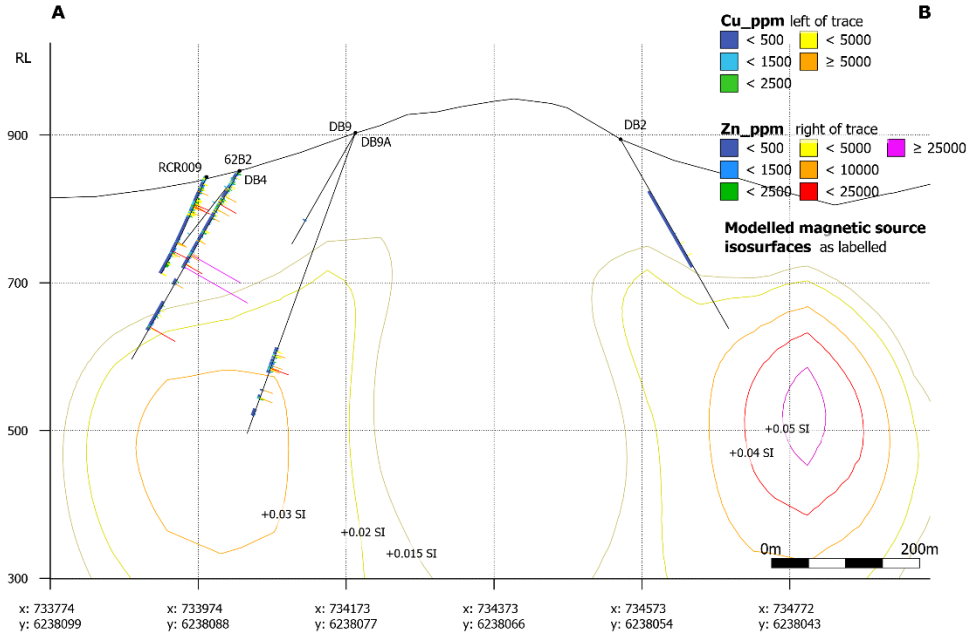


Figure 5: Cross-Section A-B of historical drilling through 3D MVI model

Future Work

Historical exploration conducted by previous explorers includes valuable geological mapping and the identification of outcropping gossans in the Burraga South-Sprague's Mine prospect area. The company is currently in negotiations with local land holders to access the area and validate the mapping. Moving forward the Company will:

- Digitally capture previous mapping to incorporate into the 3D geological model
- Conduct rock chip sampling over gossans to validate results
- Prepare a maiden drilling program to test high priority 3D MVI anomalies

About the Burraga Project

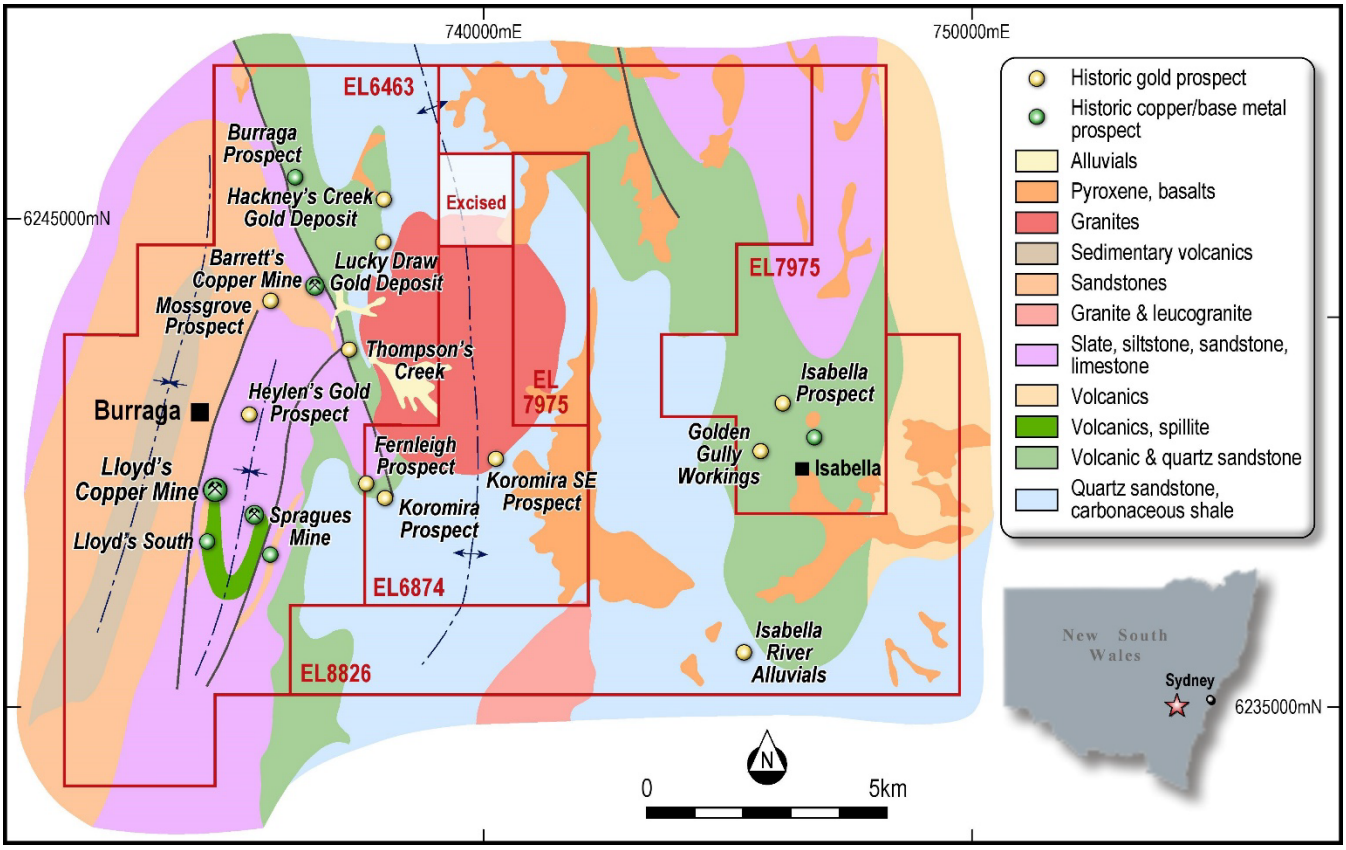
The Burraga gold deposits and prospects are hosted by sediments & volcanics of Ordovician to Devonian age within the complexly folded and faulted Hill End Trough. These deformed rocks were subsequently locally intruded by granite batholiths of Carboniferous age.

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.



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.

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

Section 1 – Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• RC and diamond drilling was conducted at Burraga South Mine and Sprague's Mine prospect areas in the 1980's and 2000's • Drilling was sampled selectively on mostly 1m and 2m intervals. • No description of the RC and diamond drilling methods has been located.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No description of the RC and diamond drilling methods has been located.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC and diamond drilling recovery was not recorded. • No relationship between grade and recovery can be determined due to the lack of drilling recovery data.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The logging is qualitive (descriptive).

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No description of the RC/Diamond drilling methods has been located. • The quality control measures (if any) taken to ensure representivity of the samples were not recorded. • The sample size was not recorded.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• To date, no QAQC data have been found for this data.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The data have not been verified.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The collar location survey method is unknown. • The accuracy of the collar locations is unknown. • The collars were surveyed using a local grid.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling was designed to intersect target within the modelled geophysical anomalies. • The drilling is part of a first pass program, at depths in this area not previously explored. • The data obtained would not be used for any resource calculations at present.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The geometry of the mineralisation intersected by the exploration holes is not yet known and so no conclusion can be drawn regarding the appropriateness of the orientation of these holes.
Sample security	• *The measures taken to ensure sample security.*	• The measures (if any) taken to ensure sample security were not recorded.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The data has not been audited. This is because the project is at an early stage of assessment and it is possible that further data may be recovered from the archives resulting in a change to the assessment of the quality of the base data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The data reported on are located in EL6463, 100% owned by Paterson Resources through its subsidiary BC Exploration. • There are no known impediments to development of a mining operation on these leases other than the usual granting of a mining licence and the various permits required to operate.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• All data reported on was acquired by Getty Oil Development Company between 1984-1985 and Republic Gold in 2007.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geological setting is a possible deep-seated porphyry intrusive copper (lead-zinc-silver-gold) system intruded into the Rockley Volcanics and Lovett Formation of Ordivician-Silurian age with possible skarn-style mineralisation. .

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does*	

Criteria	JORC Code explanation	Commentary
	not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Historical results reported are length weighted averages of assay results. • Only results that are considered to be economically significant due to their grade, width and or geological setting are reported. A cut-off grade of 0.5% Zn was used with accompanying grades of Cu, Pb and Ag included. • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Only down-hole lengths have been reported. Drill spacing and density is such that the geometry of the mineralsiation cannot yet be ascertained and true-widths are not known.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Included in announcement
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• For the exploration results only significant historical exploration results are reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other exploration data has been collected and interpreted from within the tenement. This work is summarised in the announcement and includes air borne geophysical surveys and regional geological mapping.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future*	• Further work is planned and includes geological mapping, rock chip sampling and drilling to identify additional resources.

Criteria	JORC Code explanation	Commentary
	drilling areas, provided this information is not commercially sensitive.	