ASX ANNOUNCEMENT 23 December 2022

Exploration Update

New Heritage Agreement Signed at Grace and NSW Tenure Extended

HIGHLIGHTS

Western Australia

- **Five prospecting licences P45/2905 to P45/2909 successfully amalgamated into E45/4524 upon signing of a Heritage Agreement with Jamukurnu-Yapalikurnu Aboriginal Corporation securing tenure over the Grace gold-copper deposit in WA's Paterson Province.**

New South Wales

- **Exploration licence 6463 has been successfully renewed for an additional six years covering the Lloyds copper deposit, Lucky Draw gold deposit and Hackney's Creek gold prospect.**
- **Exploration licence 7975 that covers the Isabella gold prospect has been successfully renewed for an additional 3 years.**

Paterson Resources Limited ("Paterson" or "the Company") (ASX: PSL); is pleased to provide an update on exploration activities at its Grace gold-copper project in Western Australia's Paterson Province and Burraga copper-gold project located in the prospective Lachlan Fold Belt in New South Wales.

Paterson Resources' Non-Executive Chairman, Mr Nick Johansen commented: *"I would like to thank the Martu traditional owners for working with us in executing the Heritage Agreement. The signing of the Heritage Agreement underpins the amalgamation process and secures the Company's tenure over the Grace project along with providing a clear framework for us to operate on their traditional lands. In New South Wales, we are highly encouraged by the support of the NSW Resources Regulator in granting us an additional 6 years to the licence 6463, which encompasses the Lloyds copper resource providing us with an extended window to explore for the critical metal."*

Western Australia Exploration Update

The Company has successfully amalgamated five prospecting licences P45/2905 to P45/2909 that encompass the Grace gold-copper project into E45/4524 upon signing of a Heritage Agreement with the Jamukurnu-Yapalikurnu Aboriginal Corporation.

Paterson remains committed to advancing its Grace gold-copper deposit with planning underway to recommence drilling at the project within the first quarter of 2023 following a successful field season where reverse circulation ('RC') drilling discovered high-grade gold mineralisation in PRC0024 and PRC0025 (*see ASX Announcement dated 24th October 2022*) including:

- 15m @ 4.03g/t Au from 77m including **6m @ 9.3g/t Au from 79m**
- 31m @ 3.13g/t Au from 145m including **7m @ 11.0g/t Au from 148m**
- 19m @ 1.23g/t Au from 104m including **2m @ 5.9g/t Au from 106m**
- 41m @ 2.56g/t Au from 143m including **4m @ 9.2g/t Au from 143m and 3m @ 8.7g/t Au from 176m**

Assays from the remaining three RC drillholes have also been returned (Table 1). The latest assay results are located southeast and along strike from Paterson's newly discovered high-grade gold zone. Mineralised intercepts include:

- 5m @ 0.45 g/t Au from 61m including **1m @ 1.5 g/t Au from 62m** *(PRC0026)*
- 11m @ 0.94g/t Au from 165m including **1m @ 4.8 g/t Au from 166m, 2m @ 1.5 g/t Au from 169, and 2m at 1.9g/t Au from 174m** *(PRC0027)*
- 2m @ 1.94g/t Au from 194m (end of hole) *(PRC0027)*
- 15m @ 0.43 g/t Au from 26m and 9m @ 2.8 g/t from 95m including **4m @ 6.1g/t Au** *(PRC0028)*

Geological interpretation and 3D modelling of the results indicate the high-grade gold mineralisation interecepted in PRC0024 and PRC0025 is plunging to the southwest. Whilst holes PRC0026 toPRC0028 intercepted some zones of significant mineralisation, it is apparent the holes were not drilled deep enough to hit the high-grade skarn replacement style mineralisation intersected along strike in PRC0024 and PRC0025. This area provides a clear target for further drilling.

A total of 27 drill holes were completed for 4,761 meters in August and September this year with an average hole depth of 176.3m (Figure 1). The drilling program was designed to target dip and strike extensions of the mineralised resource envelope at the Grace-Bemm deposit and test the highly prospective Parallel Range Fault. Of the 27 drill holes, 24 returned significant gold mineralisation intercepts.

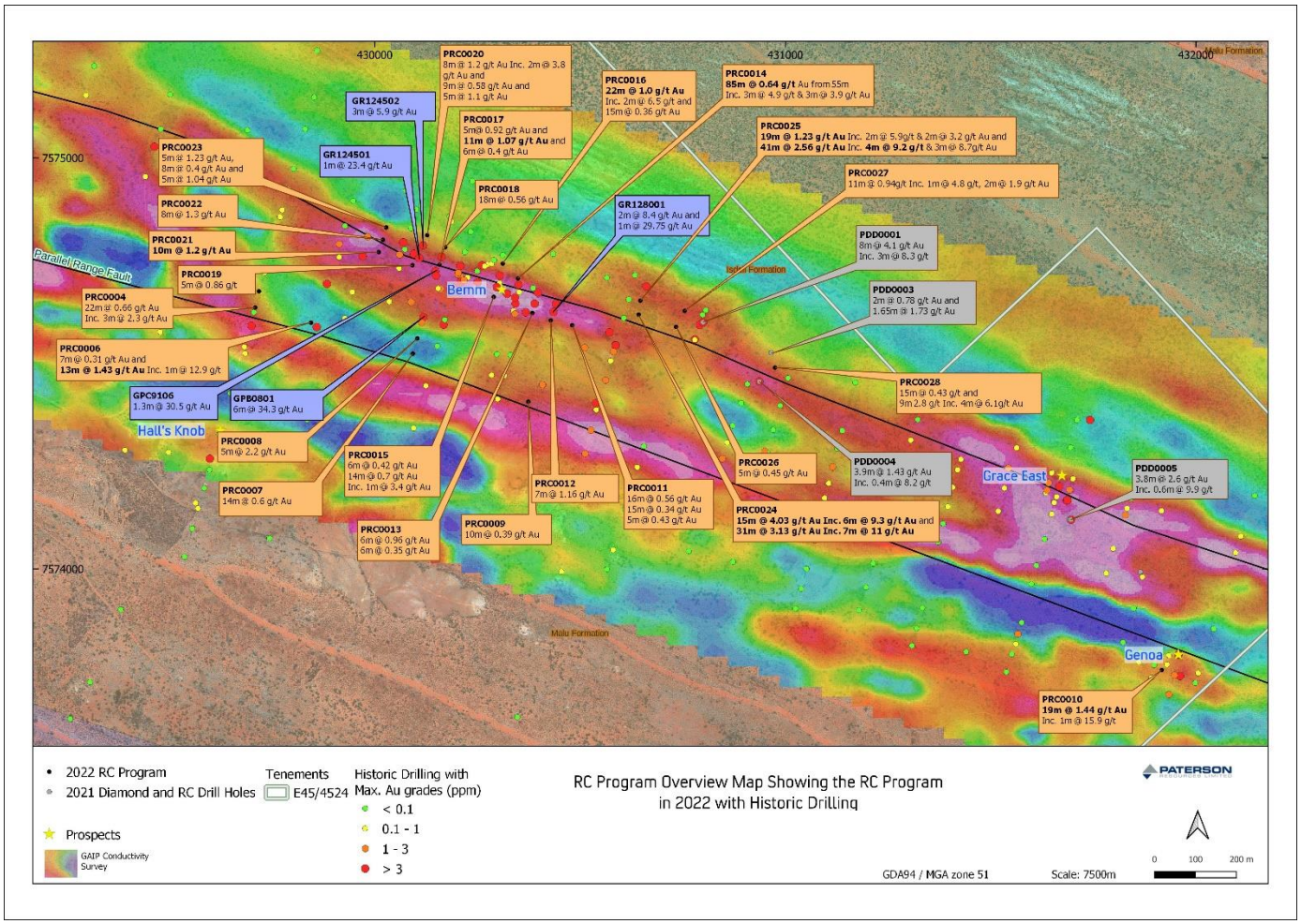

Figure 1. Overview of RC drilling completed this year

Table 1. Significant intercepts from the remaining drill holes

Hole ID	From	To	Intercept	Au (g/t)	Max Gold Intercept (>1g/t)		
					From	Intercept	Au (g/t)
PRC0026	61	66	5	0.45	62.0	1	1.5
PRC0027	165.0	176.0	11	0.94	166.0	1	4.8
					169.0	2	1.5
					174.0	2	1.9
					194	2	1.9
PRC0028	26.0	39.0	15	0.43	33.0	1	1.2
	95	104	9	2.80	96.0	4.0	6.1
	114.00	121.00	7	0.36			

Table 2. Location of final three RC drill holes at Grace Project

Hole ID	Easting	Northing	Elevation	Azimuth	Dip	Depth
PRC0026	430737	7574589	300	200	-58.66	170
PRC0027	430750	7574628	300	200	-59.04	196
PRC0028	430969	7574486	299	200	-60.25	202

New South Wales Exploration Update

Paterson has been granted a six-year extension on exploration licence 6463 which encompasses the historic Lloyds copper mine that has a current JORC (2012) compliant resource of 1.68Mt grading at 0.9% copper for a total of 15,120 tonnes of contained copper (*see PSL/HDY ASX Announcment dated 23rd June 2015*). The Lloyds copper mine produced 19,443 tonnes of copper between 1880 and 1920, then intermittently up to 1961.

The tenure also hosts the historic Lucky Draw gold mine where Renison Goldfields Consolidated mined 1.41 million tonnes of ore at an average grade of 4.2 g/t gold in the early 1990's.

The Burraga project is located within the prospective Lachlan Fold Belt which hosts the 2Moz McPhillamy's gold deposit only 50km to the north of the project area.

Paterson has completed an extensive rehabilitation program of historic drill holes in the past quarter to ensure the company is adhering to environmental best practice in the lead up to prospectivity analysis, field mapping and drill targeting planned for the first quarter of 2023.

The exploration licence 7975 which hosts the Isabella gold prospect has also been extended for an additional three years.

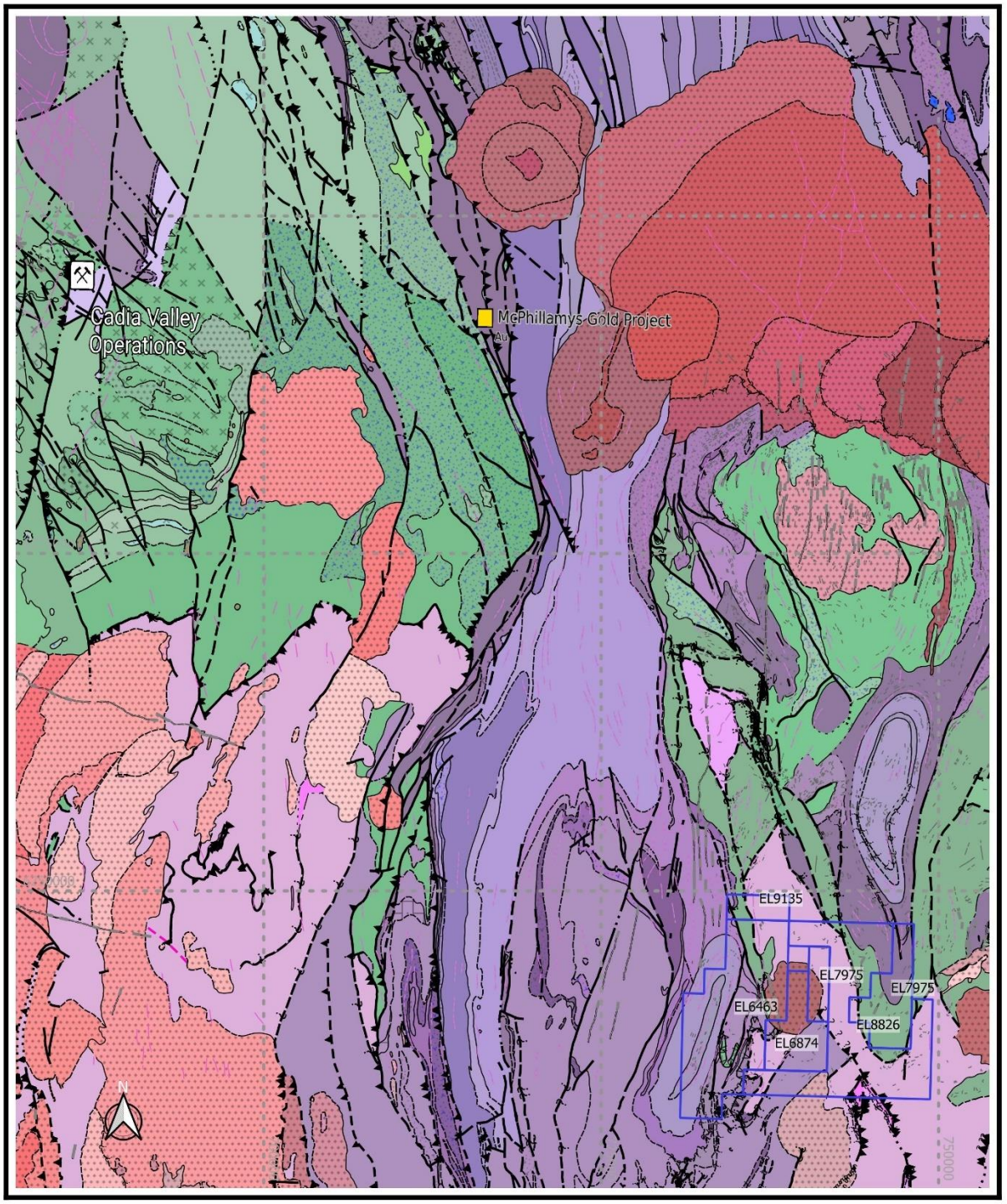

Figure 2. Burraga project tenure

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 (Figure 2). 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, Cyprium 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 4 shows the Grace tenements and the significant regional discoveries and mines located nearby.

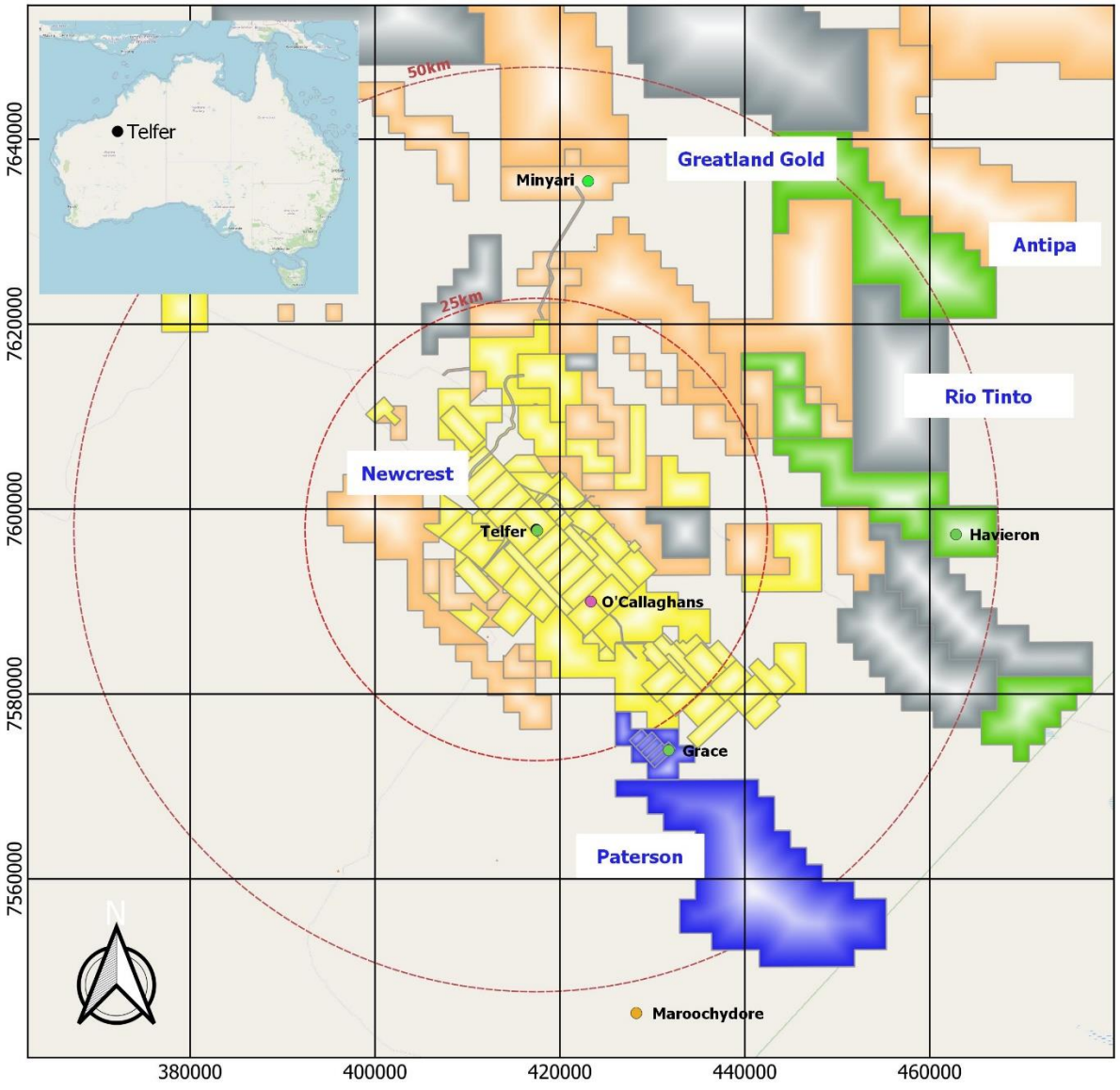

Figure 2. Regional map showing major deposits in the Paterson Province

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.

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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.*	• Drilling was completed using Reverse Circulation (RC) Drilling. • For each one metre drilled, the RC rig-mounted cone splitter collected the bulk of sample into plastic bags, these were placed onto the ground in rows of 30 to 50 samples. • A smaller, representative 1m split sample of roughly 2.5kg was collected from the splitters second port into a numbered calico bag. • The rig-split calico bags from individual one meter samples of geologically prospective zones, as determined by the site geologist, were submitted to ALS Laboratories for analysis. • An Ezy gyro survey was completed once drilling reached approximately 30m for each hole to ensure the hole azimuth and dip were on target. Upon completion of drilling a hole, the Ezy gyro down hole survey tool surveyed the dip and azimuth of the entire hole at 30m increments.
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).*	• RC drilling using T685/KWL700 truck mounted drill rig with onboard 500PSI/1350cfm compressor and truck mounted support booster and auxiliary unit. • A nominal 5¼ inch face sampling reverse circulation percussion hammer bit was used.
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.*	• The sample quality, in terms of degree of wetness and an estimate of the recovery, was recorded routinely by the field geologist. • The cyclone was regularly cleaned, at the end of each drilling rod as a minimum, to ensure sample quality. • Based on the sampling method and sample weight no bias in the 1m sampling process has been identified. • A relationship between recovery and grade has not been established for the first pass RC drilling.
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*	• All drill meter samples had a grab sample sieved, washed, logged and stored by a suitably qualified and experienced geologist. • Logging was qualitive with semi-quantitative estimates made of relevant features such as percentage of quartz veins or sulphides. • 100% of the samples were geologically logged.

Criteria	JORC Code explanation	Commentary
	relevant intersections logged.	
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.*	• The 1m samples were collected from a cone splitter via the cyclone directly into pre-numbered calico bags, creating a nominal 2.5kg sample. • All samples were submitted to ALS laboratories in Perth. Most samples were dry with some moisture present at depth in some holes. • Sample preparation for drill samples involved drying the whole sample, pulverising to 85% passing 75 microns. A 50g sample charge was then used for the fire assay. • Field Duplicate samples were taken as per Paterson's QAQC sample procedure at a rate of 1:25. • Sample sizes are considered appropriate for the grain size of material sample.
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.*	• RC samples were submitted securely to an accredited laboratory in Perth. • A 50g sample was used to analyse gold by fire assay. • The fire assay analysis undertaken is considered to be a total analysis method. • Paterson QAQC procedures collect field duplicates and insert certified reference materials (CRMs). Standards were inserted at a rate of 1:20, duplicate samples were taken every 1:25 samples and blanks were inserted at 1:50. • Laboratory CRMs and repeats have been received and used to assess laboratory reproducibility and accuracy. • The assaying techniques and quality control protocols used are considered appropriate for the material tested and for the data to be used for reporting exploration drilling results. • No geophysical tools were used in determining element concentrations.
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.*	• No independent verification of results has been conducted. • All sampling and assay data are stored in a secure database with restricted access. • Twinned holes are not considered necessary at this stage. • All data collected in the field is checked by the responsible and qualified geologist and digitally transferred to Perth. Logging data was validated by geological staff and then imported into the Paterson Microsoft Access database.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and*	• Drill collar location was surveyed by handheld GPS to a stated accuracy of +/-3m. • Rig was initially aligned on surface and

Criteria	JORC Code explanation	Commentary
	other locations used in Mineral Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	direction of drilling was collected and checked on regular 30m intervals using the Ezy Gyro downhole survey. • Datum GDA94 and projected MGA Zone 51.
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.*	• Drill holes were variably spaced to test the strike and depth extents of historical intercepts, along with testing priority regional targets identified by geophysical methods. • The drilling is part of a first pass program, at depths in this area not previously explored. • Data density is appropriately indicated in the presentation with all sample positions shown in the plans provided. • The data obtained will not be used for any resource calculations at present.
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.*	• Drillholes were orientated approximately 70-80 degrees to the Grace-Bemm shear zone and Parallel fault as defined by previously drilling and 3D-modelled VTEM and the IP geophysical surveys. • No sampling bias from the orientation of the drilling is believed to exist. • Assay results are reported as downhole widths.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected on site under supervison of a responsible geologist. The samples are delivered to a haulage company in Port Hedland for delivery to the laboratory in Perth, Western Australia.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The data has not been audited as it is not required at this stage.

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.*	• P45/2905-2909, E45/4524 & E45/5310 are held directly or by entities controlled by Paterson Resources. • All tenements are contained completely within land where the Martu People have been determined to hold native title rights. To the Company's knowledge no historical or environmentally sensitive sites have been recorded. • The tenements are in good standing and no known impediments exist.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration was completed by Newcrest Mining Limited (Newcrest), including its predecessor Newmont Mining Australia, owners of the Telfer Gold Mine. • Exploration completed included geological mapping, geophysical surveys (IP, ground

Criteria	JORC Code explanation	Commentary
		magnetics and ground gravity), rock chip sampling and drilling (RAB, RC and diamond core drilling). • WAMEX reports reviewed and utilised to complete the data compilation include A29118, A30479, A31642, A34922, A37495, A43922, A46877, A50323, A53741, and A79774. • Open file data available from the Geological Survey of Western Australia and Geoscience Australia has also been reviewed. • Paterson acquired the project in 2020
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geological setting is the Paterson Province Proterozoic aged meta-sediment hosted hydrothermal shear, fault and strata/contact controlled precious and/or base metal mineralisation which is typically sulphide bearing. The mineralisation in the region is interpreted to be granite intrusion related. The Paterson is a low-grade metamorphic terrane, but local hydrothermal alteration and/or contact metamorphic mineral assemblages and styles are indicative of a high-temperature local environment. Mineralisation styles include vein, stockwork, breccia and skarns. • The Grace Gold-Copper Project, gold-copper mineralisation is hosted by laminated and banded carbonaceous pyritic dolomitic siltstones and micritic dolomite. Intrusive dolerite sill units are also known to be associated with mineralisation within the sequence, but granitic intrusion could occur at depth below the project area. The host rocks are variably contorted and brecciated with intense albite alteration. High grade gold, chalcopyrite, +/-arsenopyrite, +/- pyrite occurs as veins which appear linear features and are spaced up to 50m apart. Based on recent Leapfrog modelling of past work undertaken by Criterion, there appears to be ore shoots associated with secondary structures cutting the veins that have a plunge and have not been adequately tested. • Two principal targets are being targeted. Stacked reefs associated with domal structure similar to the Telfer Gold– Copper Mine. The second target is gold mineralisation associated with shear zones and cross-cutting dolerite units intruding the sedimentary sequence.
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: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres)	• Included in the announcement.

Criteria	JORC Code explanation	Commentary
	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 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.*	• Lithology is aggregated based on the primary lithological unit logged. • Reported intercepts are compiled intervals showing average grades. No top cuts have been applied. Each intercept has an average grade of 0.3 g/t Au or more and a minimum downhole thickness of 5m with a maximum 5m of consecutive internal dilution is used as defined by < 0.1 g/t. • Higher grade intervals are included separately next to the reported intervals. Intercepts described with >1g/t contain samples with more than 1g/t Au consecutively. • No metal equivalent values are used.
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').*	• The trend of the mineralization is understood at this time to be NNW-SSE • Drilling aimed to intersect the mineralisation perpendicularly either in the direction SSW or NNE • Down hole lengths are reported 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.*	• Refer to figures in body for spatial context of the drilling. A plan view and sectional view is provided. • Significant results are tabulated in the annexures.
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.*	• All relevant data to targets is discussed and included on plans, sections and tables.
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*	• No other information is considered material for this presentation.

Criteria	JORC Code explanation	Commentary
	– size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
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 drilling areas, provided this information is not commercially sensitive.*	• Further assay results are awaited. • Compilation and assessment of work.