

ASX ANNOUNCEMENT

31 January 2020

### **Quarterly Activities Report Quarter Ended 31 December 2019**

---

The Board of Paterson Resources Limited (**Paterson or the Company**) (ASX: PSL) provides the following commentary and Appendix 5B for the Quarter ended 31 December 2019.

#### **Corporate**

During the quarter, on 31 October 2019, the cancellation of the consideration securities issued to the Vendors and Additional Parties in connection with the Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd Acquisitions, or transferred to the Blumenthal Parties, held as at the date of the Remediation Proposal (announced to ASX on 15 March 2019), was registered with ASIC. The cancellation of the consideration securities was approved by shareholders at the General Meeting held on 27 September 2019.

On 9 December 2019, the Company held its Annual General Meeting (AGM) of Shareholders. All resolutions put to the AGM were passed and decided on a poll.

As approved at the AGM, Hardey Resources Limited changed its name to Paterson Resources Ltd. The Australian Securities and Investments Commission recorded the change of name on 9 December 2019. On 16 December 2019, the ASX code changed from "HDY" to "PSL".

The Company is continuing to work with ASX to establish the requirements for the relisting of the Company on ASX. In this respect, the Company has finalised a funding proposal which is with ASX for their consideration. If accepted, details of the proposal will be released to the market in due course.

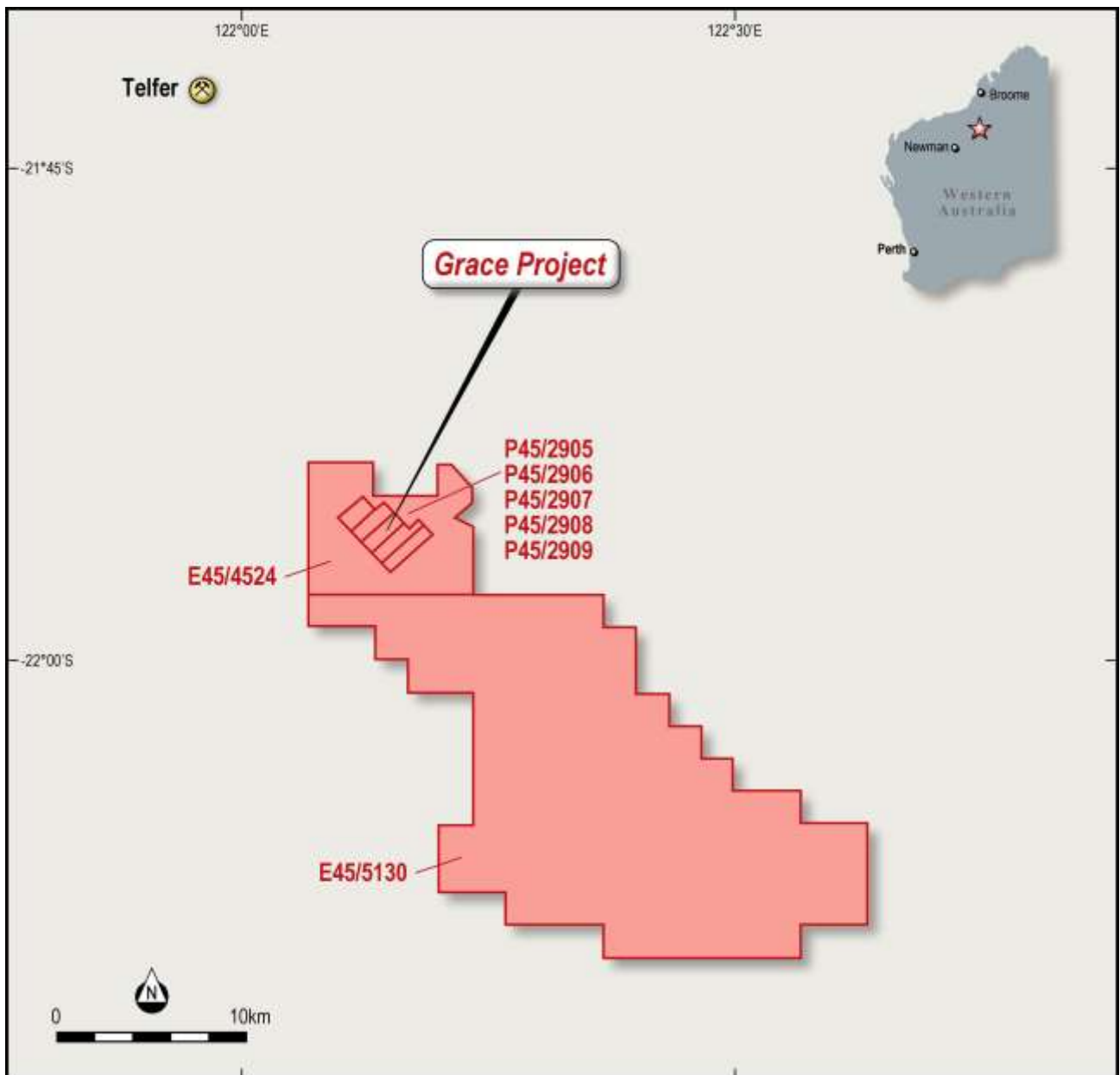
#### **Paterson Projects**

##### **Grace Project – Paterson Range, Western Australia**

The Company's geophysical consultants, Resource Potentials, continued with a thorough review of all historical geological and geophysical data which includes Induced Polarisation (IP) surveys carried out by previous operators.

Constraints on field contractors meant the new IP survey planned for the Quarter over the Bemms and Grace Shear Zones before the close of the current field season when on ground temperatures make field work difficult was not possible. Planning is now well advanced for the programme to be carried out in late Q1 2020 with the drilling programme now planned for late Q2 or early Q3 2020.

Planning for exploration on E45/4524, which surrounds the Grace Project Prospecting Licences, and the recently granted and immediately adjacent E45/5130 is also well advanced.



The Company continues to note heightened interest in this area from other explorers and major mining companies with several operators maintaining exploration activities through break in field seasons.

#### **Pilbara Gold Exploration Projects – Pilbara Western Australia**

Following on from a detailed desk top review of all historical exploration activities, afield reconnaissance programme was carried out by the Company's geological consultants, Cadre Geology and Mining, on the Bellary Project (E47/3578). The Annual Technical Report for the Bellary Project has been lodged with the DMIRS with assay results from rock chip sampling pending release from the assay laboratory.

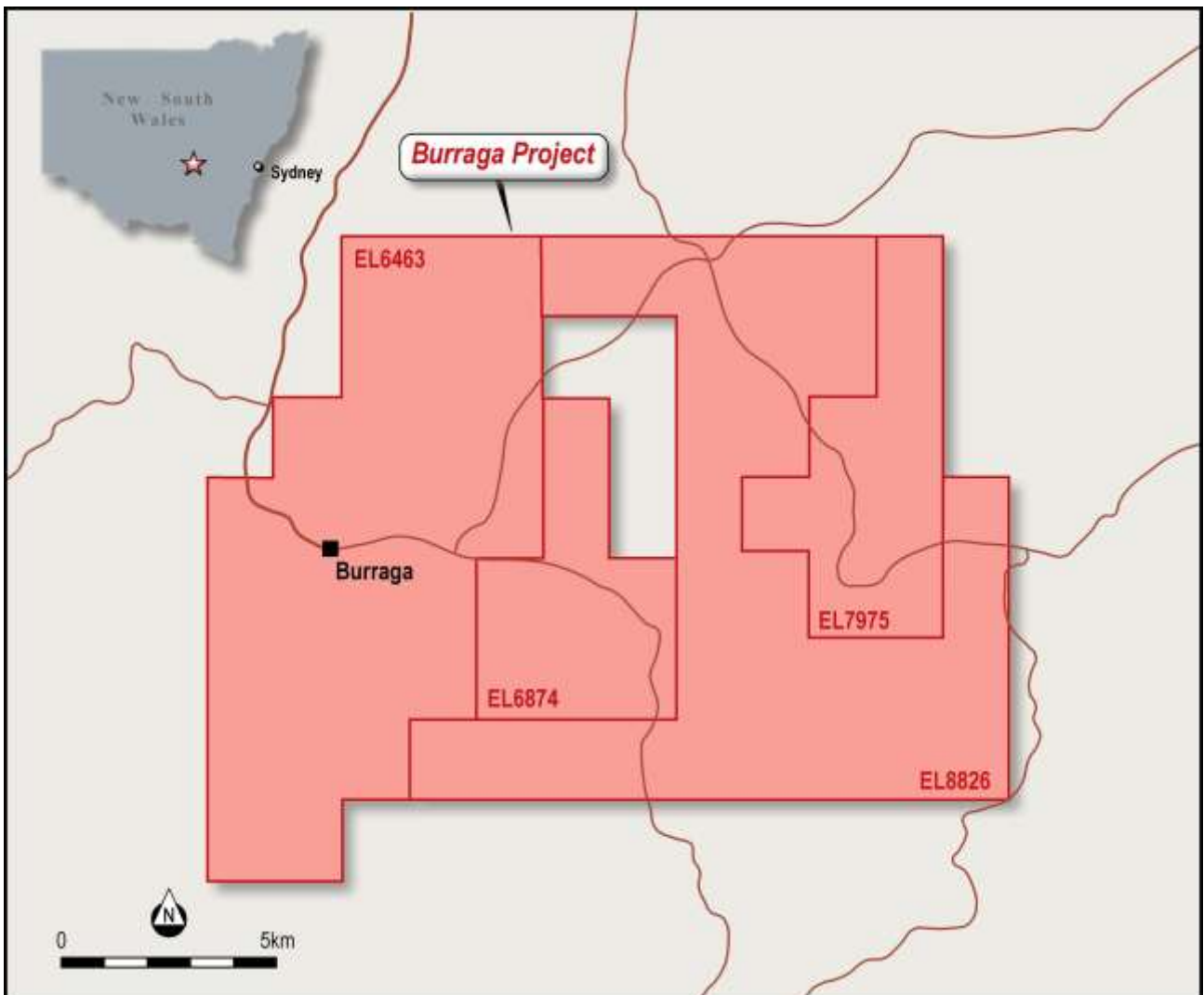
## Horseshoe South Base Metal Project – Murchison Western Australia

There was no activity on the project during the Quarter

## Burraga Copper Gold Project – Lachlan Fold Belt, NSW

During the quarter a company consultant visited the Burraga Project to review historical on ground exploration activities following on from a site visit by representatives of the NSW Resource Regulator. At a meeting in Orange, the Resource Regulator was appraised of the historical timeline and current situation with Hardey/Paterson Resources. Undertakings were given on site clean-up and rehabilitation obligations. In addition, an audit was conducted on all company assets, including drill core, sample trays, vehicle and ancillary field and office equipment currently in storage in Orange. Administrative and exploration data was digitally retrieved for future use.

There continues to be interest expressed in participation in the Burraga Project by a number of companies and individuals exploring in the Lachlan Fold Belt of NSW.



For further information, please visit [www.patersonresources.com.au](http://www.patersonresources.com.au):

*This announcement has been authorised for release to ASX by the Board of Paterson Resources Limited.*

The following table sets out the tenement information reported on a consolidated basis as required by ASX Listing Rule 5.3.3.

**Table 2. 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%
Horseshoe South	WA		E52/2569	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.

**ABOUT PATERSON RESOURCES:**

Paterson Resources (ASX: HDY) is a publicly listed, junior mineral resources company focused on the exploration and development of gold and copper projects. Paterson has aggregated a diversified portfolio of assets that are at multiple stages, commodities and jurisdictions. The Grace Gold Project located in the world class Paterson mineral province in Western Australia consists of two granted exploration licences and five granted prospecting licences (E45/4524, E45/5130, P45/2905, P45/2906, P45/2907, P45/2908, and P45/2909). The Company also has an extensive landholding prospective for gold in the Pilbara in Western Australia, with four exploration licences (E08/2880, E47/3578, E47/3827, and E45/5020). The Burruga Copper Gold Project, located in the world class minerals province of the East Lachlan Fold Belt in central western New South Wales consists of four contiguous exploration licences (EL6463, EL6874, EL7975 and EL8826) covering a total area of approximately 221km<sup>2</sup>. Paterson is an active explorer with the aim of discovering a valuable mineral resource and delivering shareholder value.

**COMPETENT PERSON'S STATEMENT:**

*The information in this report that relates to Geological Interpretation, Historical Exploration Results, or Historical Mineral Resources is based on information compiled by Ben Pollard, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Pollard is employed by Cadre Geology and Mining and has sufficient experience that is relevant to the style of mineralisation and type 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 Pollard consents to the inclusion in the report of the matters based on his information and 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")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(13)	(160)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(124)	(355)
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(137)</b>	<b>(515)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(55)	(55)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(55)</b>	<b>(55)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	100	100
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	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>100</b>	<b>100</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	129	507
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(137)	(515)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55)	(55)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	100	100



## 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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>37</b>	<b>37</b>

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	37	129
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>37</b>	<b>129</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

6.1	Director fees paid to Directors and/or Director related entities	\$10,000
	Geological consulting fees paid to a Director related entity	\$24,561

**Current quarter  
\$A'000**

(35)

-

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

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

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Notes)	50	-
7.4 <b>Total financing facilities</b>	<b>50</b>	<b>-</b>
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		
7.4 <b>Face Value:</b> \$1 per Note <b>Maturity Date:</b> The maturity date is 12 months after the date of issue of the Notes <b>Lender:</b> Director – Approved by shareholders at the Annual General Meeting held 9 December 2019. <b>Redemption:</b> Any unconverted Notes are to be redeemed by the Company on the Maturity Date. If an "event of default" occurs, the Noteholder may require the immediate redemption of the Notes. <b>Conversion:</b> A Noteholder may convert their Shares at any time after the opening date of the upcoming proposed Entitlement Offer and ending 10 business days before the maturity date. <b>Conversion Price:</b> The Notes will be convertible at a deemed issue price equal to the price at which Shares are offered under the Entitlement Offer. To provide the required certainty to Shareholders, the Company has determined to set a floor price for the Entitlement Offer of \$0.001 per Share. <b>Interest:</b> Interest accrues at a rate of 12% per annum, commencing from the date of issue. The interest is to be calculated up to the date of conversion or redemption of the Notes and paid at the same time. The interest is to be paid as follows: • if the Notes are redeemed before the opening date of the Entitlement Offer: in cash; • if the Notes are redeemed or converted after the opening date of the Entitlement Offer, at the election of the Noteholder: - in cash; or - by the issue of Shares, at a deemed issue price equal to the Conversion Price. <b>Security:</b> The Notes will be unsecured. <b>Events of default:</b> Typical events of default will apply. <b>Representations and warranties:</b> Customary representations and warranties have been provided by the Company. <b>Quotation:</b> The Notes will not be quoted on the ASX. <b>Transferability:</b> The Noteholder may transfer the Notes, subject to the prior written consent of the Company.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(137)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(55)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(192)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	37
8.5 Unused finance facilities available at quarter end (Item 7.5)	50
8.6 Total available funding (Item 8.4 + Item 8.5)	87
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>(0.45)</b>

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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: The Company is continuing to work with ASX to establish the requirements for the relisting of the Company on ASX. In this respect, the Company has finalised a funding proposal which is with ASX for their consideration. If accepted, details of the proposal will be released to the market in due course. The Company is currently conserving cash until the funding proposal is accepted.

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: Refer to the comment above.

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: Refer to the comment above.

## 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: 31 January 2020

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.