

Quarterly Activities Report Quarter Ended 31 March 2020

The Board of Paterson Resources Limited (**Paterson** or **the Company**) (ASX: PSL) provides the following commentary and Appendix 5B for the Quarter ended 31 March 2020.

Corporate

On 7 February 2020, the Company received formal notice from ASX outlining the conditions the Company would be required to satisfy in order for PSL's securities to be reinstated to official quotation.

ASX advised that the Company will be required to issue a full-form prospectus prepared in accordance with section 710 of the Corporations Act for a capital raising totalling \$2,332,021, and that each of the following offers having closed satisfying its minimum subscription requirements as conditions precedent to reinstatement. The Company is in the process of preparing this prospectus.

The following are the capital raisings referred to above:

- \$150,000 by way of an issue of convertible notes, with the subscribers committing to convert their notes. This raising was completed in January 2020;
- \$251,772 by the issue of 251,771,564 shares by way of placement at an issue price of \$0.001 per share. This Placement was completed on 25 February 2020; and
- \$1,930,249 by the issue of 1,930,249,000 shares through a fully underwritten non-renounceable entitlements issue on a 1:1 basis at an issue price of \$0.001 per share.

The Company notes that binding agreements have yet to be entered into with respect to the underwritten rights issue described above, as a result of the ongoing uncertainty as to capital markets conditions related to the current COVID-19 pandemic. PSL looks forward to finalising and executing this agreement as soon as possible, but cautions that there can be no certainty as to the execution of such agreement at this time.

A series of further conditions precedent will apply to the proposed reinstatement of the Company's securities to official quotation, as detailed in the announcement lodged with ASX on 7 February 2020.

Following ongoing discussions with the ASX and advisors over an extended period, post quarter end, the Company lodged with ASX an application for a waiver of Listing Rule 6.23.3 to permit an extension to the expiry date of 30 April 2020 for the Listed Options on issue (PSLOC), subject to shareholder approval. ASX confirmed to the Company that the waiver would not be granted, on the basis that the Options currently represent approximately 23.19% of the Company's issued capital on an undiluted basis (which is not de minimis), and their existence may undermine the integrity of Listing Rule 6.23.3 due to the effect of the adjustments on option holders, shareholders or on the capital structure of the Company. As a result, there are 930,154,097 Listed Options exercisable at \$0.02 due to expire on 30 April 2020.

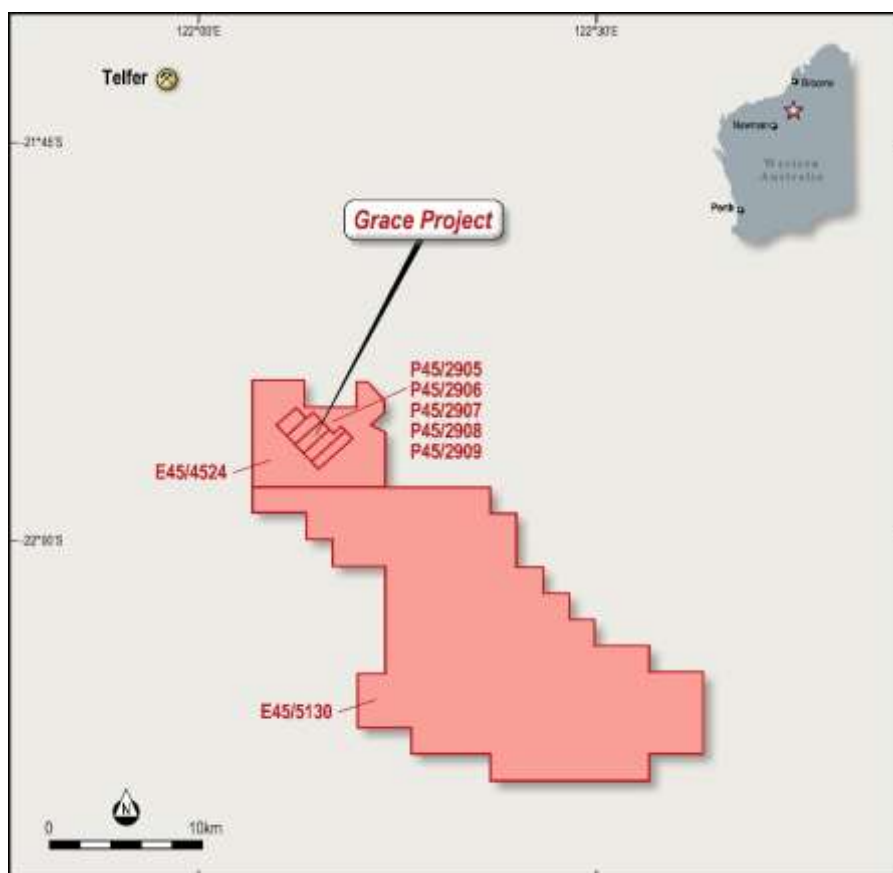
The Company lodged its half-yearly report and accounts on 13 March 2020.

Exploration Projects

Grace Project – Paterson Range, Western Australia

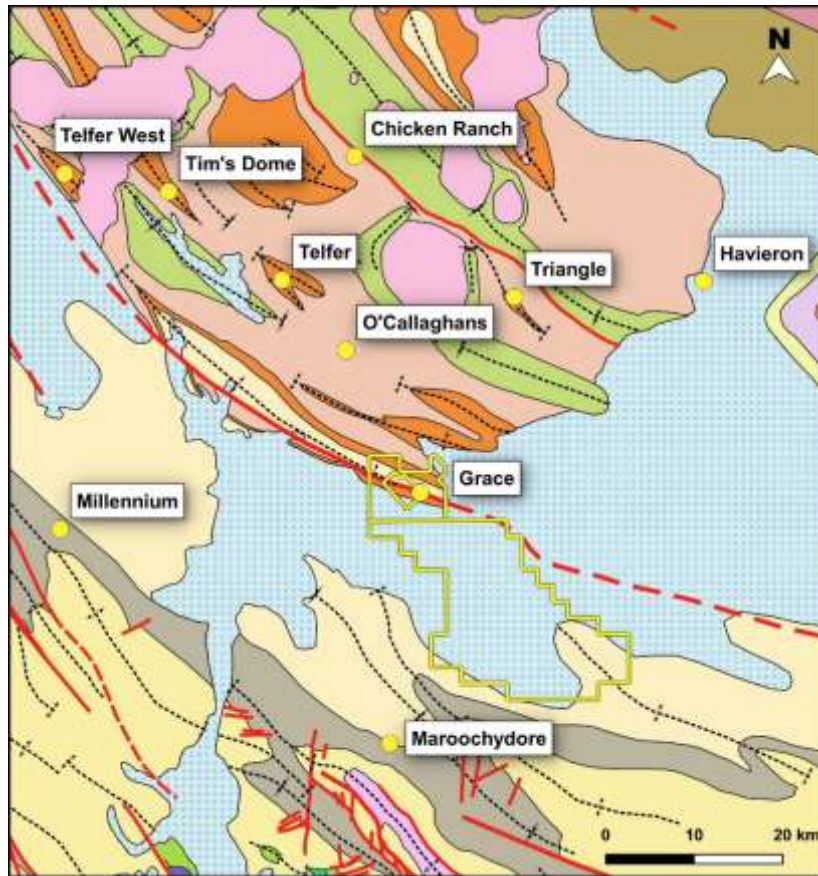
There was no field activity planned on the Grace exploration project areas during the Quarter due to the climatic conditions. At the end of the Quarter, in response to the COVID-19 Pandemic, restrictions on access to an area which covers all of the Grace Project area of P45/2905-2909, E45/4524 & E45/5310 were declared as the East Pilbara Biosecurity Zone under the Commonwealth Biosecurity Act.

A comprehensive geological report on all of the Grace exploration project areas was prepared under the supervision of Billandbry Consulting Pty Ltd for the technical section of the prospectus for the upcoming entitlement issue which included a re-statement of the Grace Project Gold Resource (ASX Ann 20 February 2018).

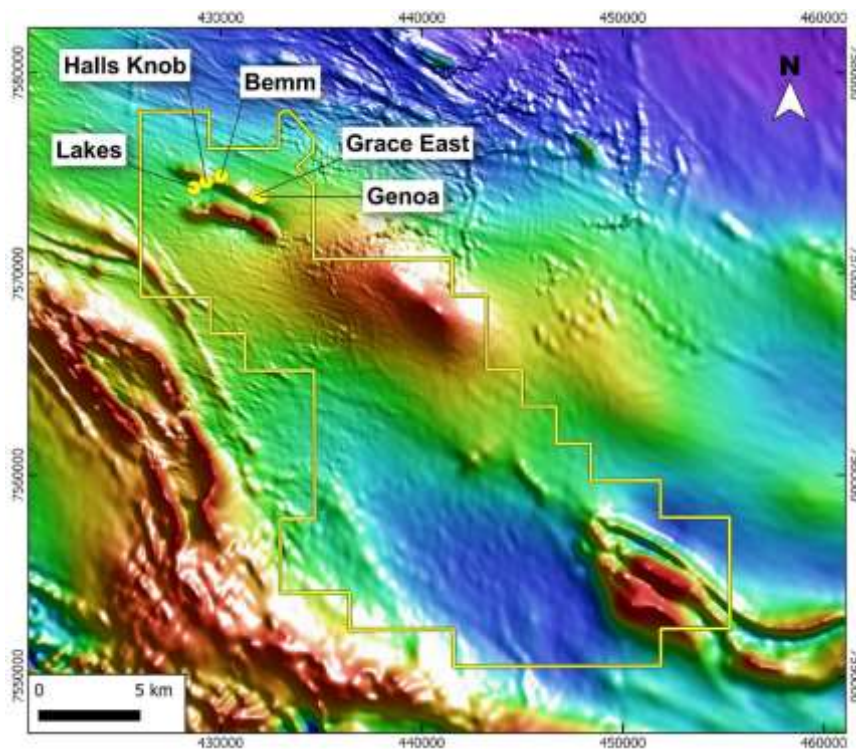


Grace Project Tenement Map

The Company's geophysical consultants, Resource Potentials, continued with the ongoing review of all historical geological and geophysical data which included preparation of new regional and prospect scale geological and geophysical maps. A summary of the geophysical work will be included in the technical section of the prospectus for the upcoming entitlement issue.



Grace Project Regional Interpreted Bedrock Geology

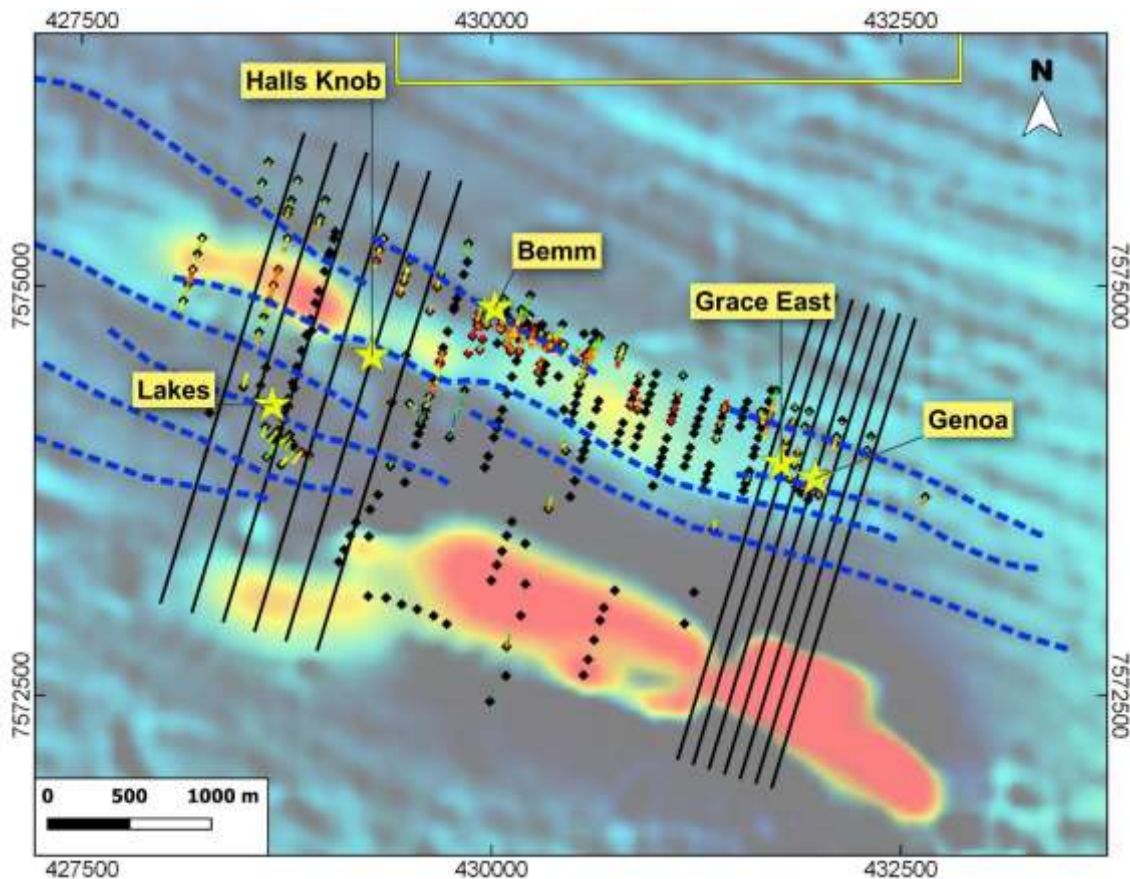


Grace Project Area Regional Aeromagnetics

ACN : 115 593 005

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www.patersonresources.com.au



Grace Prospect Interpreted Regional Shears, Historic Drill Collars & IP Lines Overlaying Aeromagnetics

Following on from the completion of the desktop geological and geophysical work, detailed exploration plans and budgets for new modern Induced Polarisation (IP) Surveys and drilling will be prepared for consideration by the Company for execution this upcoming field season subject to the availability of funds from the entitlement issue.

The Company continues to note continued exploration success by companies in the Paterson province in addition to new joint venture agreements between explorers and major mining companies.

Pilbara Gold Exploration Projects – Pilbara Western Australia

There was no field activity on the Pilbara exploration projects during the Quarter due to the climatic conditions. A comprehensive geological report on all four of the Pilbara exploration licences was prepared during the quarter by Cadre Geology and Mining for the technical section of the prospectus for the upcoming entitlement issue. Following on from the completion of the report detailed exploration plans and budgets were prepared for consideration by the Company for execution this upcoming field season subject to the availability of funds from the entitlement issue.

Horseshoe South Base Metal Project – Murchison Western Australia

There was no field activity on the project during the Quarter. As for the Pilbara tenements, a comprehensive geological report was prepared for inclusion in the entitlement issue prospectus. The detailed exploration plan and budget for this project will be considered by the Company for this

field season subject to the assessment of the prospectivity of the project for an upcoming title extension and the availability of funds from the entitlement issue.

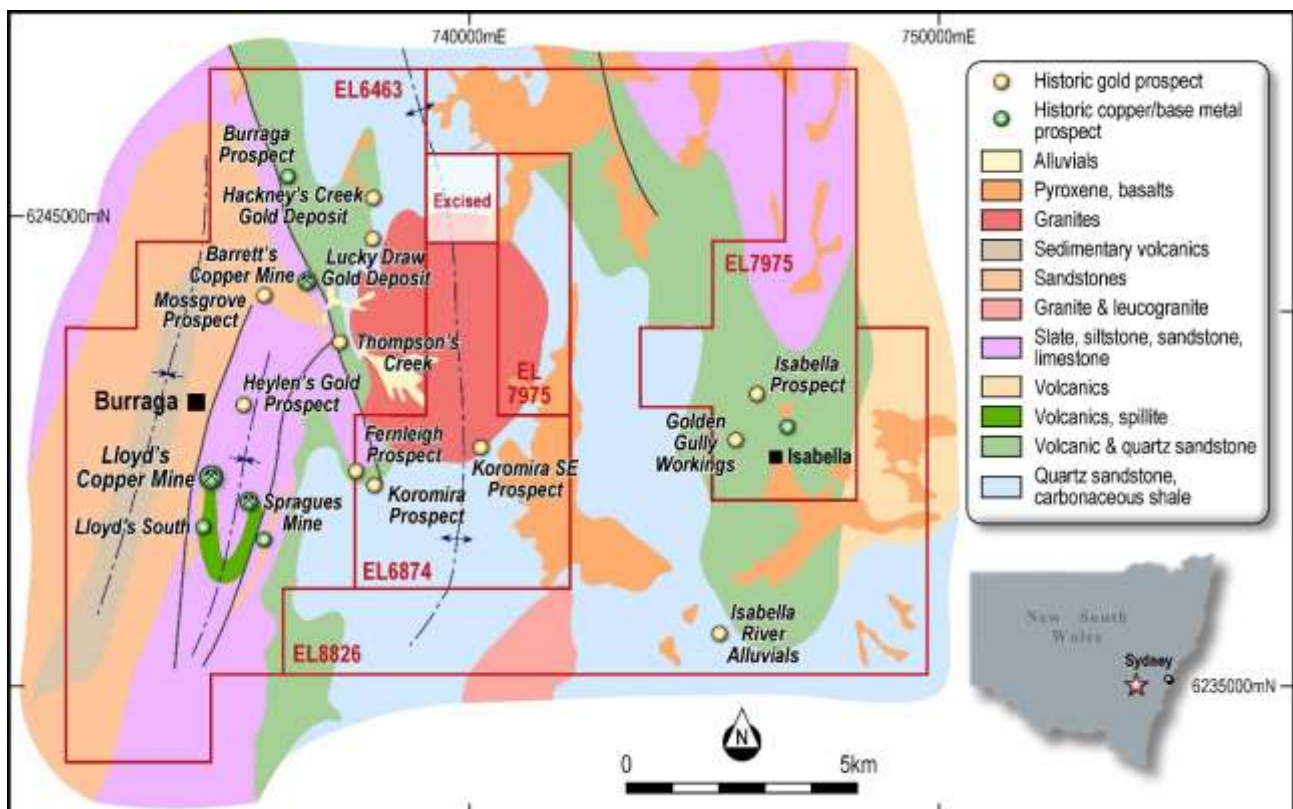
The Company notes the sale process by Horseshoe Metals Ltd for the neighbouring Horseshoe Lights Project is due for finalisation in Q2 2020.

Burraga Copper Gold Project – Lachlan Fold Belt, NSW

There was no field activity on the Burraga Project during the Quarter. Restrictions on access to the region brought about by the bushfires was also a contributing factor.

The Company continues to manage the statutory requirements of the Burraga Project and has retained the services of a new consultant to bring up to date outstanding reporting requirements for the 3 historical EL's and the recently granted (2019) EL8826.

A comprehensive geological report on all four of the Burraga exploration licences was prepared during the Quarter by Geomodelling Ltd for the technical section of the prospectus for the upcoming entitlement issue. Included in the report was a re-statement of the Lloyd's copper gold resource (ASX Ann 23 June 2015) and also a Gold Resources Estimate for the Lucky Draw and Hackney's Creek gold prospects which was released to the market post the end of the quarter (ASX Ann 27 April 2020). Following on from the completion of the report detailed exploration plans and budgets will be prepared for consideration by the Company for execution this upcoming field season subject to the availability of funds from the entitlement issue.



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 and on behalf of the Board
Sarah Smith
Company Secretary

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:

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% |
| 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: PSL) 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 221km². 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 announcement that relates to exploration results is based on and fairly represents information reviewed or compiled by Mr Brian Thomas, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Thomas is a Director of Paterson Resources Limited. Mr Thomas 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 Thomas 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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