

Quarterly Activities Report Quarter Ended 30 June 2020

The Board of Paterson Resources Limited (**Paterson** or **the Company**) (ASX: PSL) provides the following commentary and Appendix 5B for the Quarter ended 30 June 2020.

Corporate

During the quarter, the Company issued a full-form prospectus (**Prospectus**) prepared in accordance with section 710 of the Corporations Act for a capital raising totalling \$2,332,021, in accordance with the re-listing requirements imposed by ASX pursuant to the letter received from ASX on 7 February 2020, outlining the conditions the Company would be required to satisfy in order for PSL's securities to be reinstated to official quotation. The Company lodged the Prospectus on 22 May 2020.

The Prospectus contained offers for the following:

- \$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 non-renounceable entitlements issue on a 1:1 basis at an issue price of \$0.001 per share. The Entitlement Issue shares were issued on 26 June 2020, with the shortfall shares issued on 30 June 2020.

In addition, during the quarter, the Company completed the conditions precedent that applied to the proposed reinstatement of the Company's securities to official quotation, as detailed in the announcement lodged with ASX on 7 February 2020.

Subsequent to the end of the quarter, on 21 July 2020, the Company's securities were reinstated to trading on ASX.

On 30 April 2020, 930,154,097 Listed Options exercisable at \$0.02 (PSLOC) expired unexercised.

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 restrictions on access to an area which covered all of the Grace Project area of P45/2905-2909, E45/4524 & E45/5310 being declared as the East Pilbara Biosecurity Zone under the Commonwealth Biosecurity Act in response to the COVID-19 Pandemic. Restrictions were eventually eased on 6 June 2020.

The Company notes continued corporate and exploration activity in the Paterson Province with several significant Joint Ventures announced during the quarter with Antipa, Metals X, Newcrest and IGO.

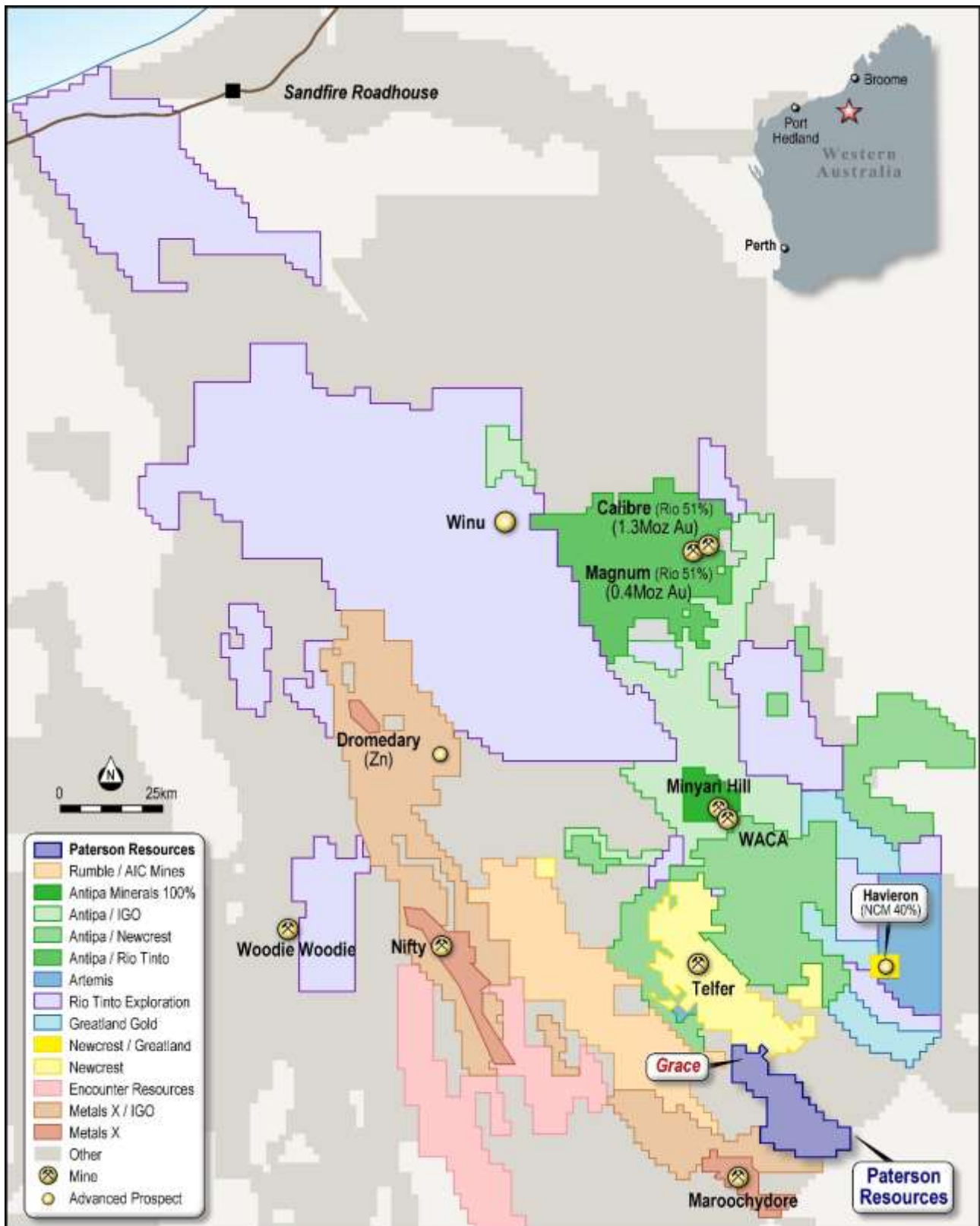


Figure 1 : Grace Project Tenement Map

ACN : 115 593 005

Suite 2 Level 1, 1 Altona Street, West Perth WA 6005

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The Company's consultants continued with the ongoing review of all historical geological, geophysical and drill data available on Open File in the DMIRS WAMEX data base.

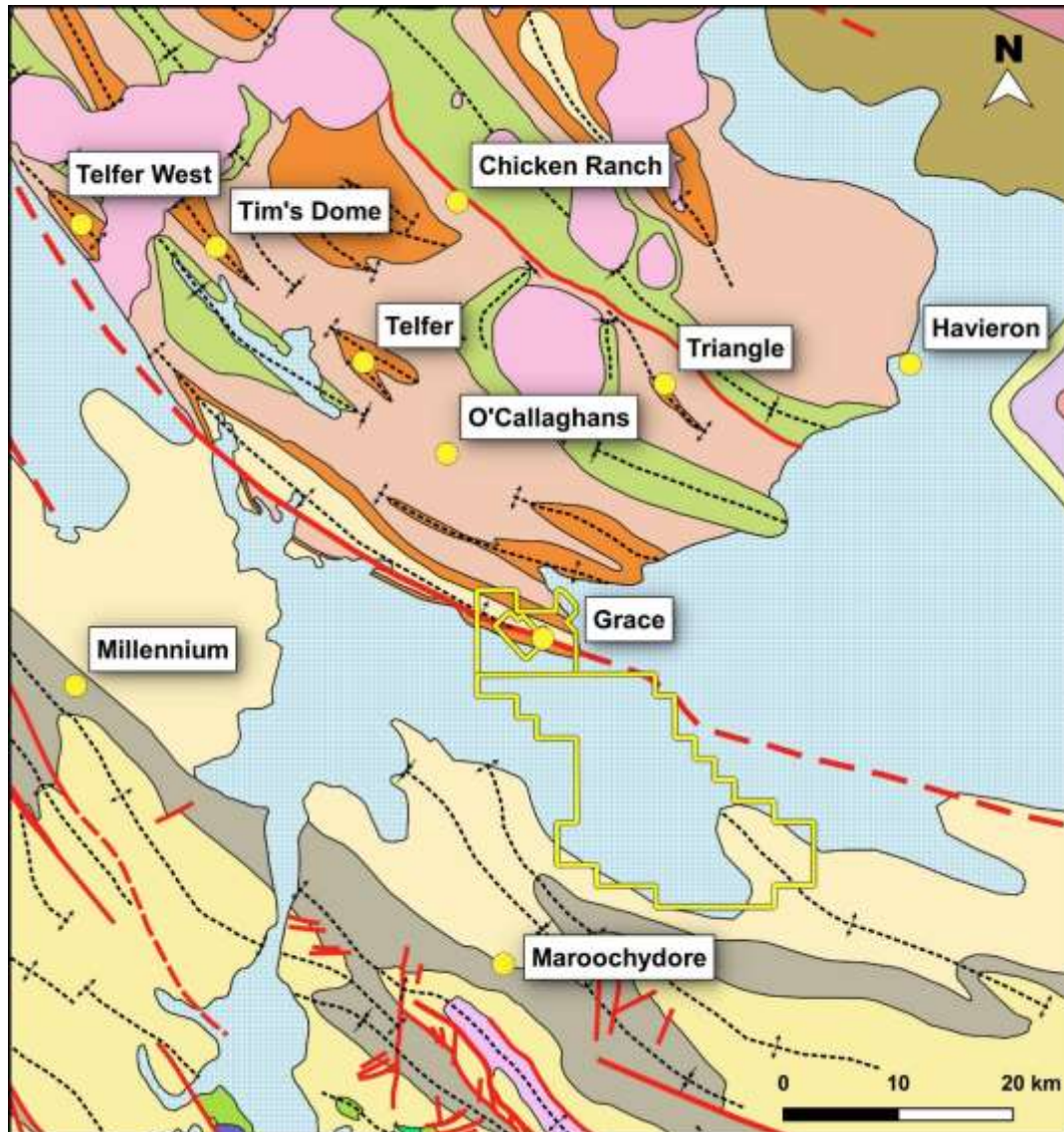


Figure 2 : Grace Project Regional Interpreted Bedrock Geology

During the quarter a review of the Grace Gold Copper Project Geophysics was announced to the market (PSL ASX Ann 8 May 2020) and subsequent to the end of the quarter results of ongoing geophysical studies including 3D Aeromagnetic Modelling were announced (PSL ASX Ann 23 July 2020).

Geophysics - Aeromagnetics

High resolution aeromagnetic survey data acquired at 100m survey line spacing show a strong NW-SE magnetic anomaly high trend following the southern side of the Grace-Bemm shear zone, and just to the south of this magnetic anomaly trend is another parallel magnetic anomaly trend with very strong magnetic anomalism, with both anomaly trends located entirely within the Company's tenements (Figure 2). The magnetic anomaly patterns suggest that hydrothermal magnetite and/or

pyrrhotite have altered the dolomitic siltstone host rocks, similar to the Havieron gold deposit to the northeast, or have formed skarn contact zones related to underlying intrusive igneous rocks, similar to the O'Callaghans tungsten and base metal deposit located between Grace and Telfer, or are related to dolerite sills usually found lower down in the stratigraphic sequence. These magnetic anomaly zones have not yet been systematically drilled deep enough to fully assess the sources of the magnetic anomalies to see if they are related to associated zones of gold and copper mineralisation. The potential sources for the magnetic anomalies could be hydrothermal magnetite and pyrrhotite alteration associated with gold-copper mineralisation at depth, and 3D inversion modelling has been used to estimate depth to the magnetic source bodies for planning deep drilling into these target bodies by the Company.

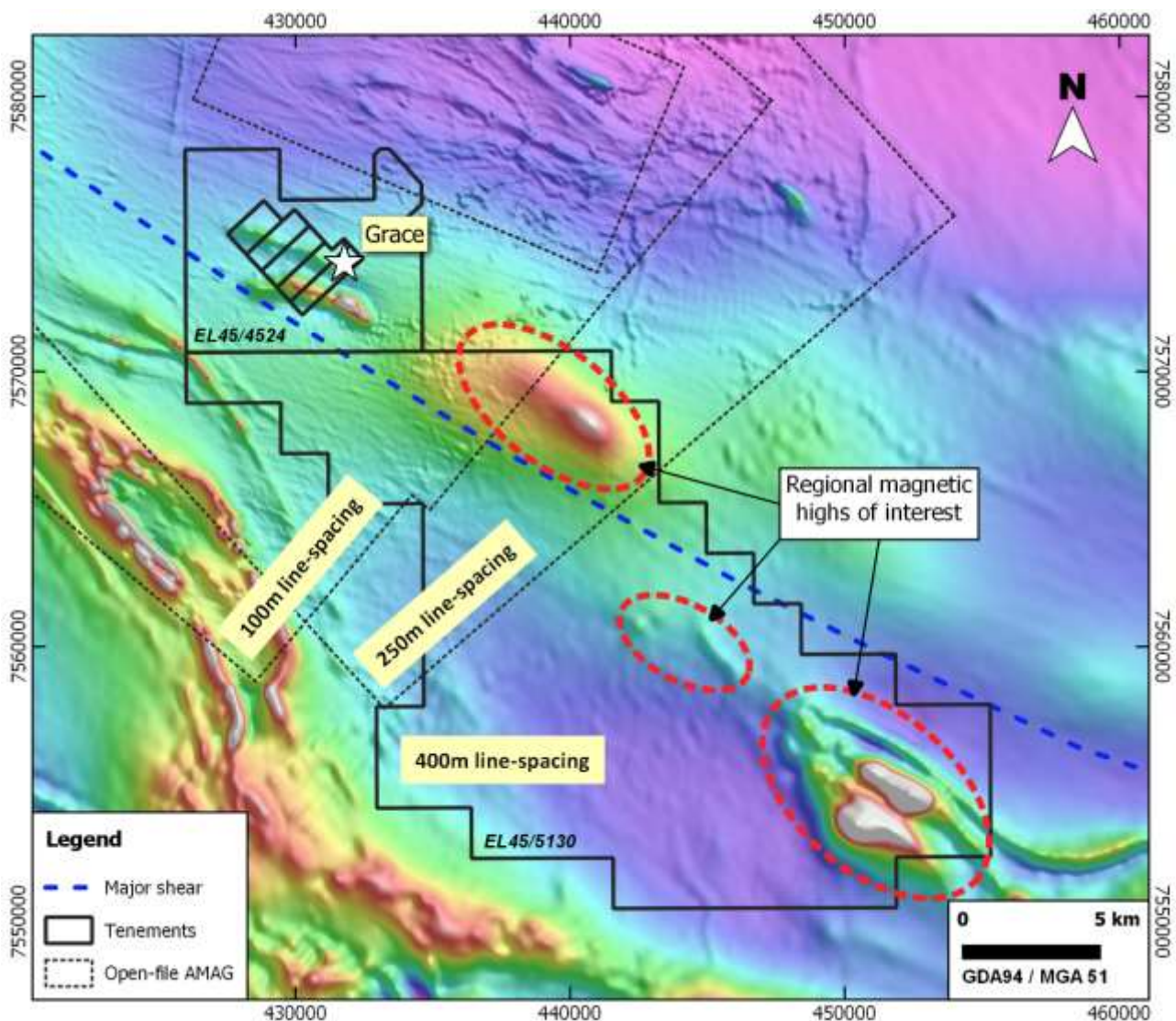


Figure 3 : Grace Project Area Regional Aeromagnetics
Merged aeromagnetic anomaly image (TMI reduced to the pole with NE sun angle) showing survey line spacing coverage for different survey areas ranging from 100m to 400m (dashed black outlines), and Paterson tenement outlines (black).

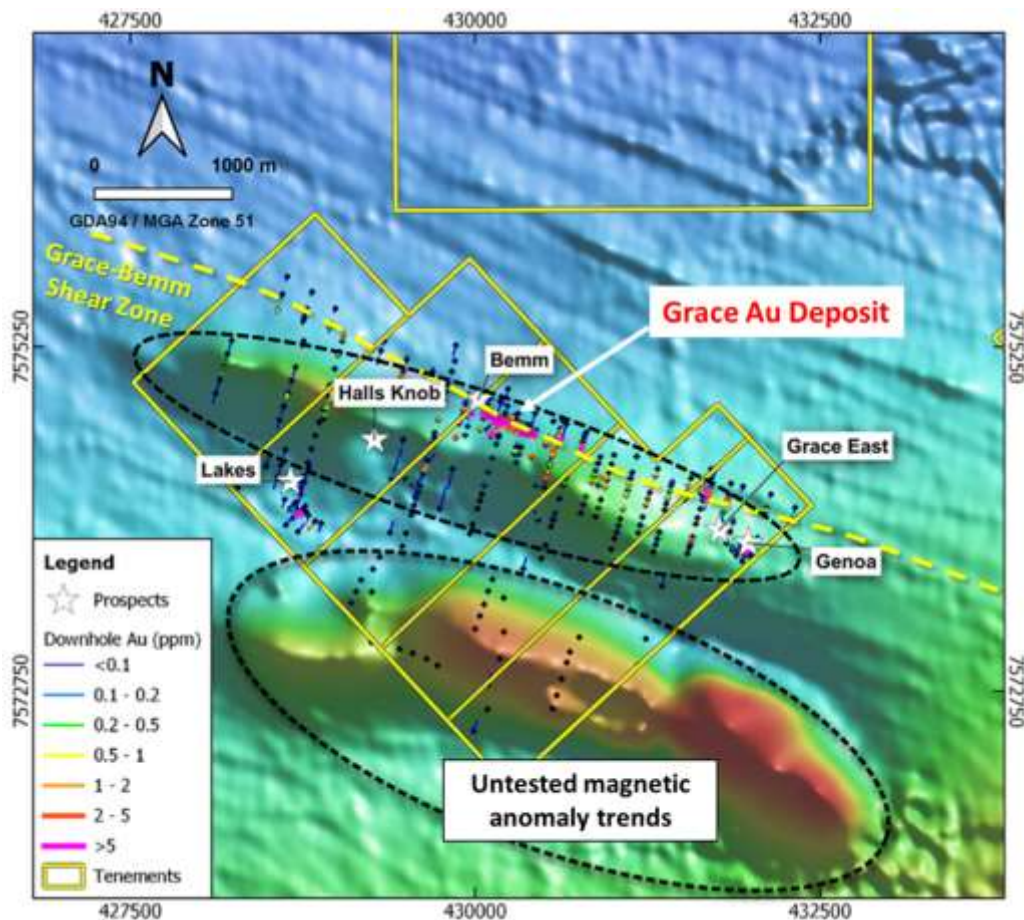


Figure 4 : Grace Prospect Interpreted Regional Shears, Historic Drill Collars & IP Lines Overlaying Aeromagnetics.

Grace magnetic anomaly image (TMI reduced to the magnetic pole and NE sun angle) showing a moderate strength anomaly trend following the Grace-Bemms shear zone in the north and a much stronger intensity magnetic anomaly trend in the south and running parallel to the Grace-Bemm shear zone trend (dashed black outlines). These large and intense magnetic anomaly zones sit entirely within the Company's tenements (yellow outline), they have not yet been systematically tested by enough deep enough drilling, and could be related to hydrothermal alteration, skarn contacts formed between carbonate host rocks and igneous intrusive rocks, or dolerite sills at greater depth.

3D inversion magnetic modelling has been used to help explain the subsurface magnetic source body geometry causing the two main parallel magnetic anomaly trends. This has resulted in an interpretation that places the tops of magnetic bodies at a greater depth than most drillholes from previous explorers, with only a few very wide spaced historical drillholes appearing to have intersected the tops of the magnetic bodies but did not penetrate deep enough into the cores of both source bodies modelled to cause the strong magnetic anomaly trends (Figures 5 and 6).

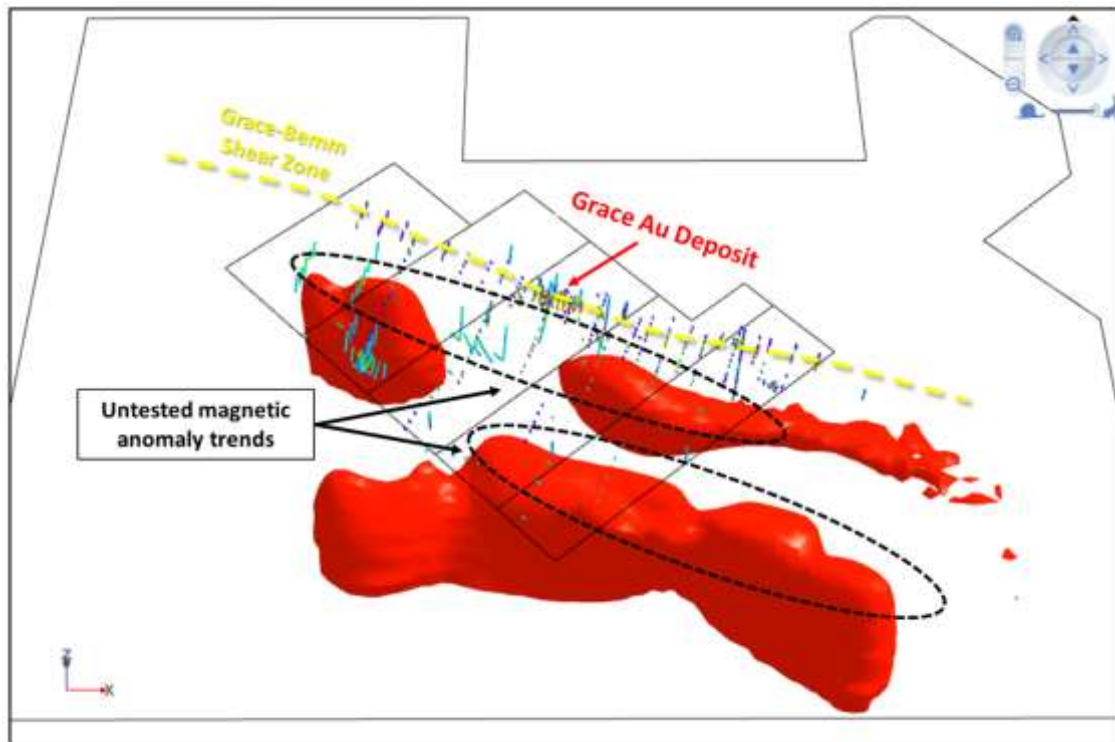


Figure 5 : 3D view looking north from above on magnetic inversion modelling results, where magnetic source bodies are in red, also shown are Paterson tenement outlines (black), drilling coloured by increasing gold grade, and Grace-Bemm Shear Zone.

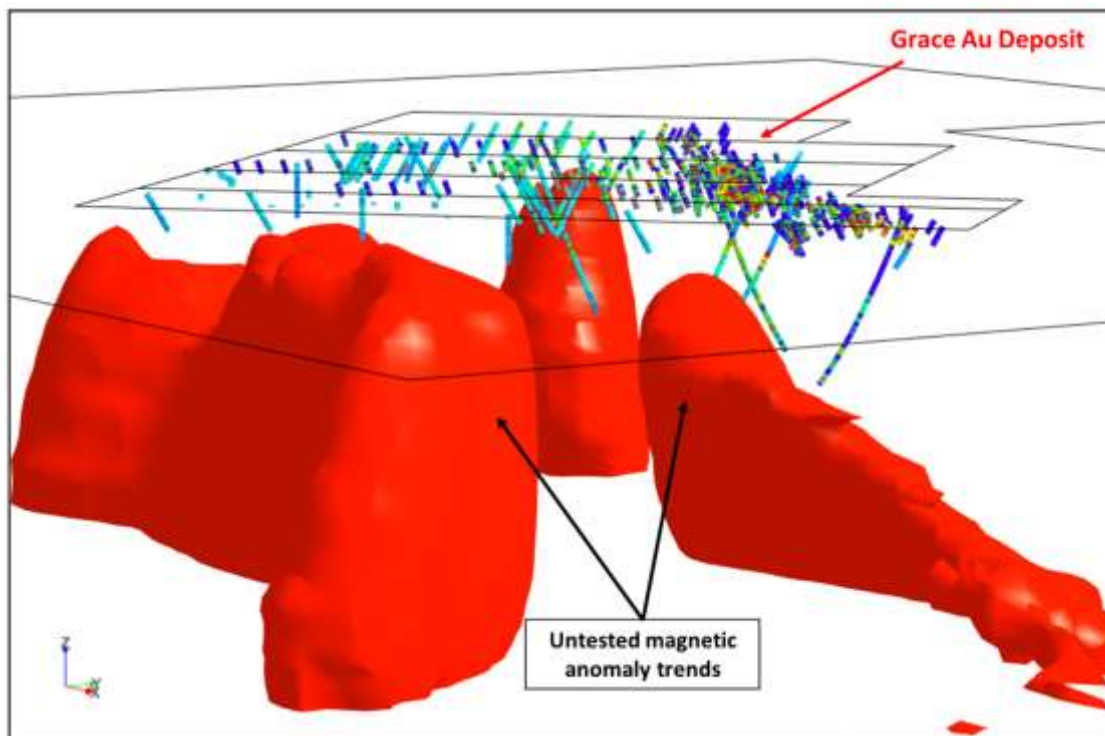


Figure 6 : 3D view looking to the west on magnetic modelling results, where magnetic source bodies are in red, also shown are Paterson tenement outlines (black), and drilling coloured by increasing gold grade.

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 infill drilling will be prepared for execution this upcoming field season subject to the completion of heritage clearances with the representatives of the Martu People Traditional Owners, the Western Desert Lands Aboriginal Corporation.

Pilbara Gold Exploration Projects – Pilbara Western Australia

There was no field activity on the Pilbara exploration projects during the Quarter. A comprehensive geological report on the Pilbara exploration licences was included in the technical section of the entitlement issue prospectus released during the quarter (PSL ASX Ann 22 May 2020). The company's consultants have completed statutory technical reports for several of the projects during the quarter.

Horseshoe South Base Metal Project – Murchison Western Australia

There was no field activity on the project during the Quarter.

Burruga Copper Gold Project – Lachlan Fold Belt, NSW

There was minimal field activity on the Burruga Project during the Quarter with Company consultants carrying reconnaissance ground checking and completing statutory reporting requirements.

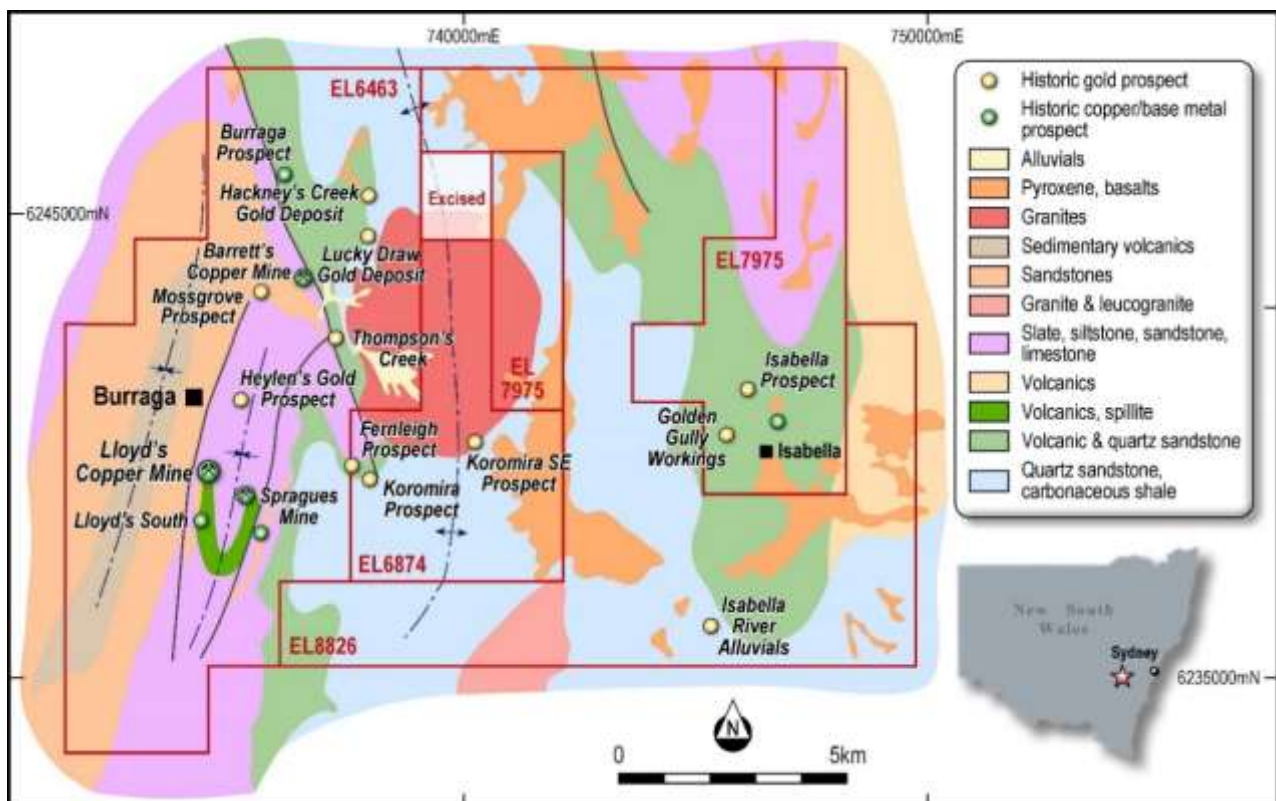


Figure 7 : Burruga Project Area

As part of the comprehensive geological report for the technical section of the recently released entitlement issue prospectus (PSL ASX Ann 22 May 2020 *) was a re-statement of the Lloyd's copper gold resource (Table 1) and also a Gold Resources Estimate for the Lucky Draw and Hackney's Creek gold prospects (Table 2).

(* - The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement. All material assumptions and technical parameters pertaining to the resource estimate continue to apply and have not materially changed)

Model		Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Zn (%)	Cu Metal (t)
Lloyds (0.3% Cu cutoff)	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	910,000	0.8	0.1	7	0.2	7,130
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	1,310,000	0.8	0.1	6	0.2	10,090
Tailings	Indicated	280,000	1.2	0.3	9	0.2	3,490
Slag Heaps	Inferred	90,000	1.3	0.2	7	0.7	1,170
Burruga Combined	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	1,280,000	0.9	0.1	7	0.2	11,520
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	1,680,000	0.9	0.1	7	0.2	15,120

Table 1. Lloyds Copper Mineral Resources by model and resource category

Gold Mineral Resources (above 0.5 g/t Au cutoff)				
		Tonnes	g/t Au	Au Metal ozs
Hackney's Creek	Measured			
	Indicated			
	Inferred	2,210,000	1.4	102,300
	Total	2,210,000	1.4	102,300
Lucky Draw	Measured			
	Indicated			
	Inferred	470,000	2.1	31,700
	Total	470,000	2.1	31,700
Gold Total	Measured			
	Indicated			
	Inferred	2,680,000	1.6	134,000
	Total	2,680,000	1.6	134,000

Table 2. Lucky Draw and Hackney's Creek Mineral Resources by model and resource category

There continues to be interest expressed in participation in the Burruga 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.

The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Directors	\$17,500	Periodical fees paid to Directors and/or Director related entities

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.

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")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(2)	(22)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(79)	(611)
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)	-	-
1.9	Net cash from / (used in) operating activities	(81)	(633)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(33)	(250)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(33)	(250)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,930	2,182
3.2	Proceeds from issue of convertible debt securities	-	150
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)	-	-
3.10	Net cash from / (used in) financing activities	1,930	2,332

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	140	507
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(81)	(633)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(33)	(250)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,930	2,332

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,956	1,956

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	1,956	140
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,956	140

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(18)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		
6.1	Periodical fees paid to Directors and/or Director related entities \$17,500	

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(81)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(33)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(114)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,956
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,956
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	17
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	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: N/A	
8.8.2	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: N/A	

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

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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 July 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.