



ACN 115 593 005

PROSPECTUS

This Prospectus is primarily being issued for the offer to Eligible Shareholders to participate in the Securities Purchase Plan at an issue price of \$0.0035 per SPP Share, with one free-attaching Quoted Option for every one SPP Share subscribed for (**SPP Offer**).

This Prospectus is also being issued for the Placement Options Offer and the purposes of 708A(11) of the Corporations Act, to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date of the Offers.

Timing

The Offers are currently scheduled to close at 5.00pm WST on 9 October 2020. Valid Applications must be received before that time.

Conditional Offers

The issue of the Quoted Options under the Offers is subject to and conditional on the receipt of Shareholder approval at the Company's Annual General Meeting to be held on 11 December 2020. Refer to Section 1.3 for further information.

Important Notice

Investment in the Securities offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

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IMPORTANT NOTICES

Prospectus

Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry date

This Prospectus expires at 5:00pm (WST) on the date which is 13 months after the Prospectus Date and no Securities will be issued on the basis of this Prospectus after this expiry date.

Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in its entirety and seek professional advice where necessary.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Speculative investment

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Company's Securities.

Copies of the Prospectus and Application Forms

This Prospectus may be made available in electronic form. Persons having received a copy of the Prospectus in electronic form, or other prospective investors may obtain a paper copy of this Prospectus and the relevant Application Form (free of charge) from the offices of the Company before the Closing Date by contacting the Company. Contact details for the Company are detailed in the Corporate Directory.

The Offers constituted by this Prospectus are only available to persons receiving this Prospectus and an Application Form within Australia, or, subject to the provisions outlined in Section 1.13, certain investors located in New Zealand and the United Kingdom.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus. The

Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete the relevant Application Form. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your Application.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign investors

No action has been taken to register or qualify the Securities the subject of this Prospectus or the Offers, or otherwise to permit the SPP Offer of the Company's Securities, in any jurisdiction outside Australia. Subject to the provisions outlined in Section 1.13, certain persons resident in New Zealand and the United Kingdom are eligible to participate in the Offers. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Privacy statement

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and related bodies corporate, agents, contractors and third party service providers of the

foregoing (**Collecting Parties**). The Collecting Parties will collect, hold and use that information to assess your Application, service your needs as a security holder and to facilitate distribution payments and corporate communications to you as a security holder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your Application and complying with applicable law, the Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any applicable regulatory authority.

If you do not provide the information required in the relevant Application Form, the Company may not be able to accept or process your Application.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of security holders, including bidders for your securities in the context of takeovers, regulatory authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the *Privacy Act 1988* (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the Prospectus Date, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory of this Prospectus. A fee may be charged for access.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Currency

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" or "A\$" are references to Australian dollars.

Time

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 8.

CORPORATE DIRECTORY

Directors

Nick Johansen	Non-Executive Chairman
Brian Thomas	Technical Director
Matthew Bull	Non-Executive Director

Company Secretary

Sarah Smith

Registered Office

Suite 2, 1 Altona Street
West Perth WA 6005

Phone: +61 8 6559 1792
Email: info@patersonresources.com.au
Website: www.patersonresources.com.au

ASX Code (Shares): PSL

Share Registry*

Computershare Investor Services Pty Limited
172 St Georges Terrace
Perth WA 6000

Telephone (within Australia): 1300 850 505
Telephone (outside Australia): +61 3 9415 4000

Auditor*

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Lawyers

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

* These entities are included for information purposes only and have not been involved in the preparation of this Prospectus.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Company's Directors, it is my pleasure to invite you to participate in a Securities Purchase Plan Offer (**SPP Offer**) to increase your security holding in the Company.

Placement

The Company announced on 14 September 2020 that it had received firm commitments to raise gross proceeds of \$500,000 by way of a private placement to institutional and sophisticated investors at an issue price of \$0.0035 per Share (**Placement**). The Placement was completed on 18 September 2020 by the issue of 142,857,143 Shares. The Company is also proposing to issue one new Quoted Option to the participants in the Placement, subject to the receipt of Shareholder approval to be sought at the Company's Annual General Meeting.

The issue price per Share under the Placement represented a 12.5% discount to the closing Share price on ASX of \$0.004 on 8 September 2020, being the last trading day before the Company's trading halt.

SPP Offer

The SPP Offer provides Eligible Shareholders with the opportunity to subscribe for new Shares at the same issue price as the Placement. The Company is also proposing to issue one new Quoted Option to participants in the SPP Offer, subject to the receipt of Shareholder approval to be sought at the Company's Annual General Meeting.

If you are an Eligible Shareholder, you can apply for up to a maximum of \$30,000 worth of new Shares. Eligible Shareholders can select one of the following alternatives:

Offer	Application amount	SPP Shares	Quoted Options*
A	\$2,000	571,429	571,429
B	\$5,000	1,428,571	1,428,571
C	\$10,000	2,857,143	2,857,143
D	\$15,000	4,285,714	4,285,714
E	\$30,000	8,571,429	8,571,429

* Subject to and conditional on the receipt of Shareholder approval, to be sought at the Annual General Meeting.

It is presently intended that a maximum of \$1,500,000 will be raised under the SPP Offer (428,571,429 Shares). Applications will be scaled back on a pro-rata basis, if required. The Board presently intends that the SPP Offer will close after the maximum amount of \$1,500,000 has been raised, however it reserves the right to accept oversubscriptions.

Use of funds

Funds raised under the SPP Offer and the Placement are intended to be applied towards:

- completion of geophysical surveys at the Grace Gold-Copper Project;
- exploration and resource definition drilling at the Grace Gold-Copper Project;
- deep exploration drilling of aeromagnetic targets on E45/4524 and E45/5130 within the Grace Gold-Copper Project;

- resource definition drilling of the Hackneys Creek Gold Prospects at the Burraga Copper-Gold Project;
- costs of the Offers; and
- corporate administration and general working capital and management expenses.

Prospectus

This Prospectus contains detailed information about the Offers and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision and if required, consult with your stockbroker, solicitor, accountant or other independent professional advisor.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Nick Johansen', written in a cursive style.

Mr Nick Johansen
Non-Executive Chairman
Paterson Resources Limited

KEY DATES

Date	Event
5.00pm on 11 September 2020	Record Date for the SPP Offer
14 September 2020	Announcement of Placement and SPP Offer
18 September 2020	Prospectus Date
22 September 2020	Despatch of Prospectus. Opening date of SPP Offer
9 October 2020	Closing Date
20 October 2020	Issue of SPP Shares
11 December 2020	Annual General Meeting
11 December 2020	Issue of SPP Options and Placement Options

Important notes

The Company reserves the right to vary any and all of the above dates without notice, subject to the Corporations Act, Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date without prior notice, which may have a consequential effect on the other dates.

The Company also reserves the right not to proceed with any or all of the Offers at any time before the issue of Securities to Applicants. If the issue of Shares under the SPP Offer does not occur, for any reason, all Application Monies provided under the SPP Offer will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

The issue of the SPP Options and Placement Options is subject to and conditional on the receipt of the requisite approvals at the Annual General Meeting. In the event that the requisite approvals are not received for any reason, the Company will not issue the SPP Options and/or Placement Options (as applicable). Participants in the Placement and/or SPP Offer (as applicable) will have no right to withdraw their participation in the Placement and/or SPP Offer (as applicable) in the event that the SPP Options and/or Placement Options are not issued.

INVESTMENT OVERVIEW

The information below is a selective overview only and not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. Prospective investors should read this Prospectus in full before deciding whether to invest in the Securities the subject of the Offers.

Topic	Summary	Further information																		
What is the SPP Offer?	<p>An offer of fully paid ordinary shares (SPP Shares) to Eligible Shareholders pursuant to a share purchase plan.</p> <p>Subject to and conditional on the receipt of prior Shareholder approval to be sought at the Annual General Meeting, it is intended that free-attaching Quoted Options will also be issued to participants in the SPP Offer on a 1-for-1 basis.</p>	Section 1.1																		
What is the issue price under the SPP Offer?	\$0.0035 per SPP Share.	Section 1.1																		
Am I an Eligible Shareholder?	"Eligible Shareholders" are Shareholders with addresses in Australia, or, subject to the provisions outlined in Section 1.13, New Zealand or the United Kingdom, on the Record Date.	Sections 1.1 and 1.13																		
What is the Record Date?	5.00pm WST on 11 September 2020.	Indicative Timetable Section 1.1																		
What if I am not an Eligible Shareholder?	The SPP Offer is not being made to you and you cannot participate in the SPP Offer.	Section 1.14																		
Is there a minimum or maximum subscription?	<p>It is presently intended that a maximum of \$1,500,000 will be raised under the SPP Offer (428,571,429 Shares). Applications will be scaled back on a pro-rata basis, if required. The Board presently intends that the SPP Offer will close after the maximum amount of \$1,500,000 has been raised, however it reserves the right to accept oversubscriptions.</p> <p>Eligible Shareholders will only be able to apply for SPP Shares in the following parcels:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="background-color: #cccccc;">Offer</th> <th style="background-color: #cccccc;">Application amount</th> <th style="background-color: #cccccc;">New Shares</th> </tr> </thead> <tbody> <tr> <td>A</td> <td style="text-align: right;">\$2,000</td> <td style="text-align: right;">571,429</td> </tr> <tr> <td>B</td> <td style="text-align: right;">\$5,000</td> <td style="text-align: right;">1,428,571</td> </tr> <tr> <td>C</td> <td style="text-align: right;">\$10,000</td> <td style="text-align: right;">2,857,143</td> </tr> <tr> <td>D</td> <td style="text-align: right;">\$15,000</td> <td style="text-align: right;">4,285,714</td> </tr> <tr> <td>E</td> <td style="text-align: right;">\$30,000</td> <td style="text-align: right;">8,571,429</td> </tr> </tbody> </table>	Offer	Application amount	New Shares	A	\$2,000	571,429	B	\$5,000	1,428,571	C	\$10,000	2,857,143	D	\$15,000	4,285,714	E	\$30,000	8,571,429	Section 1.7
Offer	Application amount	New Shares																		
A	\$2,000	571,429																		
B	\$5,000	1,428,571																		
C	\$10,000	2,857,143																		
D	\$15,000	4,285,714																		
E	\$30,000	8,571,429																		
Can I trade my entitlement?	No, you cannot trade your entitlement to participate in the SPP Offer.	Section 1.8																		

Topic	Summary	Further information
Is the SPP Offer underwritten?	The SPP Offer is not underwritten.	Section 1.6
Are the Offers conditional?	The issue of Quoted Options pursuant to the SPP Offer and the Placement Options Offer is subject to and conditional on the receipt of the requisite Shareholder approvals. The Company intends to seek the requisite Shareholder approvals at its Annual General Meeting to be held on 11 December 2020.	Section 1.3
How do I accept the SPP Offer?	If you wish to participate in the SPP Offer, you must follow the instructions in the Application Form and ensure that payment is received by no later than 5.00pm (WST) on the Closing Date.	Section 2
How and when will I know if my application was successful?	<p>Security holder statements will be dispatched at the end of the calendar month following the issue of the relevant Securities. It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Anyone who trades SPP Shares before receiving holding statements does so at their own risk.</p> <p>Subject to and conditional on the receipt of the necessary Shareholder approval, the Quoted Options will be issued as soon as practicable after the Annual General Meeting on 11 December 2020.</p>	Section 1.9
What is the Placement Options Offer?	<p>The Placement Options Offer is an offer made to participants in the Placement to subscribe for one Quoted Option for every one Placement Share issued to them.</p> <p>Subject to and conditional on the receipt of the necessary Shareholder approval, the Quoted Options will be issued as soon as practicable after the Annual General Meeting on 11 December 2020.</p>	Section 1.2
What are the terms of the Quoted Options?	<p>The terms of the Quoted Options to be issued under the SPP Offer and the Placement Options Offer are the same.</p> <p>The Quoted Options will be exercisable at \$0.007 each and will expire on 30 September 2023. Application has been made for the Quoted Options to be quoted on ASX.</p>	Section 5.2
Why is the Company seeking to raise funds?	<p>The Company is seeking to raise funds for the:</p> <ul style="list-style-type: none"> • completion of geophysical surveys at the Grace Gold-Copper Project; • exploration and resource definition drilling at the Grace Gold-Copper Project; • deep exploration drilling of aeromagnetic targets on E45/4524 and E45/5130 within the Grace Gold-Copper Project; • resource definition drilling of the Hackneys Creek Gold Prospects at the Burruga Copper-Gold Project; • costs of the Offers; and • corporate administration and general working capital and management expenses. 	Section 1.4

Topic	Summary	Further information
<p>What is the effect of the Offers?</p>	<p>The effect of the SPP Offer on the capital structure and financial position of the Company will depend on the level of participation by Eligible Shareholders.</p> <p>It is presently intended that a maximum of \$1,500,000 will be raised under the SPP Offer. Applications will be scaled back on a pro-rata basis, if required. The Board presently intends that the SPP Offer will close after the maximum amount of \$1,500,000 has been raised, however it reserves the right to accept oversubscriptions.</p> <p>On the assumption that \$1,500,000 is raised under the SPP Offer, 428,571,429 Shares will be issued. In that instance, 428,571,429 Quoted Options would be issued to the participants in the SPP Offer, subject to the requisite Shareholder approval being obtained.</p> <p>A maximum of 142,857,143 Quoted Options are proposed to be issued to the participants in the Placement, subject to the receipt of the requisite Shareholder approval being obtained.</p>	<p>Section 3</p>
<p>What are the risks of a further investment in the Company?</p>	<p>Subscribing for Securities involves a number of risks including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Future funding: Further funding will be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. • Legacy risks: The Company's records are incomplete for the period prior to the appointment of its interim Board on 15 March 2019. There is a risk that previous actions unknown to the present Board may adversely affect the Company's operations and financial position, or lead to litigation. There are also risks in respect of potential claims by or in relation to former Directors. • COVID-19 risk: The global economic outlook is facing uncertainty due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and prices of securities. The price of the Company's Securities price may be adversely affected by the economic uncertainty caused by COVID-19. Further, measures to limit the transmission of the virus implemented by the Australian Government (including travel bans and quarantining) may adversely impact the Company's operations, and are already impacting the ability of the Company to undertake exploration activities. • Exploration risks: While more extensive exploration activities have been conducted over the Grace Gold-Copper Project and the Burruga Copper-Gold Project, resulting in the declaration of Mineral Resource estimates, further exploration is required in respect of these projects. Further, insufficient exploration activities have been completed in respect of the Pilbara Gold Projects and the Horseshoe South Project in order to declare a Mineral Resource estimate. Whilst the Company is of the view that the exploration activities on its projects to date has yielded results that justify further exploration, the Company is subject to exploration risk. Mineral exploration is a high-risk undertaking. There can 	<p>Section 4</p>

Topic	Summary	Further information
	<p>be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit.</p> <ul style="list-style-type: none"> Resource estimation risks: The Company has previously announced Mineral Resource estimates. Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available. In addition, by their very nature, Mineral Resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company employs industry-standard techniques including compliance with the JORC Code to reduce the estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional fieldwork and analysis, Mineral Resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company. Development risk: Future development of a mining operation is dependent on many factors and risks outside of the Company's control which may disrupt the Company's proposed operations and result in increased costs. There can be no assurance that the Company will achieve commercial viability through the development or mining of its projects. General market risks: The Company is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity prices, government policies, employment rates and industrial disruption. 	
Are the Directors participating in the Offers?	<p>As at the Prospectus Date, the Directors do not hold any Shares.</p> <p>Nick Johansen holds 100,000 Convertible Notes, which he has agreed to convert into 100,000,000 Shares, however this conversion had not occurred as at the Record Date.</p> <p>Matthew Bull holds 50,000 Convertible Notes, which he has agreed to convert into 50,000,000 Shares, however this conversion had not occurred as at the Record Date.</p>	Section 6.8
What are the tax implications of investing in Shares?	<p>The tax consequences of any investment in Shares will depend upon your particular circumstances.</p> <p>Prospective investors should obtain their own tax advice before deciding to invest.</p>	Section 1.16
What is the cost of the Offers?	<p>The expenses of the Offers are estimated to be approximately \$76,241.</p>	Section 6.12
How can I obtain further information?	<p>Further information can be obtained by reading this Prospectus and consulting your professional advisors.</p> <p>You can also contact the Company's share registry Computershare on 1300 850 505 (within Australia) or +61 3</p>	Section 1.21

Topic	Summary	Further information
	9415 4000 (outside Australia) between 8.30am to 5.00pm (Sydney time), or the Company on +61 8 6559 1792 for further details.	

1. Details of the Offers

1.1 SPP Offer

The Company is making an offer of ordinary fully paid Shares at an issue price of \$0.0035 each to Eligible Shareholders in the following parcels:

Offer	Application amount	SPP Shares
A	\$2,000	571,429
B	\$5,000	1,428,571
C	\$10,000	2,857,143
D	\$15,000	4,285,714
E	\$30,000	8,571,429

It is presently intended that a maximum of \$1,500,000 will be raised under the SPP Offer (428,571,429 Shares). Applications will be scaled back on a pro-rata basis, if required. The Board presently intends that the SPP Offer will close after the maximum amount of \$1,500,000 has been raised, however it reserves the right to accept oversubscriptions.

The Company is also proposing to issue participants in the SPP Offer one new free-attaching Quoted Option for every one SPP Share issued. The issue of these Quoted Options is subject to and conditional on the receipt of Shareholder approval at the Annual General Meeting.

New Shares issued under the SPP Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the Shares proposed to be issued under the SPP Offer are in Section 5.1.

The Quoted Options are intended to be quoted on the ASX, and will be exercisable at \$0.007 each on or before 30 September 2023. The terms and conditions of the Quoted Options proposed to be issued are in Section 5.2. All Shares issued upon the future exercise of the Quoted Options will rank equally with the Shares on issue at the date of this Prospectus.

1.2 Placement Options Offer

On 18 September 2020, the Company issued 142,857,143 Shares at an issue price of \$0.0035 each to sophisticated and professional investors pursuant to raise \$500,000 (**Placement**).

An additional purpose of this Prospectus is therefore to meet the requirements of section 708A(11) of the Corporations Act so that any trading restrictions on the Placement Shares may be removed.

Pursuant to this Prospectus, the Company is also offering 142,857,143 Quoted Options to the participants in the Placement for nil additional consideration. The issue of these Quoted Options is subject to and conditional on the receipt of Shareholder approval at the Annual General Meeting.

The Quoted Options are intended to be quoted on the ASX, and will be exercisable at \$0.007 each on or before 30 September 2023. The terms and conditions of the Quoted Options proposed

to be issued are in Section 5.2. All Shares issued upon the future exercise of the Quoted Options will rank equally with the Shares on issue at the date of this Prospectus.

The Company is undertaking the Placement Options Offer under this Prospectus to remove the need for additional disclosure documents to be issued upon the on-sale of the Quoted Options, and also in respect of any Shares issued on exercise of the Quoted Options.

Only the participants in the Placement are eligible to participate in the Placement Options Offer. An Application Form in respect of the Placement Options Offer will be provided to the participants in the Placement together with a copy of this Prospectus.

No application monies are payable under the Placement Options Offer.

1.3 Conditional Offers

The offers in respect of the issue of Quoted Options under this Prospectus are conditional upon the Company obtaining Shareholder approval to issue the relevant Quoted Options at the Annual General Meeting to be held on 11 December 2020.

The approvals are not inter-conditional and if Shareholder approval is not obtained in respect of one Offer, it will not preclude the Company from proceeding with the other Offer.

If Shareholder approval is not received at the Annual General Meeting for the issue of the Quoted Options to the participants in the SPP Offer, the Offer with respect to the SPP Options will be withdrawn and participants in the SPP Offer will retain their SPP Shares but will not be entitled to receive Quoted Options or any refund of Application Monies paid under the SPP Offer.

Similarly, if Shareholder approval is not received at the Annual General Meeting for the issue of the Quoted Options to the participants in the Placement, the Placement Options Offer will be withdrawn and the Placement participants will not be entitled to receive Quoted Options or any refund of subscription monies paid under the Placement.

1.4 Use of funds

The Company intends to apply the funds raised from the SPP Offer, together with existing funds and the funds raised under the Placement as detailed below:

Source of funds	\$
Funds currently available, including funds raised under the Placement	\$2,000,642
Maximum funds to be raised under the SPP Offer ¹	\$1,500,000
TOTAL	\$3,500,642

Allocation of funds	\$	%
Completion of geophysical surveys at the Grace Gold-Copper Project	\$200,000	6%
Exploration and resource definition drilling at the Grace Gold-Copper Project	\$850,000	24%

Allocation of funds	\$	%
Deep exploration drilling of aeromagnetic targets on E45/4524 and E45/5130 within the Grace Gold-Copper Project	\$950,000	27%
Resource definition drilling of the Hackneys Creek and Lucky Draw Gold Prospects at the Burruga Copper-Gold Project	\$850,000	24%
Interest payments on Convertible Notes ²	\$18,000	1%
Corporate administration, management and working capital ³	\$556,221	16%
Costs of the Offers ⁴	\$76,421	2%
TOTAL	\$3,500,642	100%

Notes:

1. The above table assumes \$1,500,000 is raised under the SPP Offer. In the event that a lesser amount is raised, the Company intends to reduce the scope of its anticipated exploration programmes focusing on projects which in the Company's opinion have the greatest value in the short term. In the event that the Company accepts oversubscriptions, the Company intends to allocate additional expenditure towards its exploration activities.
2. Assumes the Convertible Notes are converted into Shares on the maturity date and the interest is settled in full by a cash payment. If the Convertible Notes are converted earlier (such that less interest is payable), or the interest is settled by an issue of Shares (again, such that less interest is payable in cash), the Company intends to reallocate this expenditure towards its exploration activities.
3. Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
4. Refer to Section 6.12 for information regarding the expenses of the Offers.

The above is a statement of current intentions at the Prospectus Date. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including regulatory developments, the success of exploration activities, access conditions (including any restrictions applicable in response to the COVID-19 pandemic), weather and any changes in the business and economic environment.

The Board believes its available cash and the maximum net proceeds of the SPP Offer should be sufficient to fund the Company's activities until approximately 30 June 2021. In the event that less than the maximum amount is raised under the SPP Offer, the Company would need to find alternative financing to meet its funding requirements.

The Board believes that the funds raised from the SPP Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

1.5 **Opening and Closing Date**

The Company will accept Application Forms from the date it dispatches the Prospectus until 5.00pm (WST) on 9 October 2020 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Closing Date**).

Eligible Shareholders are encouraged to submit their Applications as soon as possible.

The Company reserves the right, subject to the Corporations Act and the Listing Rules to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.6 **No underwriting**

The Offers are not underwritten.

1.7 **Minimum and maximum subscription**

It is presently intended that a maximum of \$1,500,000 will be raised under the SPP Offer (428,571,429 Shares). Applications will be scaled back on a pro-rata basis, if required. The Board presently intends that the SPP Offer will close after the maximum amount of \$1,500,000 has been raised, however it reserves the right to accept oversubscriptions.

Any Shareholder wishing to participate in the SPP Offer must subscribe for a minimum of \$2,000 SPP Shares and is subject to a maximum subscription of \$30,000 SPP Shares, subject to the overall discretionary limit described above.

The Placement Options Offer has a maximum subscription amount of 142,857,143 Quoted Options.

1.8 **No rights trading**

The rights to participate in the SPP Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your entitlement to participate in the SPP to any other party. If you do not take up your entitlement to participate in the SPP Offer by the Closing Date, the offer to you under the SPP Offer will lapse.

1.9 **Issue date and dispatch**

The SPP Shares are expected to be issued on or before the date specified in the Indicative Timetable.

The issue of the Quoted Options offered under this Prospectus is subject to and conditional on the receipt of the requisite Shareholder approval at the Annual General Meeting. The Quoted Options are expected to be issued as soon as practicable following the receipt of the requisite Shareholder approval.

Security holder statements will be dispatched at the end of the calendar month following the issue of the relevant Securities. It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.

1.10 Application Monies held on trust

All Application Monies received for the SPP Shares offered under this Prospectus will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the SPP Shares are issued. All Application Monies received in respect of the SPP Offer will be returned (without interest) if the SPP Shares are not issued for any reason.

1.11 ASX quotation

Application has been or will be made for the official quotation of the SPP Shares and Quoted Options offered by this Prospectus.

If permission is not granted by ASX for the official quotation of the SPP Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

The Quoted Options will only be admitted to Official Quotation by ASX if the conditions for quotation of a new class of securities are satisfied (which include, amongst other things, there being a minimum of 100,000 Quoted Options on issue, with at least 50 holders with a marketable parcel (within the meaning of the Listing Rules)).

The fact that ASX may agree to grant official quotation of those Quoted Options or Shares is not to be taken in any way as an indication of the merits of the Company or the Quoted Options or Shares. ASX takes no responsibility for the contents of this Prospectus.

If official quotation of the Shares or Quoted Options is not granted by ASX within three months of the date of this Prospectus, any issue or transfer of the Shares or Quoted Options (or Shares issued on exercise of those Quoted Options) (as applicable) will be void.

1.12 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of new Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Computershare and will contain the number of new Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.13 International offer restrictions

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus, and any accompanying Application Form, may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

(a) **New Zealand**

The Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) **United Kingdom**

Neither this Prospectus nor any other document relating to the Offers has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) has been published or is intended to be published in respect of the Securities offered under this Prospectus.

The Securities offered under this Prospectus may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Prospectus is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing Shareholders. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Securities offered under this Prospectus has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO)*;
- (ii) who fall within the categories of persons referred to in article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- (iii) to whom it may otherwise be lawfully communicated,

(together, **relevant persons**). The investments to which this Prospectus relates are available only to, and offer or agreement to purchase will be engaged in only with,

relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

1.14 Ineligible Foreign Shareholders

The Company believes that it is unreasonable to extend the SPP Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the SPP Shares that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the SPP Offer.

1.15 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the SPP Offer is available only to Eligible Shareholders.

Nominees and custodians must not distribute this Prospectus, and may not permit any beneficial shareholder to participate in the Offers, in any country outside Australia except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial shareholders. If any nominee or custodian is acting on behalf of a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the SPP Offer is compatible with applicable foreign laws.

1.16 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.17 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.18 **Withdrawal**

The Directors may at any time decide to withdraw this Prospectus and the Offers, or any part of the Offers.

If the SPP Offer for Shares is withdrawn, all Application Monies will be returned without interest in accordance with the Corporations Act.

1.19 **Forecasts**

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

1.20 **Risk factors of an investment in the Company**

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.21 **Enquiries**

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your suitably qualified adviser.

Enquiries relating to this Prospectus should be directed to the Company's Share Registry Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (Sydney time), or the Company on +61 8 6559 1792.

2. How to participate in the SPP Offer

2.1 Application amount

If you are an Eligible Shareholder, you can apply for up to a maximum of \$30,000 worth of SPP Shares. Eligible Shareholders can select one of the following alternatives:

Offer	Application amount	SPP Shares
A	\$2,000	571,429
B	\$5,000	1,428,571
C	\$10,000	2,857,143
D	\$15,000	4,285,714
E	\$30,000	8,571,429

You must pay the issue price per SPP Share (\$0.0035) and any fees or charges incurred by you in participating in the SPP Offer, for example, bank fees or fees of professional advisors. No commission is payable by the Company on the issue of the SPP Shares and no brokerage applies.

No fractions of SPP Shares will be issued.

To the extent that Applications are scaled back and an Applicant is not issued the total number of Shares applied for, the Company will refund the surplus Application Monies, without interest.

2.2 Payment for SPP Shares

All amounts in this SPP Offer are expressed in Australian dollars. You must pay for the new Shares by BPay® or electronic funds transfer (**EFT**) (New Zealand and UK holders only) and following the instructions on the Application Form and below.

You can only make payment via:

- (a) BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions; or
- (b) EFT if you are a holder of an account that supports EFT transactions to an Australian bank account (applicable to New Zealand and UK holders only), by visiting <https://patersonspoffer.thereachagency.com> and log in using your SRN or HIN for instructions on how to make your payment electronically.

Please note that by paying by BPAY® or EFT:

- (a) you must quote your reference number quoted on the front of this form; and
- (b) you do not need to submit an Application Form but are taken to have made the declarations on the Application Form.

It is your responsibility to ensure that your BPAY® payment or payment by EFT is received by the Share Registry by no later than 5.00pm (AWST) on the Closing Date. You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment

and may charge fees associated with processing an EFT and you should therefore take this into consideration when making payment.

You should note that the Company may elect to close the SPP Offer at any time, or extend the Closing Date. Accordingly, the Company encourages Shareholders to submit their applications as soon as practicable.

2.3 Enquiries concerning participation in the SPP Offer or this Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 6559 1792.

For general Shareholder enquiries, please contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (Sydney time).

3. Effect of the Offers

3.1 Capital structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

Securities currently on issue	
Shares ²	4,003,354,455
Options ³	3,401,578
Convertible Notes ⁴	150,000
Maximum Securities on issue on completion of the Offers	
Shares	4,431,925,884
Options	574,830,150
Convertible Notes	150,000

Notes:

1. The figures shown above assume \$1,500,000 is raised under the SPP Offer by the issue of 428,571,429 Shares and that no oversubscriptions are accepted, that the Placement Options Offer is fully subscribed, that no Options are exercised and that no Convertible Notes are converted and that Shareholder approval is received at the Annual General Meeting for the of the Quoted Options pursuant to the SPP Offer and the Placement Options Offer.
2. Refer to Section 5.1 for a summary of the terms and conditions of the Shares.
3. Unquoted Options exercisable at \$0.044 each on or before 1 October 2020.
4. Convertible Notes with a face value of \$1 each, convertible into a maximum of 150,000,000 Shares. Although the holders of the Convertible Notes have committed to convert their Convertible Notes (rather than require them to be redeemed), such conversion may occur at any time before the maturity date of the Convertible Notes (18 December 2019 and 8 January 2021).
5. Assumes 142,857,143 Quoted Options are issued pursuant to the Placement Options Offer and 428,571,429 Quoted Options are issued pursuant to the SPP Offer. Refer to Section 5.2 for the terms and conditions of the Quoted Options.
6. In addition to the Securities noted in the above table, the Company proposes to issue the following Securities, in each case, subject to the receipt of prior Shareholder approval to be sought at the Annual General Meeting:
 - a. 20,000,000 Options to Baker Young (or its nominees) for partial consideration of its services in connection with the Company's entitlement offer completed in June 2020. The Options are intended to have an issue price of \$0.001 each, exercisable at \$0.003 each on or before the date that is three years after the date of issue. Refer to Section 5.3 of the Company's prospectus dated 22 May 2020 for additional information.

- b. 100,000,000 Shares to Director, Matt Bull (or his nominee) at an issue price of \$0.001 each, being the offer price of the Company's recent entitlement offer completed in June 2020.
 - c. 40,000,000 Options to Director, Brian Thomas as part of his remuneration package following his appointment as Technical Director on 1 July 2020. The Options will be exercisable at \$0.003 each on or before the date which is 3 years from the date of issue.
 - d. 25,000,000 Shares at a deemed issue price of \$0.001 each to Media & Capital Partners (or its nominees) (**M&C**) in lieu of outstanding fees owed to M&C for media services provided to the Company.
7. In light of the number of Securities on issue, the Company may seek to undertake a consolidation in the near term, which may include seeking Shareholder approval at the Annual General Meeting.

3.2 Effect of the Offers on control of the Company

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offers.

The maximum number of Quoted Options proposed to be issued under the Offers is 571,428,572. If all of these Quoted Options are exercised, the Shares issued on exercise will constitute approximately 11.4% of the Shares on issue following completion of the Offers (assuming the SPP Offer is fully subscribed for and no other Securities are issued or converted to Shares).

3.3 Potential dilution

Shareholders should note that if they do not participate in the Offers, their holdings are likely to be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	% post Offers if the Holder does not participate
Shareholder 1	100,000,000	2.50%	2.26%
Shareholder 2	50,000,000	1.25%	1.13%
Shareholder 3	25,000,000	0.62%	0.56%
Shareholder 4	12,500,000	0.31%	0.28%
Shareholder 5	6,250,000	0.16%	0.14%

Notes:

1. The table assumes that no Shares are issued other than those offered pursuant to this Prospectus.
2. The dilution effect shown in the table is the maximum percentage of dilution on the assumption that \$1,500,000 is raised under the SPP Offer. If there is less participation in the SPP Offer, the dilution effect for each Shareholder not participating in the SPP Offer would

be a lesser percentage. If oversubscriptions are permitted in the SPP Offer, the dilution effect for each Shareholder not participating in the SPP Offer would be a higher percentage.

3.4 Pro-forma consolidated statement of financial position

Set out below is:

- (a) the unaudited consolidated statement of financial position of the Company as at 30 June 2020; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 30 June 2020 incorporating the effect of the Placement and the SPP Offer, assuming \$1,500,000 is raised under the SPP Offer.

The statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted below. The historical and pro forma information is presented in abbreviated form; it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

The Company's audited consolidated statement of financial position as at 30 June 2020 is anticipated to be announced on the ASX market announcements platform on or about 28 September 2020, before the Closing Date of 9 October 2020.

	Paterson Resources Limited (Unaudited)	Subsequent events (Unaudited)	Pro-forma adjustments (Unaudited)	Pro-forma (Unaudited)
	30-Jun-20	(e)	(a)-(d)	
	\$	\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	1,955,989	(415,000)	1,875,759	3,416,748
Trade and other receivables	173,042	-	-	173,042
TOTAL CURRENT ASSETS	2,129,031	(415,000)	1,875,759	3,589,790
NON-CURRENT ASSETS				
Plant and equipment	5,633	-	-	5,633
Financial assets	746	-	-	746
Exploration and evaluation expenditure	17,211,185	107,000	-	17,318,183
TOTAL NON-CURRENT ASSETS	17,217,564	107,000	-	17,324,564
TOTAL ASSETS	19,346,595	(308,000)	1,875,759	20,914,354
CURRENT LIABILITIES				
Trade and other payables	317,189	-	-	317,189
Other current liabilities	19,241	-	-	19,241

	Paterson Resources Limited (Unaudited)	Subsequent events (Unaudited)	Pro-forma adjustments (Unaudited)	Pro-forma (Unaudited)
	30-Jun-20	(e)	(a)-(d)	
	\$	\$	\$	\$
TOTAL CURRENT LIABILITIES	336,430	-	-	336,430
TOTAL LIABILITIES	336,430	-	-	336,430
NET ASSETS	19,010,165	(308,000)	1,875,759	20,577,924
EQUITY				
Issued capital	30,453,739	-	1,970,000	32,423,739
Reserves	5,822,642	-	-	5,822,642
Accumulated losses	(17,266,216)	(308,000)	(94,241)	(17,668,457)
TOTAL EQUITY	19,010,165	(308,000)	1,875,759	20,577,924

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material change between 30 June 2020 and the completion of the Offers except for:

- (a) the issue of 142,857,143 Shares pursuant to the Placement at \$0.0035 each to raise \$500,000;
- (b) the issue of 428,571,429 Shares pursuant to the SPP Offer at \$0.0035 each to raise \$1,500,000;
- (c) total estimated costs of the Placement (\$30,000) and the SPP Offer (\$76,241) (\$106,241 in total costs);
- (d) the issue of 142,857,143 Quoted Options under the Placement Options Offer;
- (e) the issue of 428,571,429 Quoted Options under the SPP Offer (on the assumption that \$1,500,000 is raised under the SPP Offer);
- (f) payment of interest of 12% per annum on the Convertible Notes payable in cash at maturity date (\$18,000); and
- (g) exploration expenditure and working capital payments to suppliers since 30 June 2020.

4. Risk factors

An investment in securities should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders and prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Shareholders and prospective investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

(a) Future funding requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until its projects are successfully developed and production commences.

The Board believes its available cash and the maximum net proceeds of the Offers should be sufficient to fund the Company's activities until approximately 30 June 2021.

There is no guarantee that the Company will be able to secure sufficient support in future capital raising initiatives.

Any equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities. Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in its tenements being subject to forfeiture and could affect the Company's ability to continue as a going concern. The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(b) Legacy risks

The below risks relate primarily to the Company's activities in connection with the Vanadium Acquisitions.

(i) Incomplete records

The interim Board appointed on 15 March 2019, and the current Board, did not have oversight of the Company's activities prior to their appointment. The Company's corporate and other records are incomplete for the period prior to the appointment of the interim Board. Consequently, there may be actions that were

taken by previous directors and officers of the Company that the existing Board is not aware of. There is a risk that previous actions unknown to the existing Board may adversely affect the Company's operations and financial position, or lead to litigation that could take up management's time in defending any such litigation.

(ii) Reimbursement of expenditure

The Company entered into deeds with each of the Vendors pursuant to which, amongst other things, the Vendors undertook to reimburse the Company for amounts paid by the Company in connection with the tenements the subject of the Vanadium Acquisitions. The total amount to be reimbursed to the Company is \$150,000. The Company has informed the Vendors of the obligation to settle this amount outstanding, but has not yet received payment. There is a risk that this payment will not be made which may lead to the Company either commencing recovery proceedings, settling the matter or electing not to pursue the matter further. There can be no certainty that this payment will be received by the Company.

(iii) Exit deeds

Prior to the resignation of Messrs Terence Clee, Robin Armstrong and Robert McCauley (together, **Former Directors**) as Directors, each of the Directors executed 'Exit Deeds' with the Company, pursuant to which, amongst other things:

- (A) the Company agreed to pay an aggregate of \$197,735 to the Former Directors, in settlement of accrued salary, wages or other remuneration, directors' fees, reimbursement of expenses reasonably incurred in relation to the directorship, or anything else connected with the directorship (**Former Director Payments**); and
- (B) broad and one-way releases of liability, indemnities and non-disparagement provisions, in favour of the Former Directors.

Under the terms of the Exit Deeds, the Former Director Payments were due to be paid by no later than 31 March 2019. The Company has not made these payments as at the date of the Prospectus.

The Company considers that the Exit Deeds may have been entered into by each of the Former Directors with the Company in circumstances where the Former Directors were acting in conflict of interest with the Company and making improper use of their position as directors of the Company.

The Company intends to challenge the enforceability of the Exit Deeds in the event that the Former Directors seek to enforce any provisions of the Exit Deeds. Any dispute regarding the obligations, rights and liabilities of the Company and the Former Directors may lead to litigation that could take up management's time and incur costs in commencing or defending any such litigation.

(c) **Coronavirus disease**

The outbreak of coronavirus disease (**COVID-19**) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19.

Further, measures to limit the transmission of the virus implemented by the Australian Government (including travel bans and quarantining) will adversely impact the Company's operations, and are already impacting the ability of the Company to undertake exploration activities.

(d) **Title**

Although the Company has investigated title to all of its tenements, the Company cannot give any assurance that title to such tenements will not be challenged or impugned. Accordingly, there is a residual risk that, despite the Company's investigations, the tenements may be subject to prior unregistered agreements or transfers or title may be affected by unregistered encumbrances, third party interests or defects. Tenements are also subject to minimum expenditure requirements. In the event that these minimum expenditure requirements are not met, those tenements may be subject to forfeiture proceedings.

The Company notes E52/2569 was surrendered on 11 September 2020. This tenement is not considered material to the Company.

(e) **Historical exploration results**

The Company or its third-party consultants have undertaken reviews of the historical exploration information. In some cases, the historical exploration reports do not include or discuss the use of quality assurance and quality control (QAQC) procedures as part of the sampling programs, as this data is frequently not reported. Therefore, it is difficult to determine the validity of much of the historical samples, even where original assays are reported. It is common for different grid systems to be reported in exploration reports including local grids. A review of drill hole locations against large scale satellite images and historical exploration plans has identified that some holes may be mis-located, either as result of incorrect grid reference, or due to errors in original location. The inability to properly validate all the historical exploration data increases the exploration risk.

(f) **Potential acquisition and disposal**

The Company will actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(g) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel,

including technical personnel and sub-contractors. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or are incapacitated for any length of time.

4.2 General mining industry risks

(a) Exploration risks

While more extensive exploration activities have been conducted over the Grace Gold-Copper Project and the Burruga Copper-Gold Project, resulting in the declaration of Mineral Resource estimates, further exploration is required in respect of these projects. Further, insufficient exploration activities have been completed in respect of the Pilbara Gold Projects and the Horseshoe South Project in order to declare a Mineral Resource estimate.

Whilst the Company is of the view that the exploration activities on its projects to date has yielded results that justify further exploration, the Company is subject to exploration risk.

Mineral exploration is a high-risk undertaking. There can be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit.

(b) Resource estimation risks

The Company has previously announced Mineral Resource estimates. Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available. In addition, by their very nature, Mineral Resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company employs industry-standard techniques including compliance with the JORC Code to reduce the estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional fieldwork and analysis, Mineral Resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

(c) Drilling and exploration programs

There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating plant and equipment; inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services.

No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's mineral projects.

(d) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(e) **Reliance on third parties**

Through the Company's use of contractors and other persons for exploration and other services generally, it is reliant upon a number of third parties for the conduct and success of its exploration and development activities. While this situation is normal for the mining industry in Australia, problems caused by third parties may arise which have the potential to impact on the performance and operations of the Company. Any failure by counterparties to perform their obligations may have a material adverse effect on the Company and there can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action.

(f) **Occupational health and safety**

There is an inherent risk of work place accidents occurring during the conduct of mining activity. However, the Company is committed to providing a safe and healthy work place for its employees and contractors. The Company's safety policy is displayed prominently at all operating sites. Hazardous activities are avoided wherever possible, but when necessary, all employees and contractors are provided with and required to wear personal protective equipment. Training is provided where it is needed and safety meetings are held at appropriate times in the course of the Company's exploration activities. Staff hold, or are encouraged to hold, current first aid certificates.

(g) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(h) **Development risks**

Future development of a mining operation at any of the Company's projects, is dependent on a number of factors including, but not limited to, favourable geological conditions, receiving and retaining the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, and contracting risk from third parties providing essential services.

The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents.

No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(i) **Operational and technical risks**

The operations of the Company may be affected by various factors, including failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulty encountered in mining and extraction, difficulties in re-commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables spare parts, plant and equipment.

(j) **Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by regulatory authorities.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay or modification to anticipated exploration programmes or mining activities. There is always a risk that detailed environmental investigations will identify endangered or other protected species that may affect the ability of the Company to obtain any necessary government approvals or carry out its operations as planned.

(k) **Climate change risk**

There are a number of climate-related factors that may affect the Company's business or its assets.

Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise its tenements and/or on the Company's ability to transport or sell mineral commodities, should the Company's exploration and development activities be successful.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets (including its tenements), or may result in less favourable pricing for mineral commodities, particularly in the event of a transition to a lower-carbon economy.

(l) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved. The Company's tenements are subject to the applicable mining acts and regulations in Western Australia, and New South Wales. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(m) **Native title and Aboriginal heritage**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(n) **Regulatory requirements**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(o) **Legislative changes and government policy risk**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration

activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia or New South Wales may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(p) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(q) **Currency and commodity price volatility**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macroeconomic factors.

Further, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

4.3 **General risks**

(a) **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(c) **Litigation risk**

All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may

become subject could have a material effect on its financial position, results of operations or the Company's activities.

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

(d) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

(e) **Security risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

4.4 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

5. Rights attaching to Securities

5.1 Rights and liabilities attaching to Shares

A summary of the rights and liabilities attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per Share on a poll.

A person who holds a Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share.

(c) Issues of further Shares

Subject to the Corporations Act and the Constitution, the Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides. The Company must not issue shares or grant options if the issue or grant would result in a breach of the Listing Rules.

(d) Variation of rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of Shares, the rights attached to the Shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued Shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued Shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, a member may transfer a share by any means permitted by the Corporations Act or by law.

(f) Dividends

Subject to the Corporations Act, the Listing Rules, the Constitution and the rights attaching to Shares issued on special conditions, the Directors may from time to time

declare that a dividend is payable to the holders of ordinary Shares and fix the time for payment.

(g) Winding up

Subject to the Constitution, the Corporations Act and the rights of holders of Shares with special rights, on a winding up of the Company, any surplus must be divided among the members in the proportions which the amount paid (including amounts credited) on the Shares of a member is of the total amounts paid and payable (including amounts credited) on the Shares of all members.

(h) Dividend reinvestment and share plans

The Directors may establish a dividend reinvestment plan on any terms, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a Dividend from the Company in subscribing for securities of the Company or a related body corporate of the Company.

(i) Directors

The Company must not have less than 3 Directors.

(j) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors may exercise all the powers of the Company except any powers that the Corporations Act or this Constitution requires the Company to exercise in general meeting.

(k) Unmarketable parcels

The Constitution permits the Company to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules.

If a Shareholder does not want its Shares sold, that Shareholder may notify the Company accordingly.

(l) Capitalisation of profits

The Directors may capitalise any profits of the Company and distribute that capital to the members, in the same proportions as the members are entitled to a distribution by dividend.

(m) Preference Shares

The Company may issue preference Shares including preference Shares which are liable to be redeemed in a manner permitted by the Corporations Act, and preference Shares in accordance with the terms of the Constitution.

5.2 Rights and liabilities attaching to Quoted Options

The Quoted Options granted under the Offers will be issued on the following terms and conditions:

(a) Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary Share.

(b) Exercise Price and Expiry Date

The Options are exercisable at \$0.007 each at any time up to 5.00pm (WST) on 30 September 2023 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.

(c) Exercise

To exercise Options, the Option holder must give the Company:

- (i) a written exercise notice (in the form approved by the Board from time to time) specifying the number of Options being exercised and Shares to be issued; and
- (ii) payment of the exercise price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company.

The Option holder may only exercise Options in multiples of 250,000 unless the Option holder exercises all Options held by the Option holder or as otherwise may be agreed by the Board.

Options will be deemed to have been exercised on the date the exercise notice is lodged with the Company and cleared funds for the exercise price has been received.

(d) Timing of issue of Shares upon exercise

Within 5 Business Days (as defined in the Listing Rules) after the exercise of the Options in accordance with paragraph (c) above, the Company must issue the Option holder the resultant Shares.

(e) Ranking of Shares

Subject to the Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.

(f) Transferability

The Options are transferable.

(g) Quotation of Options

The Company will apply to ASX for quotation of the Options.

(h) Quotation of Shares on exercise

The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.

(i) Participation rights

The Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Options before the "record date" for determining entitlements to the issue of Securities and participate as a result of holding Shares.

(j) Reorganisation

If there is a reorganisation (including consolidation, subdivision, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which the Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(k) Amendments

The number and exercise price of the Options remains the same regardless if the Company makes a bonus issue of Shares or other Securities to Shareholders.

(l) Adjustments

Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.

(m) Governing law

The terms and the rights and obligations of the Option holder are governed by the laws of Western Australia. The Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

6. Additional information

6.1 Continuous disclosure obligations

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of its Securities.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.2 below).

Copies of all documents announced to the ASX can be found at <https://patersonresources.com.au/investors/asx-announcements>.

6.2 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2019 and half-year ended 31 December 2019, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the financial statements of the Company for the financial year ended 30 June 2020, after it has been lodged with ASIC, which is anticipated to occur on or about 28 September 2020 and in any event before the Closing Date; and
- (c) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date	Announcement
18/09/2020	Appendix 2A
16/09/2020	Less Than Marketable Parcel Shareholder Letter
14/09/2020	Reinstatement to Official Quotation
14/09/2020	Proposed Issue of Securities - PSL
14/09/2020	Proposed Issue of Securities - PSL
14/09/2020	Capital Raising
11/09/2020	Suspension from Official Quotation

Date	Announcement
9/09/2020	Trading Halt
3/09/2020	Company Presentation
26/08/2020	Progress Report
19/08/2020	Progress Report
17/08/2020	Progress Report
12/08/2020	Progress Report
31/07/2020	Fourth Quarter Activities Report
30/07/2020	Progress Report
23/07/2020	Progress Report
20/07/2020	Top 20 Shareholders
20/07/2020	Issued Capital - Other
20/07/2020	Reinstatement to Official Quotation
20/07/2020	Reinstatement to Official Quotation
30/06/2020	Appendix 2A
26/06/2020	Appendix 2A
23/06/2020	Non-Renounceable Issue
5/06/2020	Issued Capital - Other
1/06/2020	Non-Renounceable Issue
1/06/2020	Non-Renounceable Issue
1/06/2020	Non-Renounceable Issue
22/05/2020	Non-Renounceable Issue
22/05/2020	Non-Renounceable Issue
22/05/2020	Appendix 3B
22/05/2020	Non-Renounceable Issue
21/05/2020	Company Presentation
8/05/2020	Progress Report
30/04/2020	Third Quarter Activities Report
30/04/2020	Third Quarter Cash Flow Report
27/04/2020	Progress Report

Date	Announcement
17/04/2020	Issued Capital - Other
13/03/2020	Half Year Audit Review
25/02/2020	Appendix 2A
20/02/2020	Appendix 3B
20/02/2020	Placement
7/02/2020	Placement
31/01/2020	Second Quarter Activities Report
28/01/2020	Daily Share Buy-Back Notice
28/01/2020	On-Market Buy-Back
13/01/2020	Change of Directors Interest Notice
8/01/2020	Appendix 3B
17/12/2019	Constitution
12/12/2019	Company Administration - Other
9/12/2019	Results of Meeting
15/11/2019	Progress Report
15/11/2019	Progress Report
6/11/2019	Company Presentation
5/11/2019	Notice Of Annual General Meeting
5/11/2019	Notice of Meeting - Other
31/10/2019	First Quarter Activities Report
31/10/2019	Notice of Meeting - Other
1/10/2019	Initial Directors Interest Notice
1/10/2019	Final Directors Interest Notice
27/09/2019	Results of Meeting
25/09/2019	Appendix 4G
25/09/2019	Annual Reports

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;

- (b) the Constitution; and
- (c) the consents referred to in Section 6.16 and the consents provided by the Directors to the issue of this Prospectus.

6.3 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

6.4 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

6.5 Market price of Shares

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of the Offers, and the respective dates of those sales were:

Lowest: \$0.002 on 27 July 2020

Highest: \$0.004 on 19 - 28 August 2020 and 1, 4 - 15 September 2020

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.003 per Share on 17 September 2020.

6.6 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6.7 Substantial Shareholders

Based on available information as at the date of this Prospectus, there are no persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

6.8 Interests of Directors

(a) Director holdings of Securities

As at the Prospectus Date, the Directors do not hold any Shares or Options.

Nick Johansen holds 100,000 Convertible Notes, which he has agreed to convert into 100,000,000 Shares.

Matthew Bull holds 50,000 Convertible Notes, which he has agreed to convert into 50,000,000 Shares.

(b) Remuneration of Directors

The Constitution provides that the Company may remunerate the non-executive Directors. The maximum total amount of directors' fees for the non-executive Directors shall, subject to any resolution of a general meeting, be fixed by the Directors. The

current aggregate amount to be paid to non-executive Directors is \$300,000. The Board may allocate this pool (or part of it) at its discretion.

There are presently no executive Directors. Should any executive directors be appointed, their remuneration is to be fixed by the Board, without the affected executive Director participating in that decision-making process, and must not be calculated as a commission on, or a percentage of, operating revenue.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below summarises the remuneration provided to the Directors and their associated companies for the financial years ended 30 June 2019 and 30 June 2020, inclusive of directors fees, consultancy fees, share-based payments and superannuation.

Director	Financial year ended 30 June 2019 (\$)		Financial year ended 30 June 2020 (\$)	
	Fees & Consultancy	Share based payments	Fees & Consultancy ¹⁰	Share based payments
Nick Johansen ¹	\$17,500	Nil	\$82,500	Nil
Brian Thomas ²	\$17,500	Nil	\$60,000	Nil
Matthew Bull ³	Nil	Nil	\$45,000	Nil
David Izzard ⁴	\$17,500	Nil	\$5,000	N/A
Scott Paterson ⁵	\$17,500	Nil	\$7,500	N/A
Terence Clee ⁶	\$67,500	\$2,215	N/A	N/A
Robin Armstrong ⁷	\$45,000	\$3,220	N/A	N/A
Robert McCauley ⁸	\$43,500	Nil	N/A	N/A
John Hannaford ⁹	\$35,000	Nil	\$29,000	N/A

Notes:

1. Nick Johansen was appointed as a Non-Executive Director on 15 March 2019.
2. Brian Thomas was appointed as a Non-Executive Director on 15 March 2019.
3. Matthew Bull was appointed as a Non-Executive Director on 27 September 2019.
4. David Izzard was appointed as a Non-Executive Director on 15 March 2019 and resigned on 14 August 2019.
5. Scott Paterson was appointed as a Non-Executive Director on 15 March 2019 and resigned on 14 August 2019.

6. Terence Clee resigned from the position of Executive Director/Chairman on 15 March 2019.
7. Robin Armstrong resigned from the Company on 11 December 2017. However Mr Armstrong was re-appointed as a Non-Executive Director on 21 February 2018. Mr Armstrong resigned on 15 March 2019.
8. Robert McCauley was appointed as a Non-Executive Director on 20 April 2018 and resigned on 15 March 2019.
9. John Hannaford was appointed as a Non-Executive Chairman on 15 March 2019 and resigned on 27 September 2019, as he did not stand for re-election at the Company's general meeting held on 27 September 2019.
10. The total Director fees for the 2020 financial year is \$229,000.

(c) **Additional information**

Other than as disclosed in this Prospectus, No Director of the Company (or entity in which they are a partner or director) has, or has had in the 2 years before the Prospectus Date, any interests in:

- (i) the formation or promotion of the Company; or
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (i) any Director to induce him to become, or to qualify as, a Director; or
- (ii) any Director of the Company for services which he (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

6.9 Disclosure regarding other directorships

Mr Brian Thomas is a Non-Executive Director of Spitfire Corporation Limited (**Spitfire**), a financial technology company. As a result of a financial default by Spitfire's financiers, Spitfire passed a directors' resolution to enter into voluntary administration on 7 August 2020. The Directors of the Company are of the opinion that Mr Thomas' involvement with Spitfire was not responsible for Spitfire failing.

6.10 Employee incentive plan

The Company does not presently have an employee incentive plan in place. The Company anticipates that it will adopt an employee incentive plan in due course. The material terms of any such employee incentive plan will be disclosed to Shareholders if and when such plan is adopted.

6.11 Related party transactions

At the Prospectus Date, no material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

6.12 Expenses of Offers

The total estimated expenses of the Offers payable by the Company are set out below.

Item	Estimated cost (\$)
ASIC fees	\$3,206
ASX quotation fee	\$14,105
Legal fees	\$20,000
Printing, Online Website and Administration Fees	\$38,930
Total	\$76,241

6.13 ASX waivers

No ASX waivers are required to be obtained in connection with the Offers.

6.14 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

6.15 Interests of Promoters, Experts and Advisers

(a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the Prospectus Date, or held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

(b) **Share Registry**

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on industry standard terms and conditions.

(c) **Legal Advisers**

HWL Ebsworth Lawyers has acted as the Australian solicitors to the Company in relation to the Prospectus and the Offers. The Company estimates it will pay HWL Ebsworth Lawyers \$20,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, HWL Ebsworth Lawyers has provided legal services to the Company, the total value of these services was \$57,225. These services were in respect of the Company's previous capital raising activities and additional general corporate matters.

6.16 Consents

(a) **General**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to below:

- (i) does not make the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) **Share Registry**

Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Share Registry of the Company in the form and context in which it is named.

(c) **Legal advisers**

HWL Ebsworth Lawyers has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the lawyers to the Company in relation to the Offers.

6.17 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Securities in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

7. Authorisation

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each of the Directors has consented to the lodgement of this Prospectus with ASIC, in accordance with section 720 of the Corporations Act, and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'Nick Johansen', written in a cursive style.

Nick Johansen
Non-Executive Chairman

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

A\$ or \$	means Australian dollars.
Annual General Meeting	means the annual general meeting of the Company proposed to be held on 11 December 2020.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Securities under the Offers made pursuant to an Application Form.
Application Form	means an application form attached to this Prospectus.
Application Monies	means application monies for Shares under the SPP Offer received and banked by the Company.
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Securities Exchange Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.
ASX Settlement Rules	means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ACN 008 504 532).
Board	means the board of Directors of the Company as constituted from time to time.
CHES	means the Clearing House Electronic Subregister System.
Closing Date	means the date specified as the closing date of the Offers in the Indicative Timetable (as varied by the Company).
Company	means Paterson Resources Limited (ACN 115 593 005).
Constitution	means the constitution of the Company as at the Prospectus Date.
Convertible Note	means an equity security convertible into Shares or redeemable by a cash payment.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company.
Eligible Shareholder	means a person registered as the holder of Shares as at the Record Date whose registered address is in Australia or, subject to the offer restrictions in Section 1.13, New Zealand and the United Kingdom.
Indicative Timetable	means the indicative timetable for the Offers on page viii of this Prospectus.

JORC Code	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2012.
Listing Rules	means the listing rules of ASX.
Offer Price	means the price at which each Share is offered under the SPP Offer, of \$0.0035.
Offers	means the SPP Offer and Placement Options Offer and Offer means any one of such Offers, as applicable.
Official Quotation	means official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date of the Offers in the Indicative Timetable (as varied by the Company).
Option	means an option to acquire a Share.
Placement	means the placement undertaken by the Company as announced on 14 September 2020 and completed on 18 September 2020, comprised of the issue of 142,857,143 Shares at an issue price of \$0.0035 each, with the proposal to issue one free-attaching Quoted Option for every Share issued, subject to and conditional on the receipt of Shareholder approval at the Annual General Meeting.
Placement Options	means the Quoted Options proposed to be issued pursuant to the Placement Options Offer.
Placement Options Offer	means the offer under this Prospectus for 142,857,143 Quoted Options, subject to and conditional on the receipt of Shareholder approval at the Annual General Meeting.
Prospectus	means this prospectus dated the Prospectus Date.
Prospectus Date	means 18 September 2020.
Quoted Option	means an Option to be issued under this Prospectus, exercisable at \$0.007 and expiring at 5.00pm (WST) on 30 September 2023 on the terms and conditions in Section 5.2.
Record Date	means 5:00pm (WST) on the record date identified in the Indicative Timetable.
Relevant Interest	has the meaning given in the Corporations Act.
Section	means a section of this Prospectus.
Securities	means Shares, Options or Convertible Notes, as the context requires.

Share	means an ordinary fully paid share in the capital of the Company.
Share Registry or Computershare	means Computershare Investor Services Pty Limited (ACN 078 279 277).
Shareholder	means any person holding Shares.
SPP Offer	means the offers under this Prospectus to Eligible Shareholders to subscribe for: <ul style="list-style-type: none"> (a) new Shares at the Offer Price; and (b) one free-attaching Quoted Option for every Share issued, subject to and conditional on the receipt of Shareholder approval at the Annual General Meeting.
SPP Options	means the Quoted Options proposed to be issued pursuant to the SPP Offer.
SPP Shares	means the Shares proposed to be issued pursuant to the SPP Offer.
Vanadium Acquisitions	means the Company's acquisition of Vanadium Pty Ltd (ACN 626 056 371) and Vanadium Mining Pty Ltd (ACN 621 703 991) as announced by the Company on 24 August 2018, and subsequently unwound as announced by the Company on 31 October 2019.
Vendors	means the vendors pursuant to the Vanadium Acquisitions.
WST	means Western Standard Time, being the time in Perth, Western Australia.