

**Quarterly Activities Report**  
**Quarter Ended 31 December 2021**

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**HIGHLIGHTS**

- **High grade gold results returned at Grace Project 25km from the Telfer Gold mine in the Paterson Province:**
  - Up to 10,000m RC drilling planned due to commence in the second quarter 2022 to test high-priority targets at Grace
  - RC Drilling planned at to test extensions of the Lloyd Copper deposit which forms part of the Burruga Project in NSW
  - Project Assay results received for first EIS-funded drill hole from maiden diamond drilling program at Grace Project in the highly prospective Paterson Province which hosts the world class Telfer Gold Mine.
  - Gold mineralisation hosted within a wide silica-carbonate rich brecciated ore system returning 20.8m @ 2.0/t Au from 203.2m including high grade intercepts of 2m @ 3.6g/t Au from 216m and 3m @ 8.38 g/t Au from 221m.
  - In addition, 15.7m @ 0.39g/t Au was returned from 762m which is associated with a silica altered felsic intrusive representing a new style of mineralisation at the Grace Project.
  - Further Results from PDD0001 and from a further 4 diamond drill holes and 1 reverse circulation ("RC") hole expected in February.
  - The Intrusive related gold mineralisation highlights the prospectivity of the numerous untested magnetic targets at the Grace Project.
  - Mineralised interval has been intersected over 200m from the historic drilling within mineralisation remaining open to the east and west and at depth.

The Board of Paterson Resources Limited (**Paterson or the Company**) (ASX:PSL) provides the following commentary for the Quarter ended 31st December 2021.

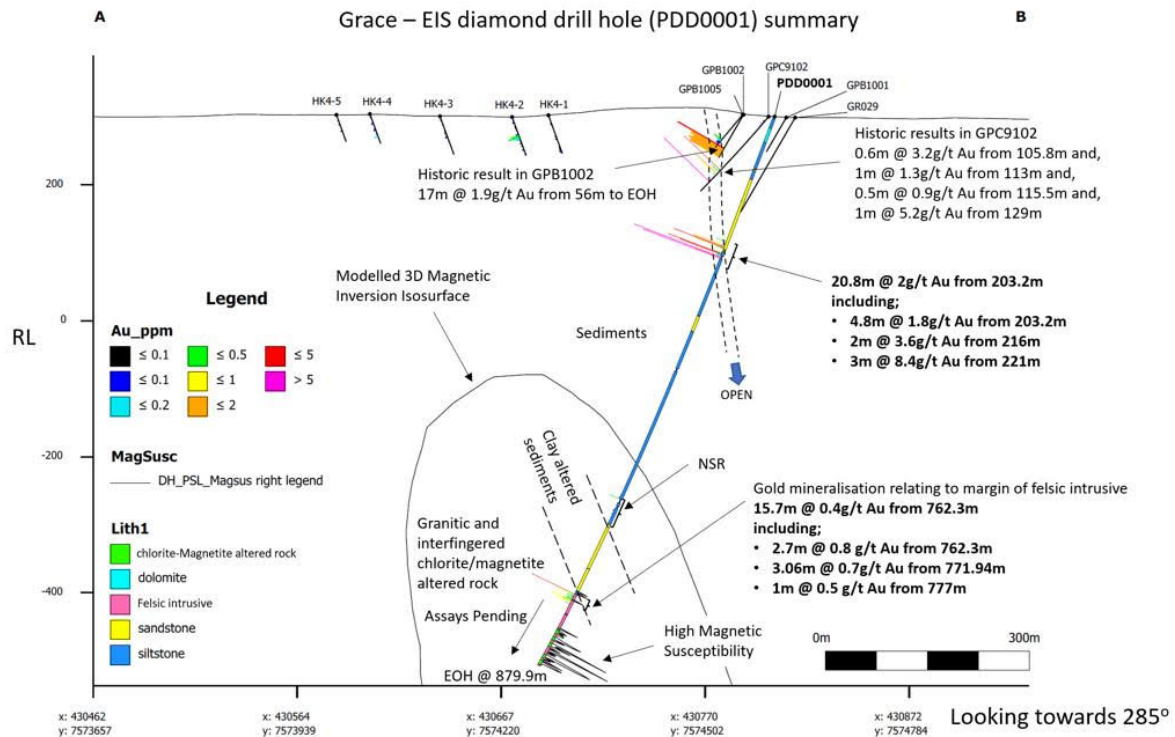
**Exploration Projects**

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

The first assay Results from the 2021 drilling campaign were returned during the last quarter with encouraging gold results. The highest grade assays were from a broad zone of brecciated silica-carbonate altered siltstone returning a thick 20.8m @ 2.0 g/t AU from 203.2m including 2m @ 3.6g/t and 3m @ 8.38 g/t Au from 221m (Figure 1). The campaign was designed to test a series of priority targets outlined from geophysics and historical drilling that has identified gold-copper mineralisation similar in style to the ore system at the world-class Telfer gold-copper mine (25km north-west) and Havieron gold deposit (40km north-east).

On completion of the EIS hole, the core was reviewed by consultant geologists. Encouragingly, the shallow mineralisation highlighted the potential for a more significant underlying system. As a result, Paterson has focused on following up these results to better understand the structural relationships of the mineralisation and has now planned a more extensive RC drilling program to which is planned extend the on the historic

high grade intercepts at the project.



**Figure 1:** Assay results of the EIS drill-hole PDD001 at the Grace Project

**Figure 2** shows the highly altered quartz/carbonate/pyrite veining which returned multiple high-grade results over a 20m width. A summary of the assay results are listed in table 1. The style of mineralisation was noted in several of the holes and increases the confidence that more high-grade intercepts in the outstanding assays are yet to be returned.



**Figure 2:** Silicic-carbonate veining and alteration in PDD0001 with pervasive sulphidation. Gold grades noted over the intervals from 216m to 224m.

Hole ID	From	To	Width (m)	Au Grade (g/t)
PDD0001	197	198	1	0.40
	203.2	224	20.8	2.0
	Inc 216	218	2	3.6
	Inc 221	224	3	8.38
	762.3	778	15.7	0.4
	Inc 762.3	762.6	0.3	3.14
PDD0002	Awaiting assay results			
PDD0003	Awaiting assay results			
PDD0004	Awaiting assay results			
PDD0005	Awaiting assay results			
PRC0001	Awaiting assay results			

**Table 1** Significant results of the diamond drilling hole PDD0001

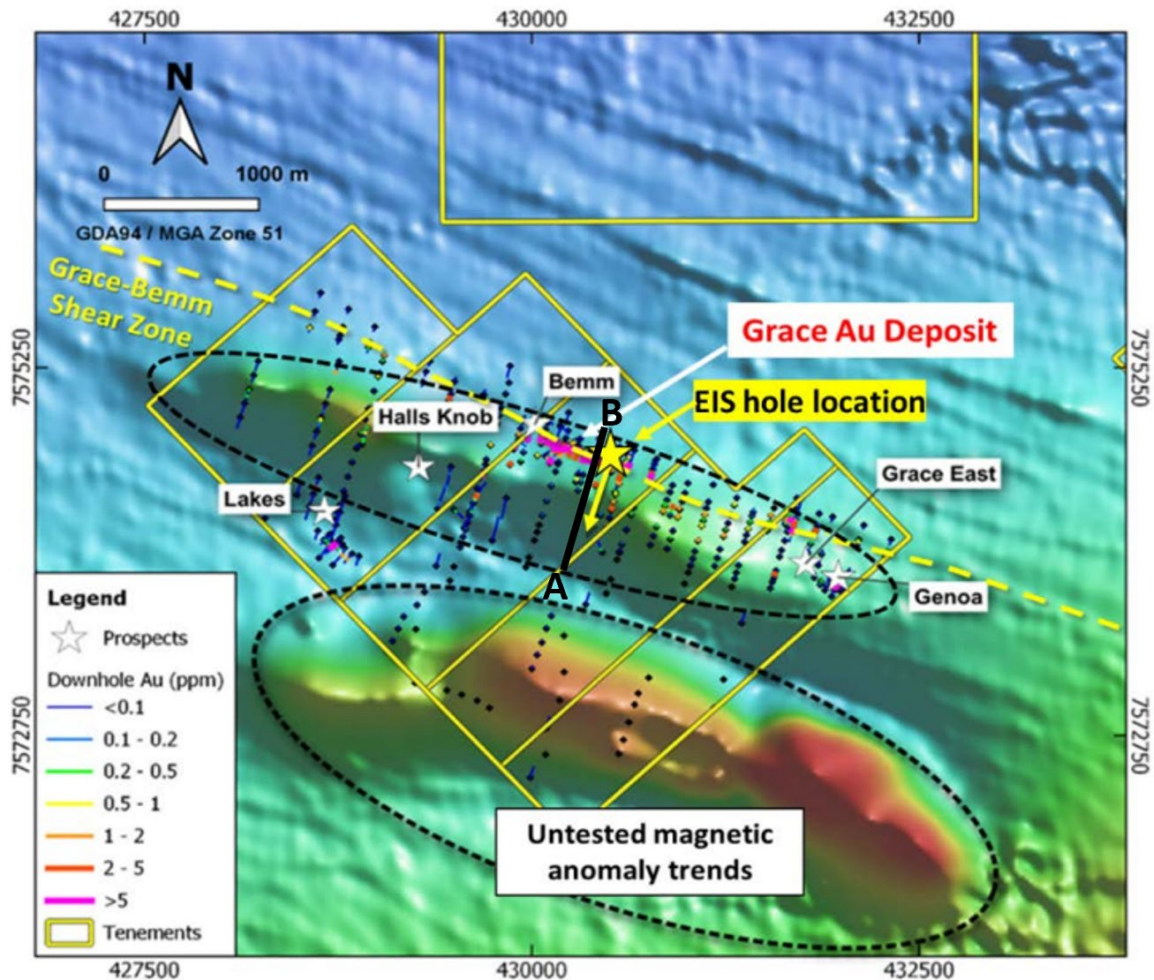
**Figure 3** shows the location of PDD0001 along with historic drilling in the project area. Mineralisation intercepted in PDD0001 within the felsic intrusive at 762.3m is highly encouraging. Anomalous gold is associated with pervasive silicic alteration at the contact of the intrusive and extends further into the felsic unit. Further assaying has been undertaken to understand the full extent of the mineralisation.

The presence of gold mineralisation is considered highly encouraging. The felsic unit has significant zones of pervasive chlorite-magnetite alteration which likely give rise to the characteristic magnetic trends seen at the Grace Project and which is underlaid by several historic high grade gold hits.

Preliminary interpretations suggest the felsic intrusive and alteration system is potentially driving the hydrothermal fluid flow up the rock profile and depositing secondary gold mineralization in zone of silicic-carbonate rich breccia zones that have previously been intersected at the Grace Project.



This hypothesis highlights multiple other high priority, largely unexplored, magnetic highs near to the Grace Project that will be tested in the upcoming drilling program.



**Figure 3:** Map of EIS hole location at the Grace Project with the Historic Drilling.

### Grace Project Drilling program

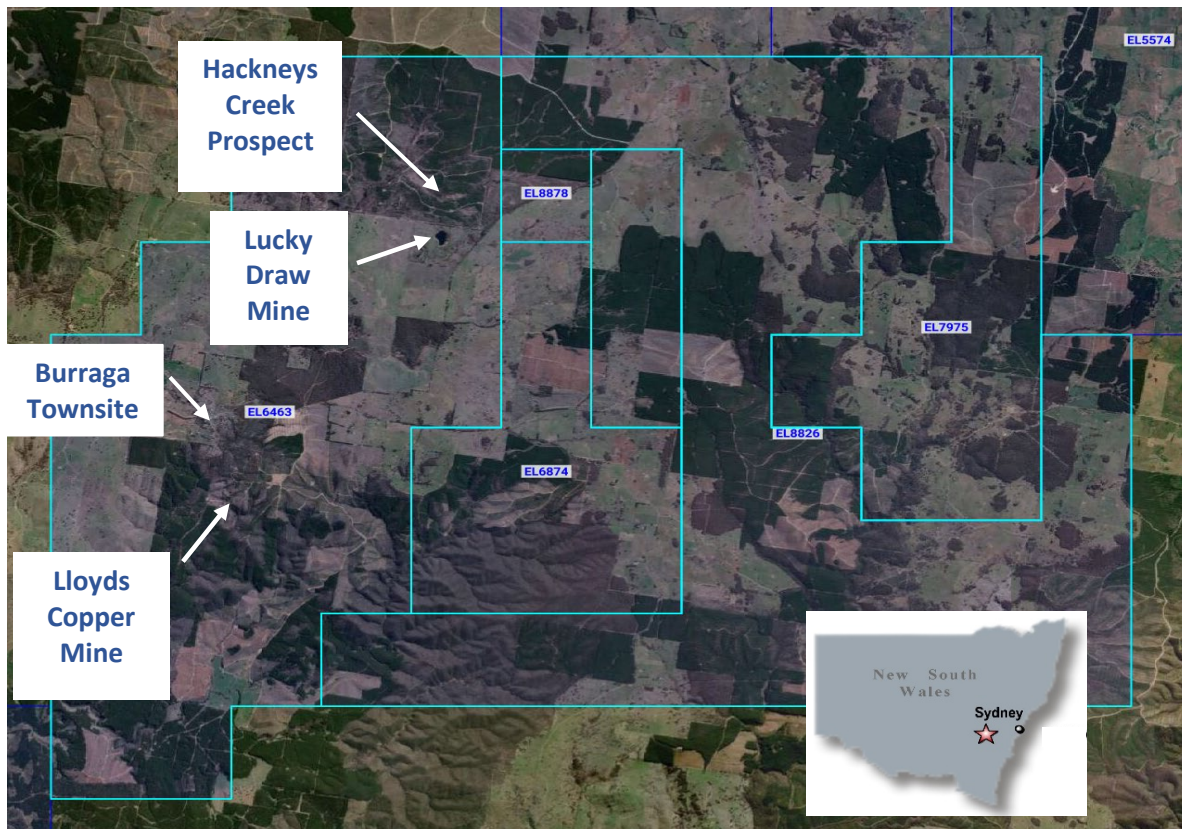
Encouraged from the results of the 2021 drilling program, Paterson has planned a 10,000m drilling program at the Grace Project to further extend the known mineralised system along strike and at depth with view to upgrading the mineral resource estimate in the later half of 2022.

The Company is in the process of engaging with the Western Desert Land Aboriginal Corporation ("WDLAC") to undertake ground surveys and access to clear areas for the 2022 drilling season. It is anticipated access surveys will be finalised in the first quarter of 2022.

Further to this, Paterson is conducting contractual discussions with a drilling contractor to undertake the next phase of drilling scheduled to commence in the second quarter of 2022.

## Burrage Project

An RC drilling campaign targeting extensions of copper mineralisation at the Lloyds copper project is being planned which will target shallow and potentially high-grade extensions to the south and east of the historically mined Lloyds copper deposit. The deposit was mined in the late 1800's and since then there has been minimal modern exploration.

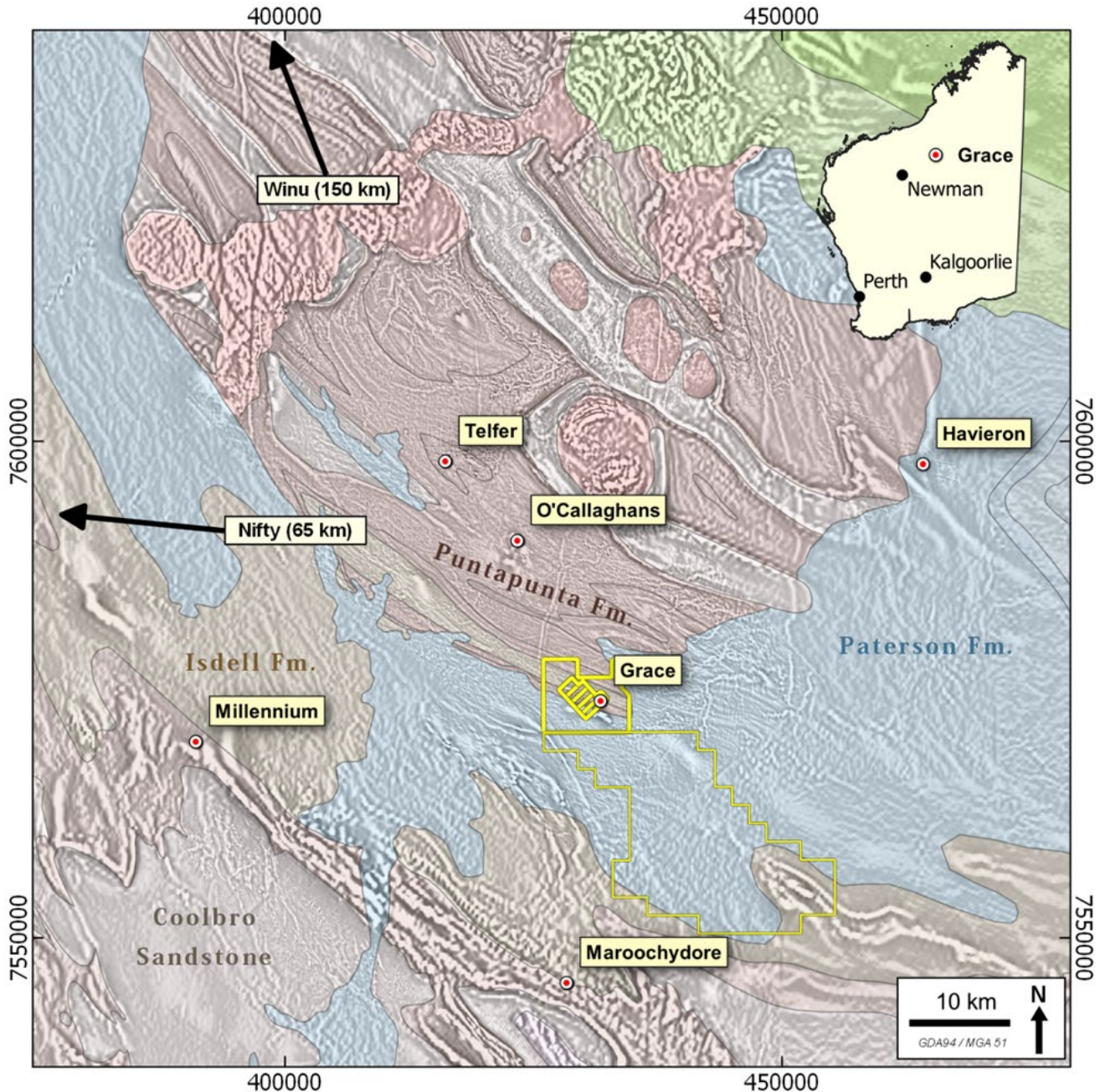


**Figure 4:** Map of the Burrage Project showing the location of the Lloyds Copper Project.



### Grace Project Location

The Grace Gold-Copper Project is located in the heart of the Paterson Province, where multiple major exploration groups including Rio Tinto, Newcrest and Greatland Gold, are actively exploring within the region. Significant discoveries proximal to Paterson's Grace Gold-Copper Project include Havieron to the north-east, Maroochydore to the south and world-class Telfer located 25km northwest.



**Figure 6:** Map showing the location of the Grace Copper-Gold Project and Paterson Resources tenements (yellow outline), and nearby significant gold-copper deposits over an image of Paterson Province geology draped over a filtered magnetic anomaly image.

## **Corporate**

During the quarter, the Company completed the issue of 22,222,222 listed options (Placement Options), being the free attaching option for every one (1) placement shares issued to the participants in the September 2021 Placement. The Listed Options are exercisable at \$0.105 each on or before 30 September 2023 (ASX: PSLOD).

The allotment of Placement Options was approved by the shareholders at the Company's Annual General Meeting (AGM) held on 29 November 2021 and the Company lodged a Prospectus for the issue of the Placement Options on 17 December 2021.

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

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

### **ASX Listing Rule 5.3.1**

Exploration and Evaluation expenditure during the quarter was \$53k. which was spent on completion of the grace drilling program and on planning for upcoming drilling programs at grace and at the Burruga Project in NSW. Expenditure on the companies Pilbara licences was focused on firming up potential drilling targets.

### **ASX Listing Rule 5.3.2**

There were no substantive mining production and development activities during the quarter.

### **ASX Listing Rule 5.3.5**

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

<b>Related Party</b>	<b>Amount</b>	<b>Description</b>
Directors	\$87,500	Periodical fees paid to Directors and/or Director related entities
Director	\$	Exploration consulting fees paid to a Director/Director related entities

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

### Mining tenements held at the end of the Quarter and their location

Project Name	Location		Tenement Licences	Interest held by Group
Bellary	WA		E47/3578	100%
Hamersley	WA		E47/3827	100%
Elsie North	WA		E45/5020	100%
Cheela	WA		E08/2880	100%
Grace	WA		E45/4524	100%
Grace	WA		P45/2905	100%
Grace	WA		P45/2906	100%
Grace	WA		P45/2907	100%
Grace	WA		P45/2908	100%
Grace	WA		P45/2909	100%
Grace	WA		E45/5130	100%
Burruga	NSW		EL6463	100%
Burruga	NSW		EL6874	100%
Burruga	NSW		EL7975	100%
Burruga	NSW		EL8826	100%

**1. The mining tenement interests acquired during the quarter and their location**

Not applicable.

**2. Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter**

Not applicable.

**3. Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter**

Not applicable.



**COMPETENT PERSON'S STATEMENT:**

The information in this announcement that relates to exploration results is based on and fairly represents information reviewed or compiled by Mr Matt Bull, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Bull is a Director of Paterson Resources Limited. Mr Bull has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bull has provided his prior written consent to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

**Disclaimer**

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Paterson operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside Paterson Resources (PSL) control. The Company does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of PSL, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement. This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by PSL. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

## Appendix 5B

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

Name of entity

Paterson Resources Limited

ABN

45 115 593 005

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(53)	(100)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(140)	(247)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(192)</b>	<b>(347)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(49)
	(d) exploration & evaluation	(393)	(863)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(393)</b>	<b>(912)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,204
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	(a) Payment of interest from the issue of convertible debt securities	-	-
	(b) Proceeds from the Less than Marketable Parcel Sale Facility	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,204</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,739	2,208
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(192)	(346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(393)	(912)



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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,204
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,154</b>	<b>2,154</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,154	2,739
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,154</b>	<b>2,739</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(88)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

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

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(192)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(393)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(585)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,154
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,154
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>4</b>
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

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

Answer: N/A

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

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: The Board of Paterson Resources Limited  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.