ASX ANNOUNCEMENT 31 July 2023

Quarterly Activities Report
Quarter Ended 30 June 2023

HIGHLIGHTS

Grace Gold-Copper Project, Paterson Province, Western Australia

- Detailed 3D modeling completed of Grace gold-copper deposit encompassing extensive pXRF assays to assist with drill planning.
- Drill planning for follow-up RC drilling completed with field crew mobilised to site to commence 5,000m RC drilling campaign.
- A total of 6 holes for 1,675m have now been completed with drilling ongoing.
- Extensive field mapping program commenced to coincide with drill program.

Burraga Copper-Gold Project, Lachlan Fold Belt, New South Wales

- Assays from soil sampling survey covering the Callinore copper-gold project returned outlining a discrete copper anomaly with values up to 1,325 ppm copper extending over a 1,500m strike length and up to 800m wide.

Pilbara Gold & Base Metal Projects, Western Australia

- Soil sampling program completed at Elsie North project targeting prospective contact between Yigalong Granitoid Complex and Euro Basalt.
- Multiple gold in soil anomalies, peaking at 578 ppb gold, extend over a strike length of 1,300 meters which remain open to the south and are coincident with strong aeromagnetic features.
- Gold in soil anomalism sited along strike of the historic Elsie Gold Mining Camp.
- Lithium anomalism, peaking at 109.5 ppm lithium, identified along contact of Yigalong Granitoid Complex with Euro Basalt
- Field mapping program was undertaken to ground check source of gold and lithium anomalism.

Grace Gold-Copper Project, Paterson Province, Western Australia

The Grace Gold-Copper Project is in the heart of the highly prospective 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 Project include the Havieron gold-copper deposit to the north-east where Greatland Gold recently reported a 5.5 million ounce gold resource, Cyprium Metal's Maroochydore copper prospect to the south and the world-class 30-plus million ounce Telfer Gold-Copper Mine, owned by Newcrest, located 25km northwest.

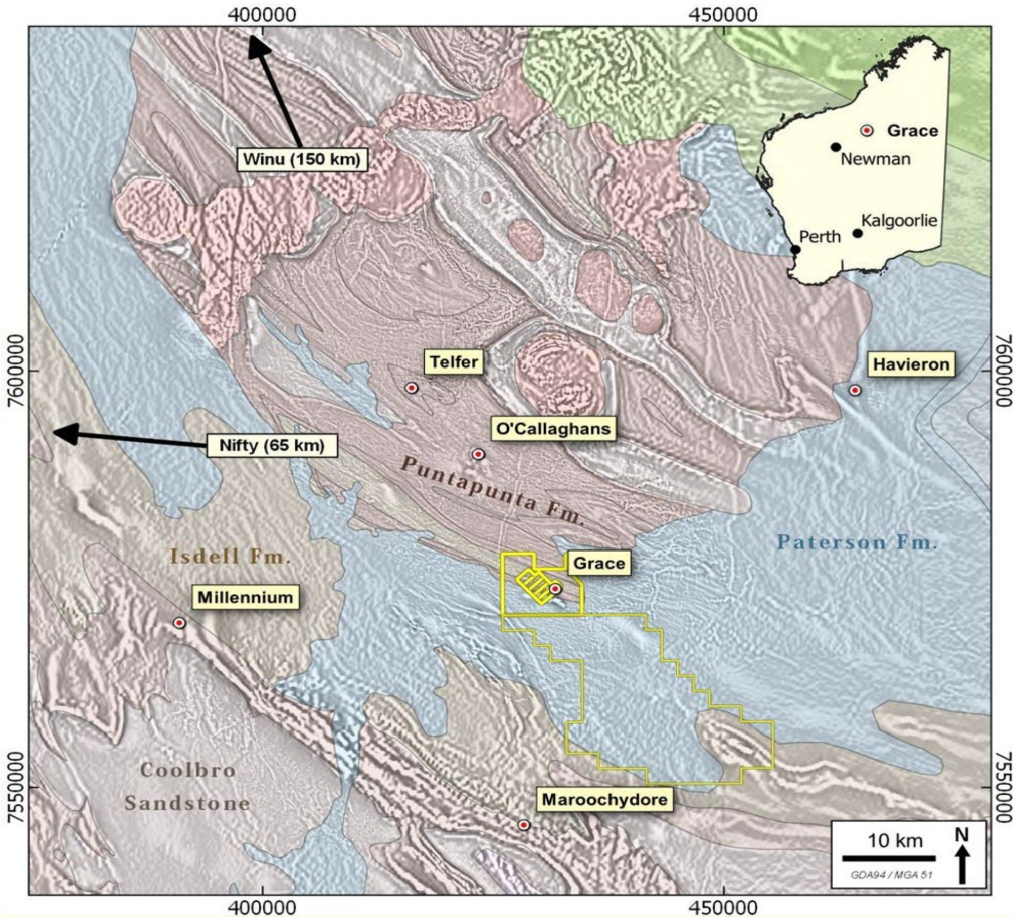

Figure 1: Locality map shopping prominent gold and copper deposits in the Paterson Province

During the reporting period, Paterson's technical team completed detailed 3-dimensional (3D) modelling of the geology and gold-copper mineralisation at Grace incorporating assay results from the comprehensive handheld pXRF analysis of the assay pulps from the Phase 2 RC drilling. The modelling has been instrumental in refining drill planning for the upcoming RC drilling program.

The Paterson field crew were mobilised to the Grace site in late June to set up camp and commence drill pad preparation in anticipation for the drilling program.

A program of approximately 5,000m has been planned to target strike and plunge extensions to the high-grade intersections intercepted in the 2022 drilling program (Figure 2), including:

- **15m @ 4.03g/t Au** from 77m ***including 6m @ 9.3g/t Au*** from 79m and **31m @ 3.13g/t Au** from 145m ***including 7m @ 11.0g/t Au*** from 148m (PRC0024)
- **19m @ 1.23g/t Au** from 104m ***including 2m @ 5.9g/t Au*** from 106m and **41m @ 2.56g/t Au** from 143m including ***4m @ 9.2g/t Au*** from 143m and ***3m @ 8.7g/t Au*** from 176m (PRC0025)

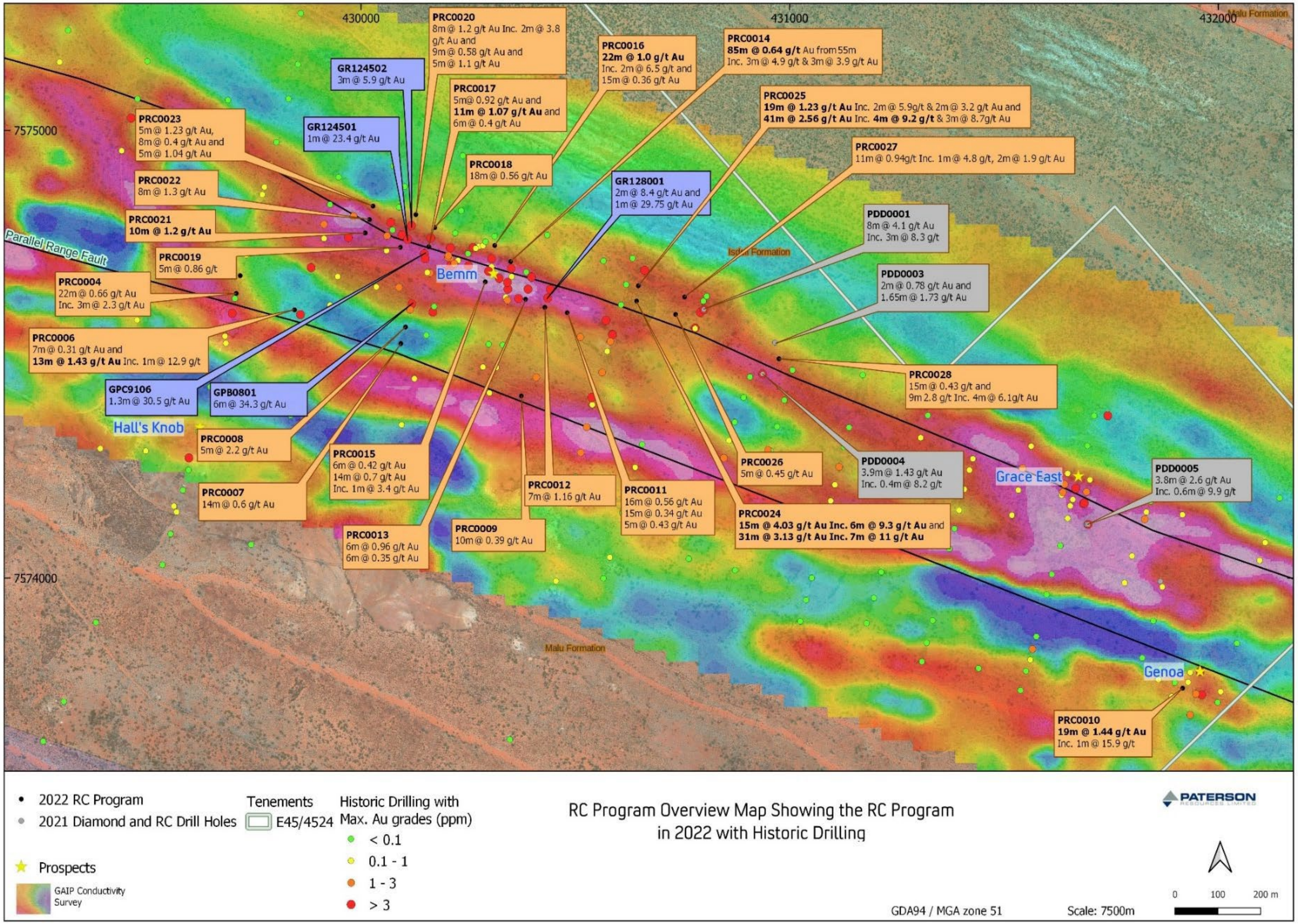

Figure 2: Overview map showing all holes drilled with their significant intercepts

Future Work

Work expected to be undertaken during the next Quarter includes:

- Complete 5,000m RC drilling.
- Complete all drill hole rehabilitation.
- All samples expected to be returned by the end of the September 2023 Quarter with results to be incorporated into the 3D model.
- Complete field mapping program over the Grace deposit and surrounding areas, expected to be completed by the end of July 2023. Incorporate field mapping into the 3D geological model.
- Undertaken reconnaissance soil sampling over priority regional targets along strike of Grace deposit. Anticipated to be completed by August 2023.
- Undertake further heritage surveys to complete an extensive resource drill out of the Grace deposit. A submission has been made to Jamukurnu Yapalikurnu Aboriginal Coporation to undertake a work program clearance. This is anticipated to be undertaken in the second half of the 2023 calendar year.

Burraga Copper-Gold Project, Lachlan Fold Belt, New South Wales

Various workers previously proposed an exhalative or volcanic hosted massive sulphide (VHMS) model for the Burraga copper-lead-zinc-gold mineralisation. This interpretation is based on the largely stratiform nature of the mineralisation housed in a sequence of volcanoclastic rocks.

Recent studies on the mineralisation and alteration in and near the historic Lloyds Copper Mine have suggested that the Burraga deposits may represent structurally controlled, deep, low sulphidation epithermal copper-gold grading to a carbonate-base metals mineralised system which in turn may be part of a larger porphyry system. The geological model for the formation of this mineralisation style is illustrated in Figure 3. The evidence for a porphyry system at Burraga includes the presence of deep, low sulphidation epithermal mineralisation, monzonite dykes, skarnoid rocks, and biotite (potassic) alteration.

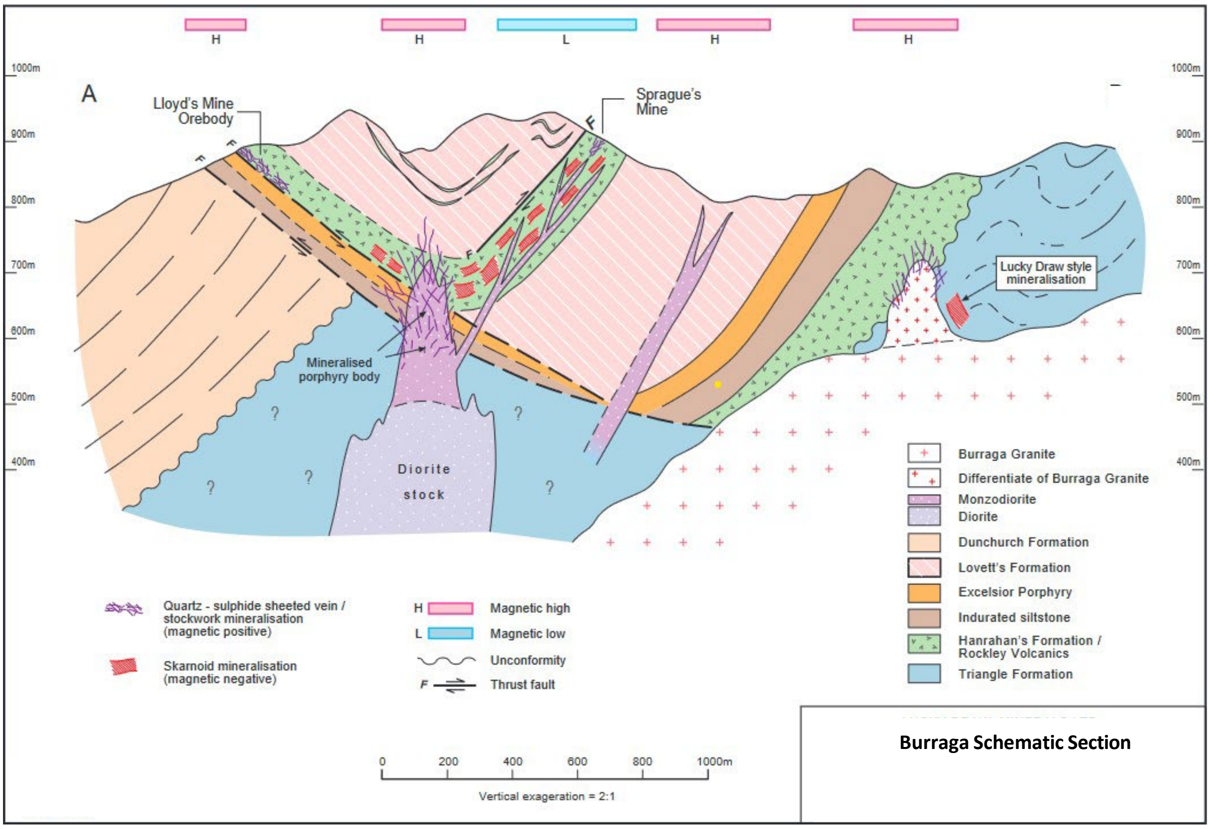

Figure 3: Geological model for the formation of copper-lead-zinc-gold mineralisation at Burraga

The Company's technical team identified three highly prospective targets (Figure 4) along strike of the Lloyds copper mine on EL6463 that were the focus of a soil sampling survey during the Quarter.

Callinore Prospect

The Callinore Prospect is a newly defined target on EL6463, located just over six kilometres from the historic Lloyds Copper Mine. The Prospect has been highlighted from anomalous copper-lead-zinc- in-soils undertaken by previous explorer, Platina Developments in the late 1960's which was coincident with a strong induced polarisation anomaly outlined from ground geophysical surveys completed at the time.

The new prospect is located along the regionally significant Callinore Fault. This significant structural corridor extends further south, hosting the Lloyds copper mine, and may present a possible pathway for metalliferous-bearing fluids from a deep-seated porphyry source.

Three historical diamond drill holes were completed by Platina in 1969 designed to test the bedrock source of mineralisation, with grades peaking up to 1.52% copper, 0.49% zinc and 0.24% lead.

During the recent soil geochemical survey, a total of 158 soil samples were collected from the "B" soil horizon along available cleared road verges at 50m intervals, traversing the length of the priority Callinore target.

Samples were submitted to ALS Global laboratories in Orange for low-level gold and multi-element analysis using an Aqua Regia digest and ICP-MS finish.

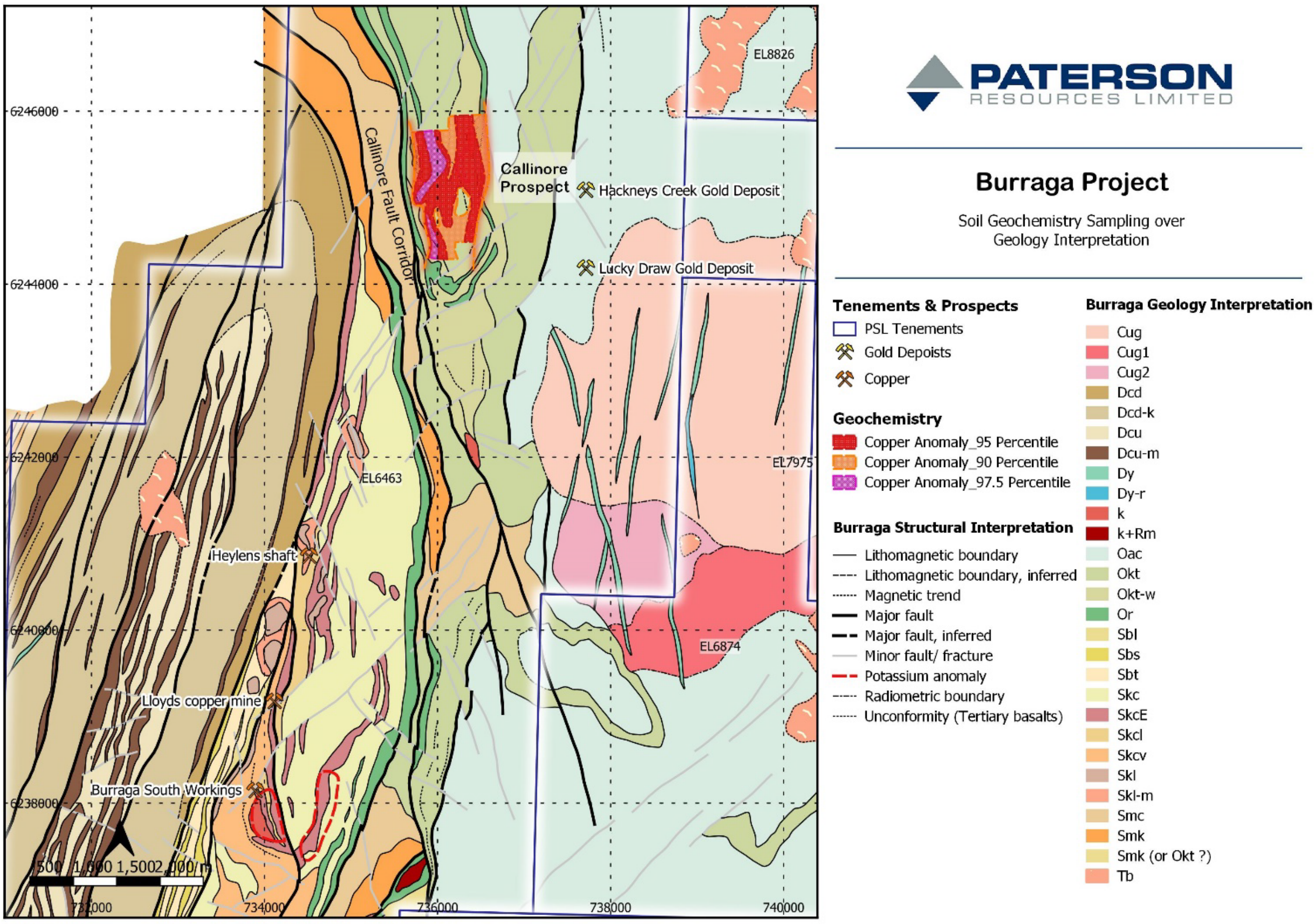

Figure 4: Geological setting and location of copper in soil anomalism at the Callinore Prospect

Copper Anomalism

From the 158 samples collected a total of 5 samples returned values above the 97.5 percentile, peaking at 1,325ppm copper.

The distinct copper-in-soil anomaly extends for a strike of 1,500m over widths up to 800m and remains open along strike in both directions (Figure 4 and Figure 5). The anomaly runs parallel and within close proximity, to the regionally significant Callinore structural corridor which could present a potential fluid pathway for mineralizing brines.

Interestingly, the peak copper-in-soil anomaly coincides with a zone of demagnetization (Figure 5). The alteration processes that often accompany mineralisation can subdue, or even completely destroy a lithology's usual magnetic signature.

Demagnetization is often associated with porphyry copper mineralisation with the alteration process destroying magnetite.

The coincident copper-in-soil anomaly represents a high-priority target for further delineation to progress the area to drill-ready status. Further infill sampling will be conducted along with a ground geophysical survey, anticipated for Q4 of the 2023 calendar year.

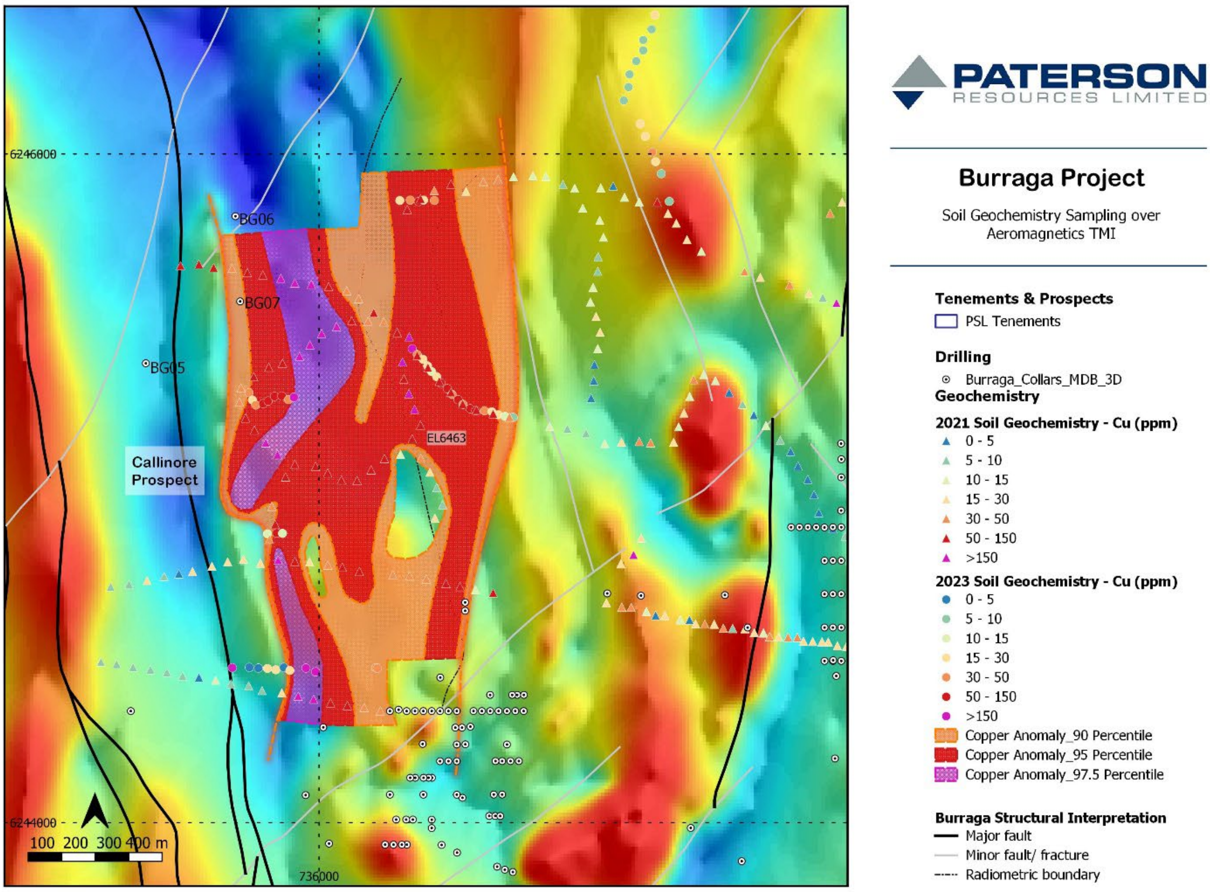

Figure 5: Copper in soil results at Callinore prospect at the Burraga project over regional aeromagnetics

Future Work

Moving forward the Company will:

- Continue with 3D geological mapping and modelling of mineralisation to aid with drill targeting.
- Submit work approval to NSW Resources Regulator for drill clearance.
- Plan additional RC drilling to target high-grade copper mineralisation at Lloyds deposit.
- Plan further infill geochemical sampling and follow-up ground geophysical surveys to cover the Callinore prospect.

Bellary Project, Pilbara

A reconnaissance geochemical soil survey was undertaken over an interpreted ultramafic at Bellary targeting potential nickel-sulphide mineralisation. A total of 81 samples were collected on a nominal 50m by 200m grid spacing focused on the contact zones with the underlying mafic basalt. Samples were submitted to ALS Laboratory in Perth for multi-element geochemical analysis.

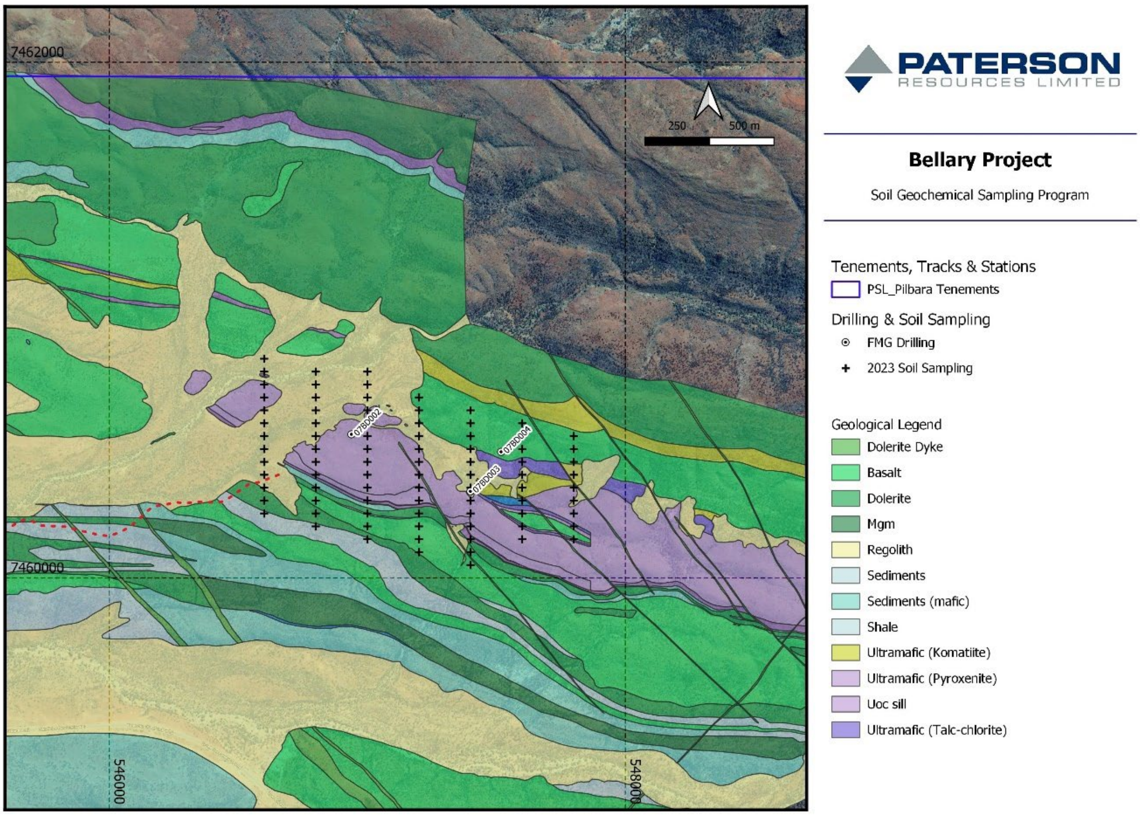

Figure 6: Soil geochemical sampling program at Bellary with interpreted 1:10k geological map

Future Work

Paterson's priority at its Pilbara Projects is to assess each tenement and advance priority targets towards drill-ready status which will include the following:

- Analyse results from Bellary soil geochemical sampling program.
- Plan further infill sampling to define possible anomalism.
- Undertake additional exploration activities including ground geophysical EM surveys if warranted to progress target to drill-ready status.

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:

ASX Listing Rule 5.3.1

Exploration and Evaluation expenditure during the quarter was $348k, the majority of which was spent on the drilling programs at grace project, and tenement renewal costs at Burraga.

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:

Related Party	Amount	Description
Directors	$112,625	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 Plains	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%
Burraga	NSW		EL6463	100%
Burraga	NSW		EL6874	100%
Burraga	NSW		EL7975	100%
Burraga	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 asa 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	Quarter ended ("current quarter")
45 115 593 005	30 June 2023

Consolidated statement of cash flows			Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers			
1.2	Payments for			
	(a)	exploration & evaluation	(32)	(233)
	(b)	development	-	-
	(c)	production	-	-
	(d)	staff costs	-	-
	(e)	administration and corporate costs	(334)	(549)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		3	7
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	-
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(363)**	**(775)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities	-	-
	(b)	tenements	-	-
	(c)	property, plant and equipment	-	-
	(d)	exploration & evaluation	(316)	(1,642)
	(e)	investments	-	-
	(f)	other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(316)**	**(1,642)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,625
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	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**1,625**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,264	1,377
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(363)	(775)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(316)	(1,642)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,625
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**585**	**585**

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	585	1,264
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**585**	**1,264**

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	(113)
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.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	N/A	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(363)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(316)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(679)
8.4	Cash and cash equivalents at quarter end (item 4.6)	585
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	585
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	**1**

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.

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: Yes.

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: The Company completed a capital raise of $2 million in the last quarter, of which $375k (Director participation) will be received, subject to shareholders' approval. The Company has the ability to raise further funds to support its ongoing activities through capital raising initiatives, as it has successfully done in the past.

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:	Yes, the board is confident that the Company will be able to raise sufficient funds to enable the company to continue its operations.

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2023

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.