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PATERSON RESOURCES LTD

ABN 45 115 593 005

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2021

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CORPORATE DIRECTORY

Board of Directors

Nick Johansen	Non-Executive Chairman
Matthew Bull	Executive Director
Kenneth Banks	Non-Executive Director

Secretary

Ms Sarah Smith

Registered Office

Level 1, 1 Altona Street
West Perth WA 6005

Website: www.patersonresources.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: PSL)

Auditors

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

Solicitors

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

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

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

Country of Incorporation

Paterson Resources Ltd is domiciled and incorporated in Australia

DIRECTORS' REPORT

Your Directors present their report for the consolidated entity consisting of Paterson Resources Ltd (formerly known as Hardey Resources Limited) ("PSL" or "the Company") and the entities it controlled ("the Group") for the half-year ended 31 December 2021.

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2021 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. Directors were in office for this entire Period unless otherwise stated.

Director	Position
Nick Johansen	Non-Executive Chairman
Matthew Bull	Executive Director
Kenneth Banks	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration.

REVIEW OF OPERATIONS

Grace Project – Paterson Province, Western Australia

The Grace Project is located in the highly prospective Paterson Range province, home to the world class gold and copper Telfer Mine, operated by Newcrest Mining Ltd located 25km to the north east. The Paterson is also host to a number of other additional major discoveries including Rio Tinto's Winu copper project and the Havieron gold and copper discovery, a joint venture with Newcrest and AIM listed Greatland Gold.

DIRECTORS' REPORT

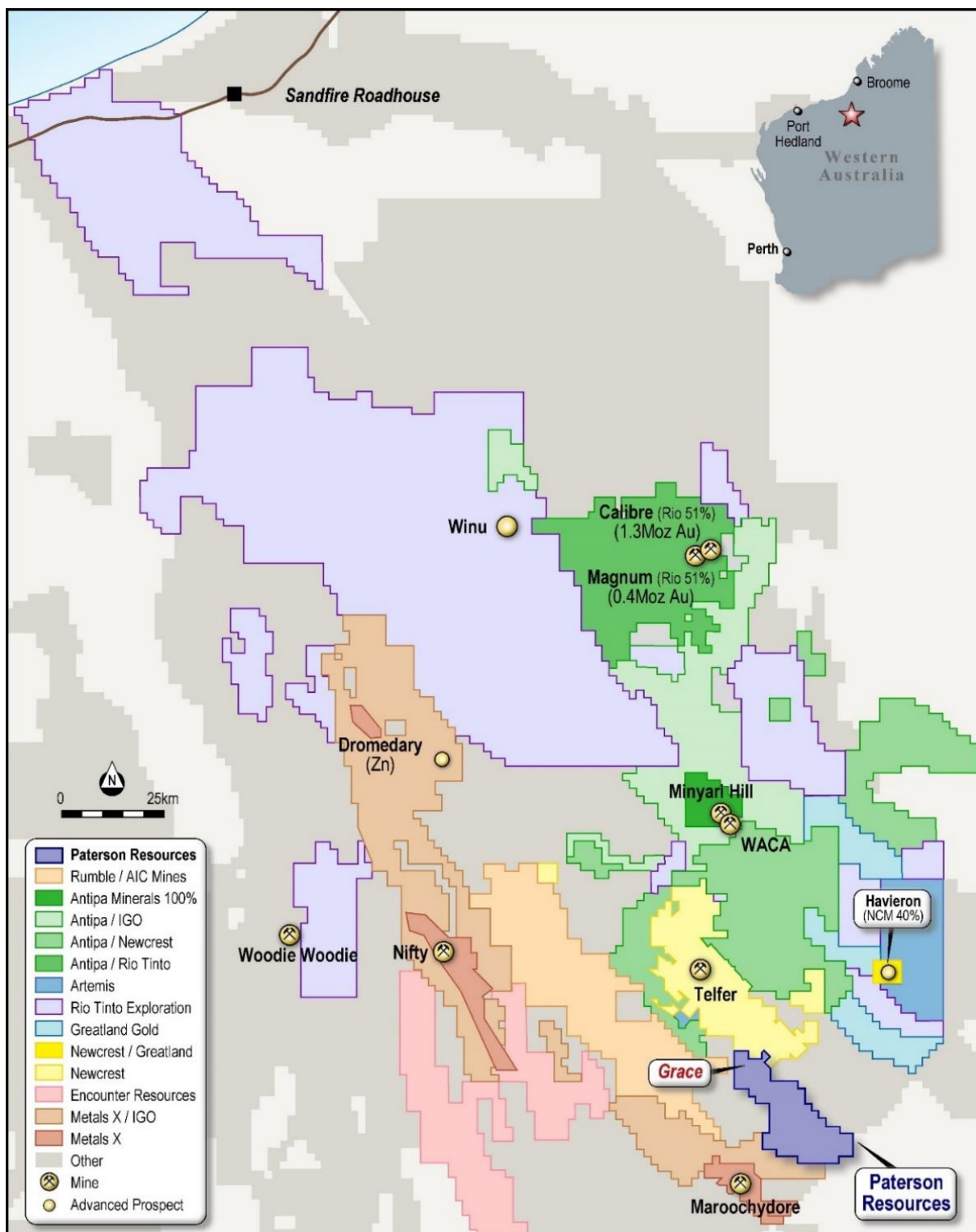


Figure 1: Grace Project Location Map

The Grace Project is comprised of granted prospecting licences P45/2905-2909, exploration licences E45/4524 and E45/5130 (Figure 2).

DIRECTORS' REPORT

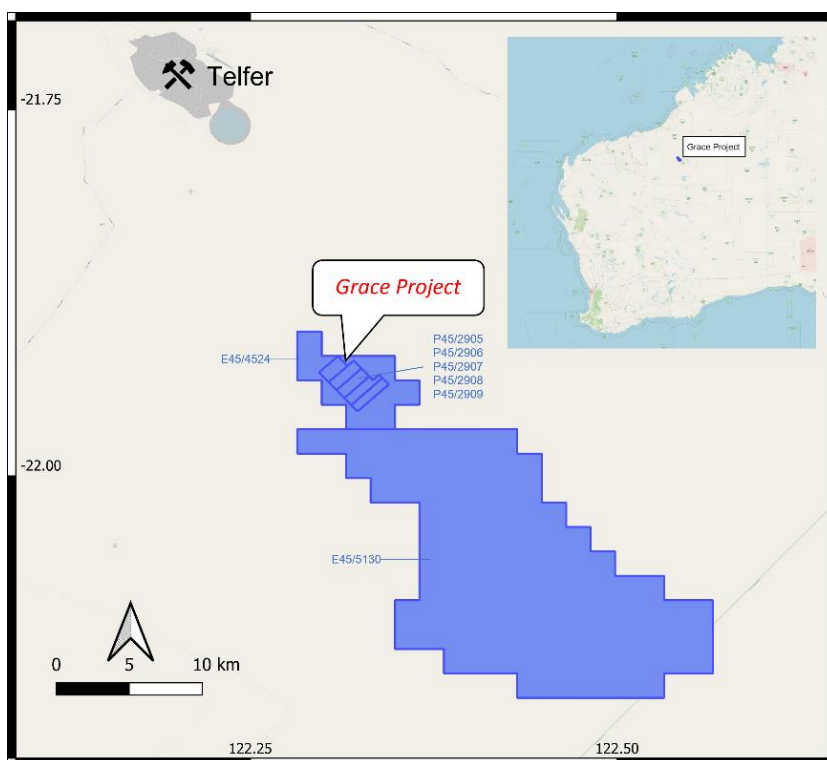


Figure 2: Grace Project Tenement Map

Historically there has been significant exploration activity across the Grace Project area, with a focus on the ground covered by the prospecting licences held by the Company. Work was predominantly completed by Newmont Australia and successor company Newcrest Mining. Newcrest first became involved in the area during the 1970s, before relinquishing the project area in 2015. The area was subsequently licenced to the Company in 2017.

Extensive work was completed by Newmont/Newcrest over that period including desktop studies, prospectivity review and exploration targeting followed by field reconnaissance, rock-chip sampling, soil geochemistry, extensive drilling programmes with diamond, RC, RAB and aircore. In addition, the area was subject to significant Aeromagnetics and airborne gravity survey. All this data is available on open file which the company has accessed and has compiled into a comprehensive exploration database.

Historic drilling at the Grace deposit was limited to 450-500m of strike and 90m across strike to an average depth of 73m. This drilling intersected high grade shallow oxide gold mineralisation in multiple drill holes and the deposit is untested at depth. The historic drilling has allowed the calculation of an inferred mineral resource of 1.59Mt @ 1.35g/t Au for 69,000ozs outlined in Table 1.

Table 1: Grace Mineral Resource Statement

Class	Type	Tonnes (Mt)	Au (g/t)	Ounces (koz)
Inferred	Oxide / Transitional	1.59	1.35	69,000
	TOTAL	1.59	1.35	69,000

The best intercepts for historic drilling in the Grace Project include:

- 10.0m @ 20.95 g/t Au from 6.0m - GPB0801 (RAB)
- 33.0m @ 1.55 g/t Au from 53.0m - GR124502 (RC)
- 12.0m @ 14.38 g/t Au from 56.0m - GR037 (RC)
- 3.1m @ 8.28 g/t Au from 17.1m - GPC9106 (DDH)
- 22.0m @ 1.31 g/t Au from 71.0m - GR124002 (RC)
- 6.0m @ 5.61 g/t Au from 34.0m - GR128001 (RC)
- 4.0m @ 7.04 g/t Au from 38.0m - GR124501 (RC)
- 16.0m @ 2.64 g/t Au from 34.0m - BR8-5 (RAB)
- 4.0m @ 5.13 g/t Au from 30.0m - HK3-4 (RAB)

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DIRECTORS' REPORT

Encouragingly numerous intersections of the shallow mineralisation highlight the potential for a more significant underlying system that has yet to be adequately tested.

During the reporting period, the Company commenced its maiden drilling campaign at the Grace Project. The campaign was designed to test a series of priority targets outlined from recently completed geophysical and geochemical surveys, along with following up significant intercepts from historical drilling that has identified similar styles of mineralisation to the nearby world-class Telfer Copper- Gold Mine (25km north-west) and Havieron Gold Deposit (40km north-east). The main focus of the drilling was on following up these results to better understand the structural relationships of the mineralisation and to better define the geometry of gold mineralisation.

A total of five diamond holes were completed for 1604.8m and one RC hole was drilled for 89.4m. Table 2 lists collar locations for each of the drill holes. Figure 3 illustrates the locations of the drill holes.

Table 2: Drillhole Collar Locations of RC and Diamond Drilling at the Grace Gold-Copper Project

HoleID	HoleType	Depth (m)	Dip	Azimuth	Easting (mE) (MGA94-51)	Northing (mN) (MGA94-51)	RL
PRC0001	RC	89.4	-60.0	202	431865	7573993	297.00
PDD0001	Diamond	879.9	-70.0	196	430800	7574600	297.00
PDD0002	Diamond	149.6	-60.0	202	431693	7574120	297.00
PDD0003	Diamond	248.6	-60.0	202	430966	7574526	297.00
PDD0004	Diamond	149.3	-60.0	202	430937	7574456	297.00
PDD0005	Diamond	177.4	-60.0	330	431696	7574120	297.00

The location of the drill holes completed in 2021 as well as the location of historic drilling is shown in figure 3 showing the extension of mineralisation to the east.

DIRECTORS' REPORT

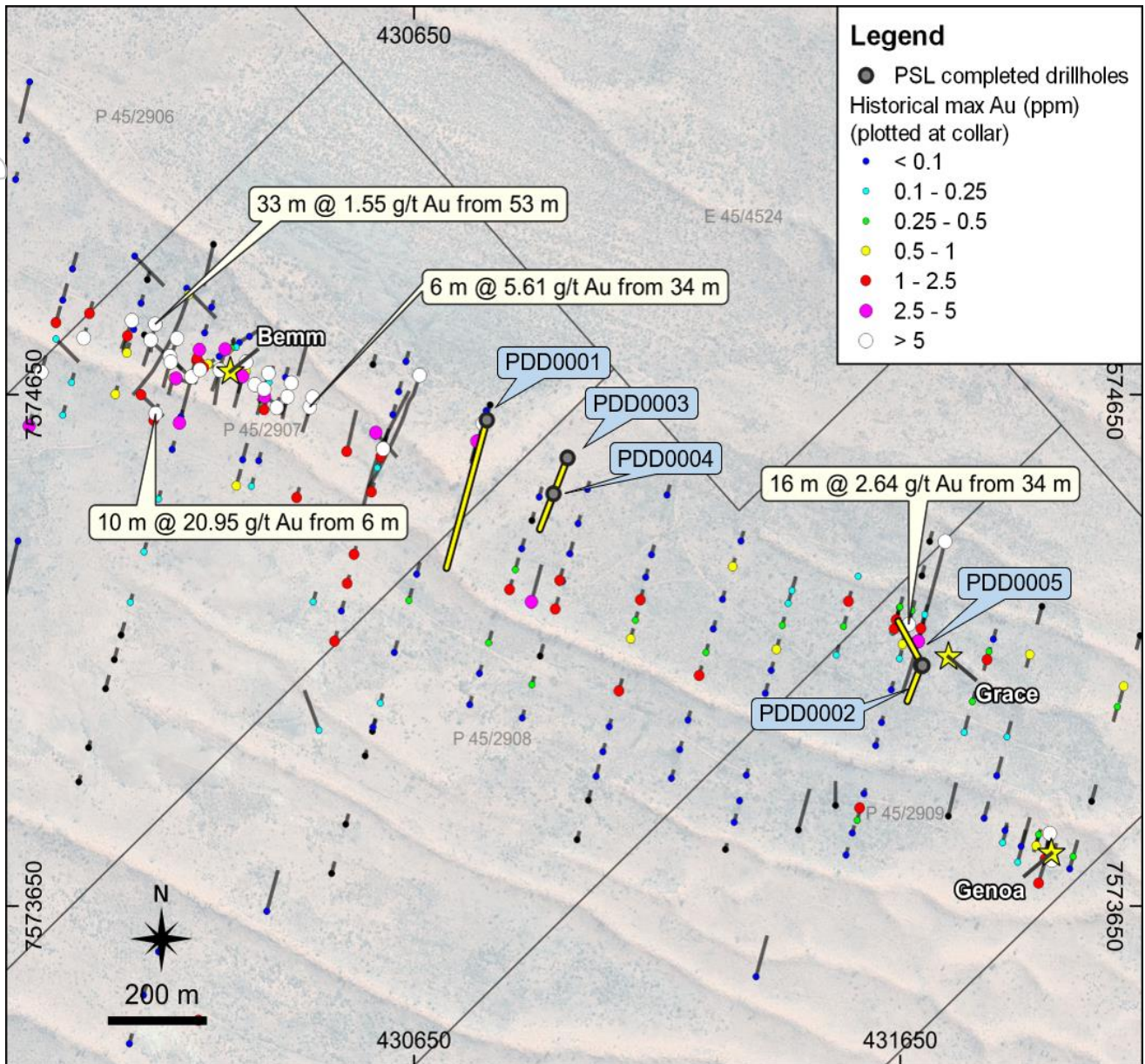


Figure 3 – Location of drill holes completed at the Grace Gold-Copper Project

Significant mineralisation was intersected in four of the five diamond drill holes. Table 3 summarises the significant intercepts.

DIRECTORS' REPORT

Table 3: Significant Gold Intercepts from Drilling at the Grace Gold-Copper Project

Hole ID	Prospect	Depth From (m)	Depth To (m)	Thickness (m)	Au (g/t)
PRC0001	Grace	No significant result			
PDD0001	Grace	203.20	209.00	5.80	1.52
	Including	206.00	207.00	1.00	3.84
	Grace	216.00	224.00	8.00	4.1
	Including	216.00	218	2	8.32
	Including	221.00	224.00	3.00	8.32
	Grace	480.25	481.30	1.05	4.396
	Grace	762.30	765.00	2.70	0.75
	Grace	771.94	775.00	3.06	0.73
PDD0001	Grace	829.00	830.00	1.00	10.183
PDD0002	Grace	No significant results			
PDD0003	Grace	113.20	115.20	2.00	0.78
PDD0003	Grace	123.35	125.00	1.65	1.73
PDD0004	Grace	20.50	24.10	3.60	0.79
PDD0004	Grace	31.70	35.60	3.90	1.43
	Including	35.20	35.60	0.40	8.15
PDD0005	Grace	37.20	41.00	3.80	2.6
	Including	38.20	38.90	0.70	9.93

The Company was awarded a co-funded drilling grant of \$200,000 under the Exploration Incentive Scheme (EIS) from the Government of Western Australia Department of Mines, Industry Regulation and Safety (DMIRS). The grant was used to drill diamond drill hole PDD0001 which was a deep hole designed to test a large magnetic anomaly identified by consultants Resource Potential through reinterpretation and reprocessing of historical airborne magnetic surveys. The anomaly is sited below a broad zone of anomalous gold mineralisation at the Grace/Bemm prospect. (Figure 4) The magnetic target is approximately 2.5km in length and extends below and along strike from the oxide Grace Mineral Resource Estimate. No drilling to significant depth has previously been undertaken to properly test for the source of this northern magnetic anomaly trend. (Figure 5)

The highest grade assays in PDD0001 were from a broad zone of brecciated silica-carbonate altered siltstone returning an all encompassing thick 20.8m @ 2.0g/t Au from 203.2m including 2m @ 3.58g/t Au from 206m and 3m @ 8.32g/t Au from 221m (Figures 6, 7 and 8) coinciding with the regional Grace-Bemm Shear Zone. Gold mineralisation is interpreted to be associated with pervasive sulphidation (arsenopyrite ± pyrite) hosted within the silicic-carbonate breccia matrix and finely disseminated into the host rocks. The host rocks are interbedded siltstone/dolomite units of the Isdell Formation.

Importantly, the source of the large magnetic anomaly at depth was determined to be a magnetite-rich felsic intrusive (predominantly granite). Pervasive silicic-rich alteration with associated moderate brecciation forms near the contact with blebby to massive sulphide mineralisation (pyrite ± chalcopyrite). Anomalous gold mineralisation is associated with the altered and brecciated contact with the granite with encouraging intercepts of 1.05m @ 4.4g/t gold from 480.25m and 1m @ 7.1g/t gold from 829m including 0.7m @ 10.2g/t gold from 829m.

PDD0001 was lined with PVC casing enabling future downhole geophysical surveying to be conducted in conjunction with the upcoming RC drilling program. With gold mineralisation being closely associated with logged massive sulphide veining and brecciation it is anticipated downhole geophysical surveying will enable off-hole conductors to be modelled aiding with future diamond drill targeting.

DIRECTORS' REPORT

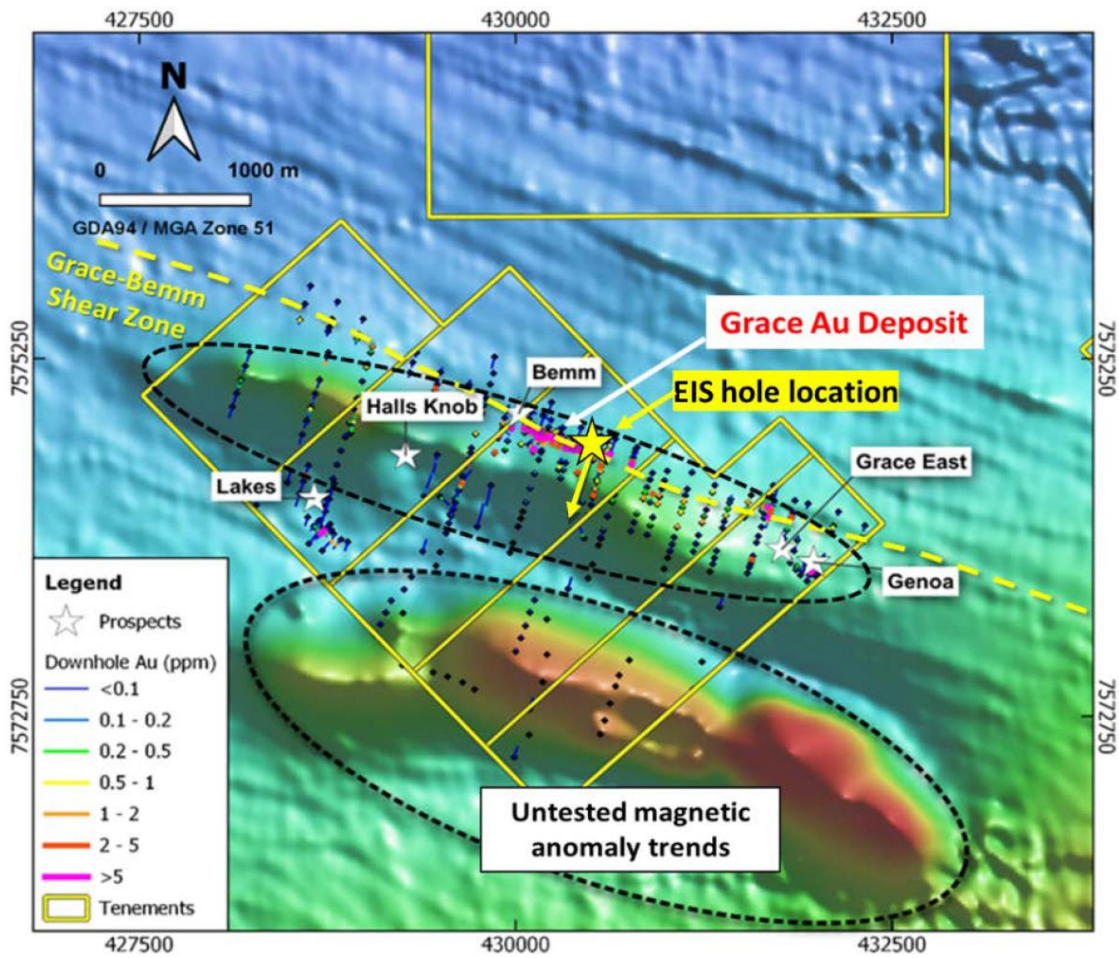


Figure 4: Magnetic intensity map covering the Grace and Bemm Shear zone trend, showing two large untested magnetic anomaly trends, the location of the EIS co funded deep diamond drillhole (PDD0001), historical gold drilling and the outline of the Company’s 100% owned mineral prospecting tenements.

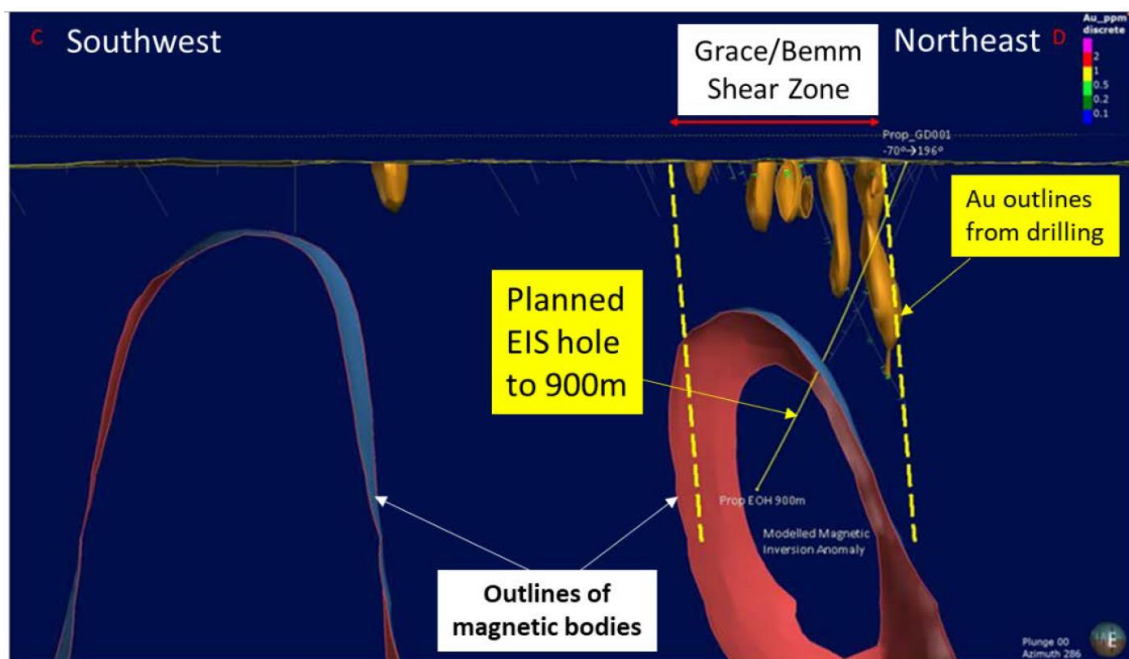


Figure 5: Cross section showing the planned EIS co-funded deep drillhole (PDD0001) crossing the Grace-Bemm shear zone to test the source of the northern magnetic anomaly trend, which sits below anomalous Au and Cu from historical drilling.

DIRECTORS' REPORT

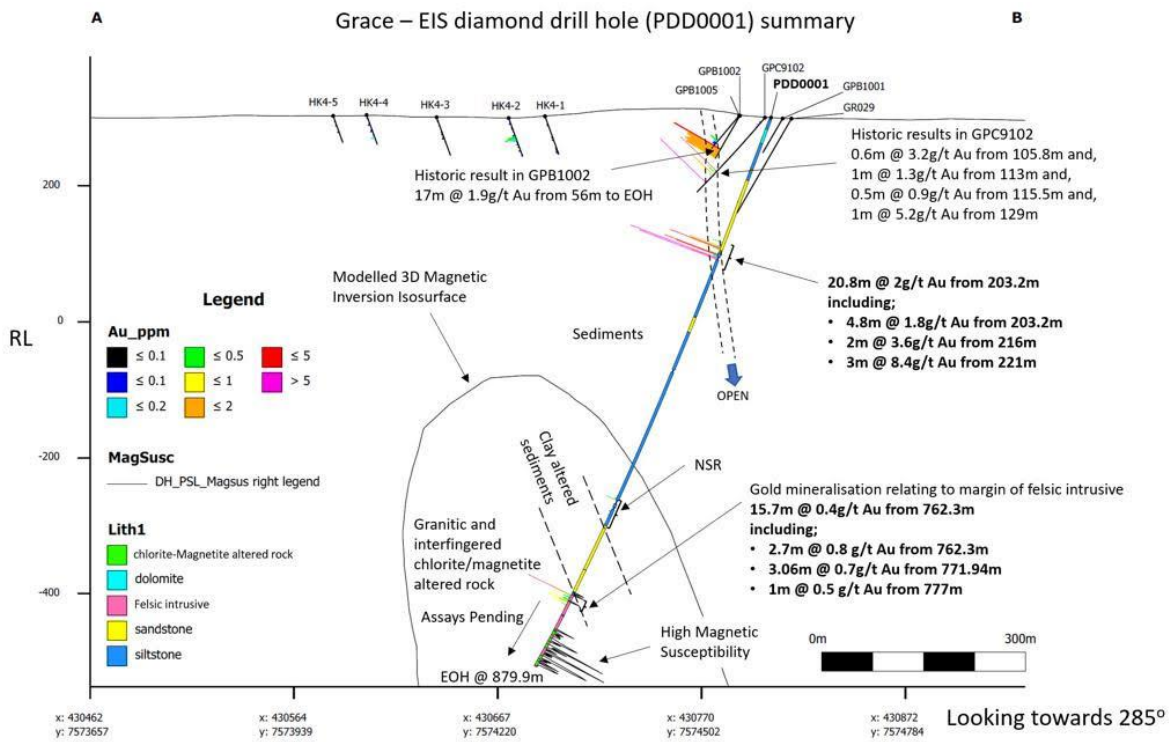


Figure 6: Assay results of the EIS drill-hole PDD001 intersecting the Grace-Bemm shear zone with associated gold mineralisation and intercepting a deep felsic intrusive that appears to be the source of the large magnetic anomaly at depth.

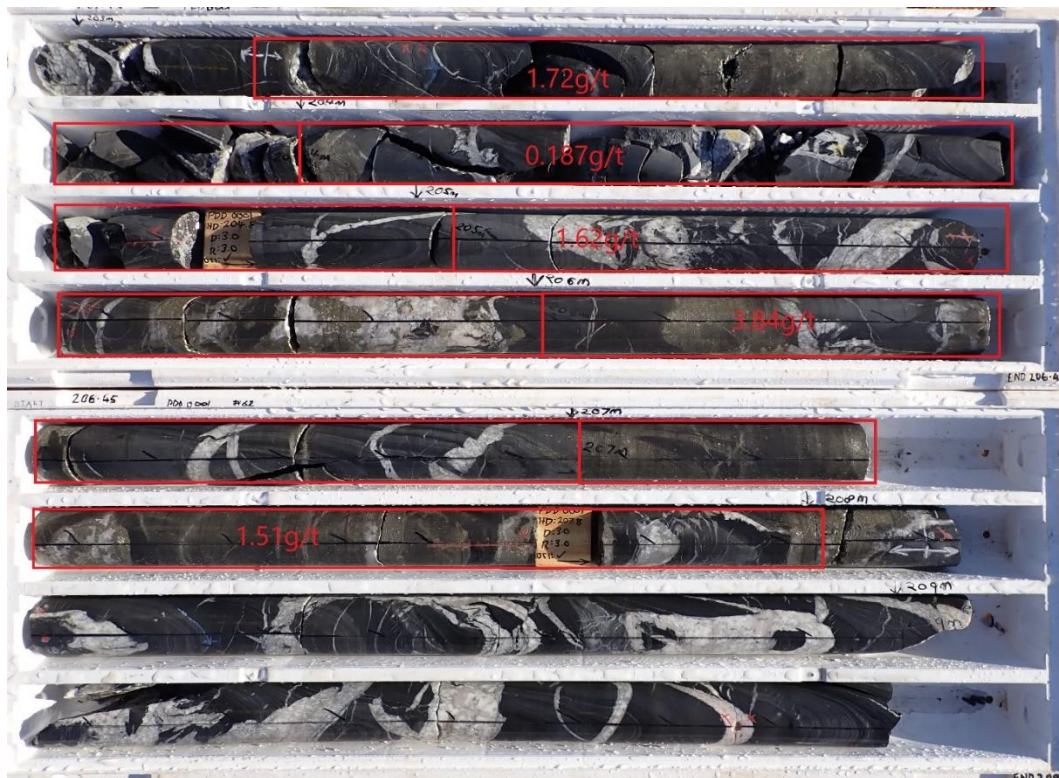


Figure 7: Core from PDD0001 showing quartz-carbonate veining and the gold grades returned from 203.1m to 208m.

DIRECTORS' REPORT

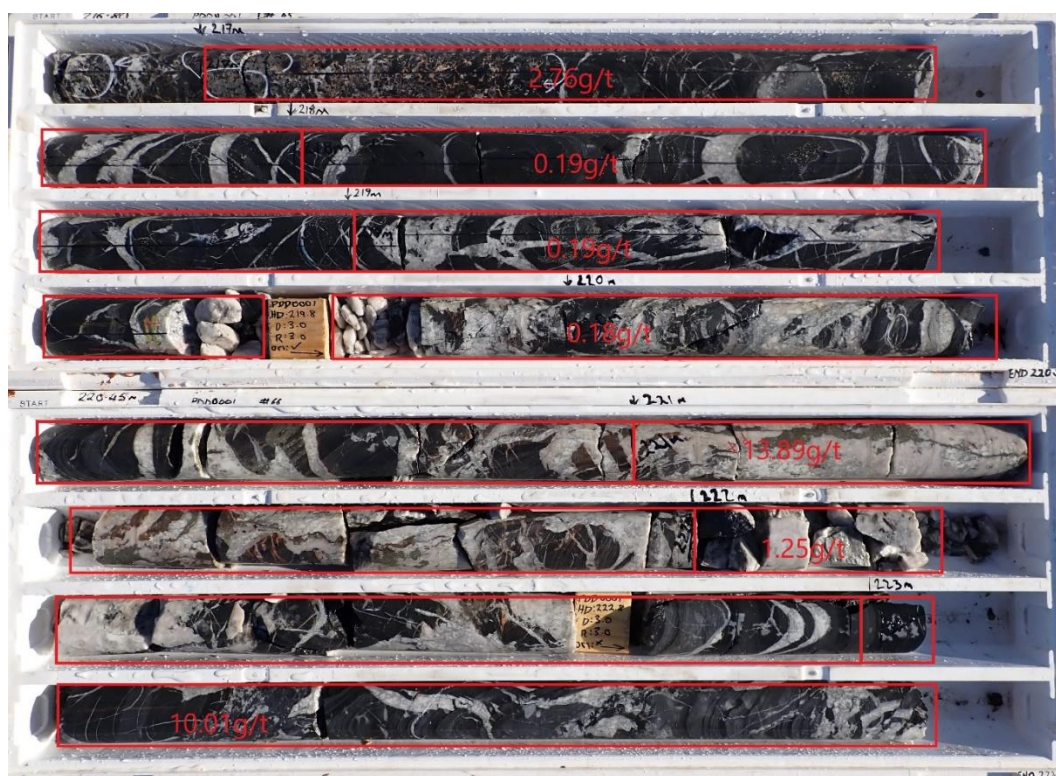


Figure 8: Core from PDD0001 showing quartz carbonate veining and the gold grades returned from 216m to 224m.

Mineralisation intersected in PDD0003 has extended known gold mineralisation southeast along strike of the Grace-Bemms shear nearly 200m.

Furthermore, diamond hole PDD0005 was drilled a further 800m southeast along strike of the Grace-Bemms shear from PDD0003. Minimal historical shallow RAB drilling exists between PDD0003 and PDD0005. The company has highlighted the area between PDD0003 and PDD0005 as a high priority drill target warranting further follow up drilling.

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

Pilbara Gold Exploration Projects – Pilbara Western Australia

During the half-year period, planning for soil geochemical sampling and validation of rock chip sampling programs to identify further drill targets at the Cheela Project, Bellary and Hamersley. These programs are scheduled for completion in the Q1 2022 with drilling to follow in the second half of the 2022 calendar year on priority targets.

Burruga Copper Gold Project – Lachlan Fold Belt, NSW

Field activity on the Burruga project was restricted during the reporting period resulting from West Australian Government's hard border policy related to the COVID-19 pandemic.

DIRECTORS' REPORT

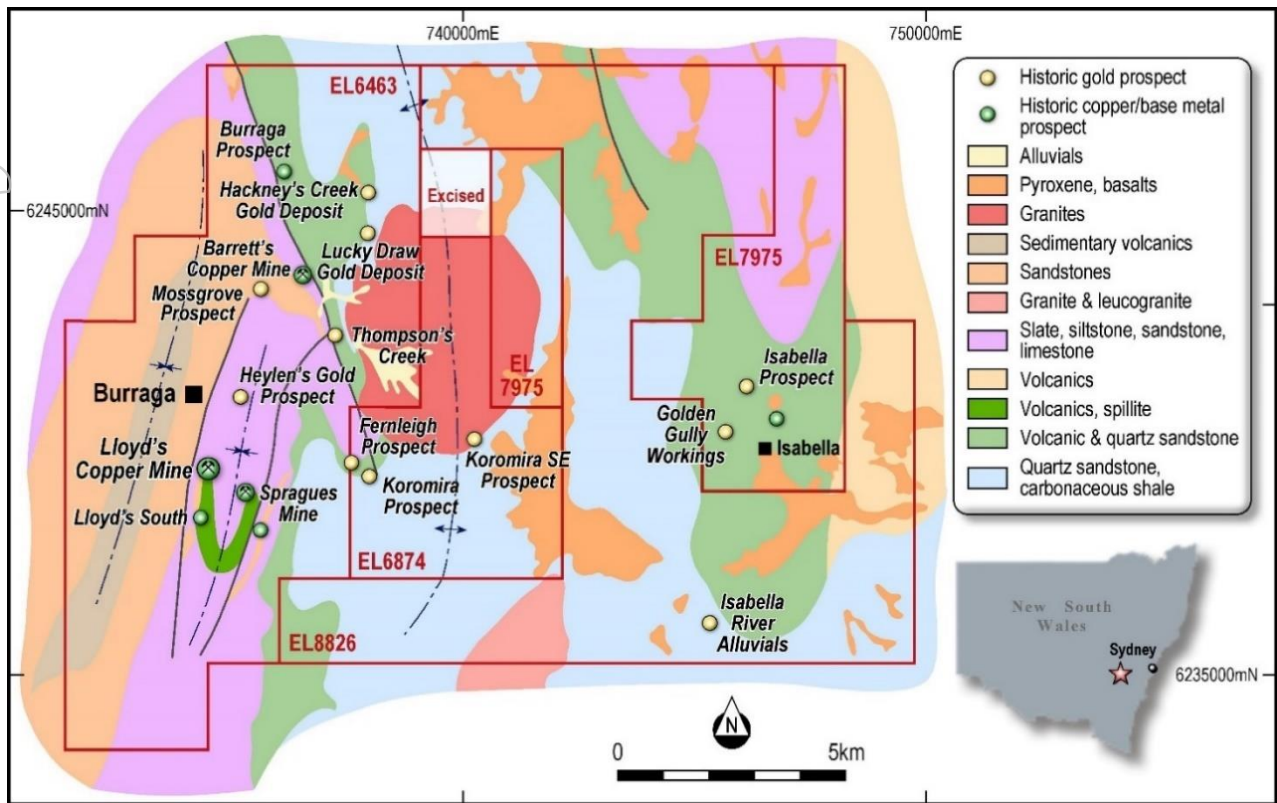


Figure 8: Burraga Project Area

The ongoing review and collection of historic exploration data from by previous explorers has highlighted several undrilled geochemical anomalies similar to the Lucky Draw and Hackneys Creek deposits which are characterised by elevated bismuth stream sampling anomalies in the project area as well as low tenor gold anomalies. Numerous target in the project are largely untested in particular the Isabella Prospect which limited drilling intercepted high grade near surface mineralisation which is yet to be followed up.

Historic exploration data for Isabella Prospect shows a significant stream sediment bismuth anomaly above 3ppm cut-off over an area of 3km by 700m. Limited shallow drilling typically 30-40m in depth conducted in 1989 and 1990 by RGC returned encouraging near surface intervals including;

- IRC008 2m @ 10.1g/t Au from 14 to 16m
- IRC020 7m @ 5.24g/t Au from 3 to 10m
- IRC021 7m@ 4.76g/t Au from 14m to 21m

As part of the comprehensive geological report for the technical section of the entitlement issue prospectus (PSL ASX Ann 22 May 2020 *) was a re-statement of the Lloyd's copper gold resource (Table 4) and also a Gold Resources Estimate for the Lucky Draw and Hackney's Creek gold prospects (Table 5). Paterson is planning on extending the Lloyds copper deposit with an RC drilling program in the second quarter of 2022.

DIRECTORS' REPORT

Table 4 - Lloyds Copper Mineral Resources by model and resource category

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

Table 5 - Lucky Draw and Hackney's Creek Mineral Resources by model and resource category

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

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

The most promising intercepts returned from past drilling carried out by RGC Exploration at Hackneys Creek that were included in the inferred resource estimation are:

- **21.3m @ 9.19 g/t Au from 89m, including 4m @ 40.38 g/t Au from hole LDD309**
- **33.6m @ 2.27 g/t Au from 71.4m, including 5m @ 5.83 g/t Au from hole LXD283**
- **25.0m @ 3.57 g/t Au from 20m, including 4m @ 7.48 g/t Au from hole LXD359**
- **2.0m @ 11.25 g/t Au from 28m from hole LXD 282**
- **16.0m @ 3.30 g/t Au from 34m from hole LRC 353**

DIRECTORS' REPORT

CORPORATE

Capital Raising

On 14 September 2021, the Company issued 22,222,222 fully paid ordinary shares ('Placement Share') at issue price \$0.054 per share, raising \$1,200,000 to support the exploration and resources definition drilling at the Grace project and for working capital.

On 23 December 2021, the Company issued 22,222,222 free attaching options for every one Placement Share subscribed for ("Placement Options"). The Placement Options have an exercise price of \$0.105 and expire on 30 September 2023.

Annual General Meeting

The Annual General Meeting was held on 29 November 2021, with the following resolutions passed by a way of poll:

- Adoption of Remuneration Report
- Election of Director – Kenneth Banks
- Ratification of prior issue of Placement Shares
- Approval to issue Placement Options
- Approval of 10% Placement Facility

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial half-year.

FINANCIAL RESULTS

The financial results of the Group for the half-year ended 31 December 2021 are:

	31-Dec-21	30-Jun-21
Cash and cash equivalents (\$)	2,155,304	2,208,449
Net assets (\$)	19,622,886	20,488,710

	31-Dec-21	31-Dec-20
Revenue (\$)	106	578
Net loss after tax (\$)	(2,065,824)	(572,258)
Loss per share (cents)	(0.63)	(0.21)

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Nick Johansen
Non-Executive Chairman
14 March 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Paterson Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 14 March 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Notes	31-Dec-21 \$	31-Dec-20 \$
Revenue from continuing operations			
Other income		106	578
Administrative expenses		(90,125)	(120,515)
Compliance and regulatory expenses		(59,253)	(120,518)
Corporate advisory and consulting fees		-	(36,000)
Depreciation		(8,125)	(4,433)
Employee benefit expenses		(140,909)	(155,642)
Exploration consulting fees		(9,451)	(20,420)
Finance costs		-	(10,116)
Fair value gain/(loss) on financial assets		-	2,463
Impairment expense	3	(1,747,474)	-
Legal fees		(3,694)	(22,840)
Marketing and investor relations		-	(74,500)
Occupancy costs		(2,600)	(4,620)
Share-based payments expense		-	(2,384)
Other expenses		(4,299)	(3,311)
Loss before income tax expense		(2,065,824)	(572,258)
Income tax expense		-	-
Loss after income tax for the period		(2,065,824)	(572,258)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to members of Paterson Resources Ltd		(2,065,824)	(572,258)
Loss per share for the period attributable to the members of Paterson Resources Ltd:			
Basic and diluted loss per share (cents)		(0.63)	(0.21)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 31 December 2021

	Notes	31-Dec-21 \$	30-June-21 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,155,304	2,208,449
Trade and other receivables		213,129	218,249
Total Current Assets		2,368,433	2,426,698
Non-Current Assets			
Plant and equipment		39,309	47,435
Financial assets at fair value through profit or loss		11,194	11,194
Exploration and evaluation expenditure	3	17,294,402	18,341,473
Total Non-Current Assets		17,344,905	18,400,102
TOTAL ASSETS		19,713,338	20,826,800
LIABILITIES			
Current Liabilities			
Trade and other payables		90,452	338,090
Total Current Liabilities		90,452	338,090
TOTAL LIABILITIES		90,452	338,090
NET ASSETS		19,622,886	20,488,710
EQUITY			
Contributed equity	4	34,161,364	32,961,364
Reserves		5,697,190	5,697,190
Accumulated losses		(20,235,668)	(18,169,844)
TOTAL EQUITY		19,622,886	20,488,710

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

31 December 2021	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2021	32,961,364	5,697,190	(18,169,844)	20,488,710
Loss for the period	-	-	(2,065,824)	(2,065,824)
Total comprehensive loss for the period after tax	-	-	(2,065,824)	(2,065,824)
Transactions with owners in their capacity as owners:				
Issue of shares (Note 4)	1,200,000	-	-	1,200,000
Balance at 31 December 2021	34,161,364	5,697,190	(20,235,668)	19,622,886
31 December 2020	\$	\$	\$	\$
At 1 July 2020	30,453,739	5,822,642	(17,266,216)	19,010,165
Loss for the period	-	-	(572,258)	(572,258)
Total comprehensive loss for the period after tax	-	-	(572,258)	(572,258)
Transactions with owners in their capacity as owners:				
Issue of shares	2,357,625	-	-	2,357,625
Conversion of convertible notes	150,000	(150,000)	-	-
Share-based payments	-	2,384	-	2,384
Balance at 31 December 2020	32,961,364	5,675,026	(17,838,474)	20,797,916

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	31-Dec-21	31-Dec-20
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(401,288)	(731,949)
Interest received	106	578
Interest paid	-	(17,500)
Net cash used in operating activities	(401,182)	(748,871)
Cash flows from investing activities		
Payment for exploration and evaluation expenditure	(851,963)	(397,810)
Net cash used in investing activities	(851,963)	(397,810)
Cash flows from financing activities		
Cash received from less than marketable parcel share sale facility yet to be returned to shareholders	-	131,250
Proceeds from issue of shares	4 1,200,000	2,357,625
Net cash from financing activities	1,200,000	2,488,875
Net increase/(decrease) in cash and cash equivalents	(53,145)	1,342,194
Cash and cash equivalents at beginning of the period	2,208,449	1,955,989
Cash and cash equivalents at end of the period	2,155,304	3,298,183

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 2 SEGMENT INFORMATION

The Group operates in the mineral exploration industry in Australia only.

Given the nature of the Group, its size and current operations, management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Group's management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly, the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Notes to the Consolidated Financial Statements

NOTE 3 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-21	30-Jun-21
	\$	\$
Carrying amount of exploration and evaluation expenditure	17,294,402	18,341,473
At the beginning of the period	18,341,473	17,211,185
Exploration expenditure incurred	700,403	1,130,845
Impairment	(1,747,474)	(557)
At the end of the period	17,294,402	18,341,473

NOTE 4 CONTRIBUTED EQUITY

On 14 September 2021, the Company issued 22,222,222 fully paid ordinary shares at an issue price of \$0.054 per share raising \$1,200,000 ("Placement") to progress the exploration and resources definition drilling at the Grace project, together with one (1) free attaching option for every one (1) Placement Share subscribed for ("Placement Options"). The Placement Options have an exercise price of \$0.105 and expire on 30 September 2023, and were granted on 23 December 2021.

(a) Issued and fully paid

	31-Dec-21		30-Jun-21	
	No.	\$	No.	\$
Ordinary shares	339,258,603	34,161,364	317,036,381	32,961,364

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation

		Issue Price	No.	\$
At 1 July 2021	Opening Balance		317,036,381	32,961,364
14 September 2021	Placement	0.054	22,222,222	1,200,000
	Less capital raising costs	-	-	-
At 31 December 2021	Closing Balance		339,258,603	34,161,364

(c) Options issued during period end 31 December 2021

Class	Grant Date	Date of Issue	Expiry Date	Exercise Price	Number of Options Issued	Forfeited	Exercised
Listed Options	29-Nov-21	23-Dec-21	30-Sep-23	\$ 0.105	22,222,222	Nil	Nil

Notes to the Consolidated Financial Statements

NOTE 5 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2021 (30 June 2021: Nil), and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2021.

NOTE 6 CONTINGENCIES

There have been no changes to contingent assets or liabilities since 30 June 2021.

NOTE 7 COMMITMENTS

There have been no changes to commitments since 31 June 2021.

NOTE 8 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes thereto of the Group, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. Complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended on that date.
 - c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Nick Johansen
Non-Executive Chairman
14 March 2022

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PATERSON RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Paterson Resources Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Paterson Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Paterson Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Paterson Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Perth, WA
Dated: 14 March 2022

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

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