PATERSON RESOURCES LTD

ABN 45 115 593 005

Annual Report for the Year Ended 30 June 2022

Annual Report
For the year ended 30 June 2022

Contents

Corporate Directory

Board of Directors

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

Secretary

Ms Sarah Smith

Registered Office

Suite 11, Level 2
23 Railway Road
Subiaco WA 6008

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

The Directors of Paterson Resources Limited ("PSL" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Paterson Resources Limited and its controlled entities (the "Group") for the financial year ended 30 June 2022.

DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Nick Johansen | Non-Executive Chairman

A solicitor with extensive mining experience, ranging from junior exploration to production, across a range of commodities, Nick has expertise in transactions, resources regulation, native title and environmental law. Nick completed his Graduate Diploma of Legal Practice at Australian National University. In addition, he holds a BA in economics from the University of Adelaide.

During the past three years, Mr Johansen has held the following directorships in other ASX-listed companies:

- Non-Executive Chairman of Orcoda Limited (current).

Matthew Bull | Executive Director

Matthew Bull is a geologist with over 10 years' experience in the mining and exploration industry. He has worked in a wide range of commodities including graphite, bauxite, gold, iron ore, copper and coal. He has considerable experience on the operation greenfield and resource development drilling exploration programs. His previous positions include consultant geologist working on Discovery Africa's Tanzanian Graphite Project and CEO/Chief Geologist at Baru Resources.

During the past three years, Mr Bull has held the following directorships in other ASX-listed companies:

- Non-Executive Director of Lindian Resources Limited (resigned 8 October 2020);
- Non-Executive Director Castillo Copper Limited (resigned 30 April 2020); and
- Non-Executive Director Volt Resources Limited (resigned 9 July 2018).

Kenneth Banks | Non-Executive Director

Mr Banks is a qualified Chartered Secretary and a Fellow of the Chartered Governance Institute. He has held a number of senior management positions notably Chief Financial Officer for two previously ASX-listed mining companies, and Director of an Australian subsidiary company (TWP Australia) which belonged to an internationally listed multi-discipline mining engineering consultancy. He has gained experience in Australia, Indonesia, Zimbabwe, and Brazil by actively participating in the establishment of businesses in all four countries. His most recent position was as General Manager – Corporate, for one of Western Australia's leading mining services businesses, MLG Oz.

During the past three years, Mr Banks has not held any directorships in other ASX-listed companies.

COMPANY SECRETARY

Sarah Smith

Ms Smith specialises in corporate advisory, company secretarial and financial management services. Ms Smith's experience includes company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Ms Smith is a Chartered Accountant and has acted as the Company Secretary for several ASX-listed companies.

Directors' Report

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options	Performance Rights
Nick Johansen	6,666,667	-	-
Matthew Bull	10,000,001	-	4,000,000
Kenneth Banks	-	-	-
Total	**16,666,668**	**-**	**4,000,000**

PRINCIPAL ACTIVITIES

Paterson Resources Ltd (Paterson or the Company) is pleased to release its Inaugural Annual Report to Shareholders for the year ending 2022.
Paterson has a 100% interest in three highly prospective gold and base metal provinces in Australia: the Grace Project in the Paterson Province (WA), the Pilbara Group Projects (WA), and the Burraga Project in the Lachlan Fold Belt (NSW).

The Company's main objectives are to:

- Systematically explore and develop its projects;
- Focus on mineral exploration or resource opportunities that have the potential to deliver growth for shareholders; and
- Implement a growth strategy to seek out further exploration and acquisition opportunities in Australia.

To achieve these objectives, Paterson has undertaken several exploration programs, as outlined herein, designed to test the economic viability of each of the projects. These results are used to determine and appraise the commercial viability and the possible timing for the commencement of further work programs.

REVIEW OF OPERATIONS

Exploration Programs

The Company's current strategy is to conduct exploration programs to advance existing near surface targets at all its projects utilising surface geochemistry, geophysics, and geological mapping, followed by focused drilling.

Paterson's priority exploration targets are prospects at the Grace Project in the Paterson Province, the Lloyd copper deposit and Hackneys Creek and Lucky Draw gold prospects at the Burraga Project, and the regional greenfields exploration potential of the Pilbara Group Projects.

The Company's exploration and project development strategy will use modern exploration techniques to understand and prioritise known exploration targets. Geology and geophysical interpretation, combined with three-dimensional (3D) maps and spatial data modelling techniques will be used to develop and prioritise new regional targets ready for drilling within each of the project areas.

During this period, exploration programs have included soil sampling, photo-geological mapping, target generation, and drilling.

Grace Project – Paterson Province, Western Australia

The Company's priority for focused exploration was at the Grace Gold-Copper Project in the highly prospective Paterson Province, home to Newcrest's world class gold and copper Telfer Mine located 25km to the north-east. The Paterson Range is also host to several other additional major discoveries including Rio Tinto's Winu copper project and the Havieron gold and copper discovery, a joint venture between Newcrest and AIM listed Greatland Gold.

The Grace Gold-Copper Project covers over 345km2 of prospective geology in the Paterson Province. The project has been previously explored by Newcrest Mining which identified outcropping gold and copper mineralisation at the Bemm and Grace Prospects, along with bedrock mineralisation at the Lakes, Genoa and Halls Knob Prospects.

Directors' Report

REVIEW OF OPERATIONS (Continued)

The Grace-Bemm deposit has been drilled along 450-500m of strike and 90m across strike to an average depth of 73m. High grade shallow oxide gold mineralisation commences from surface. 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 (*PSL ASX Announcement 22 May 2020 – Entitlement Issue Prospectus)

*Table 1: Grace Mineral resource statement (*PSL ASX Announcement 22 May 2020 – Entitlement IssueProspectus*)

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

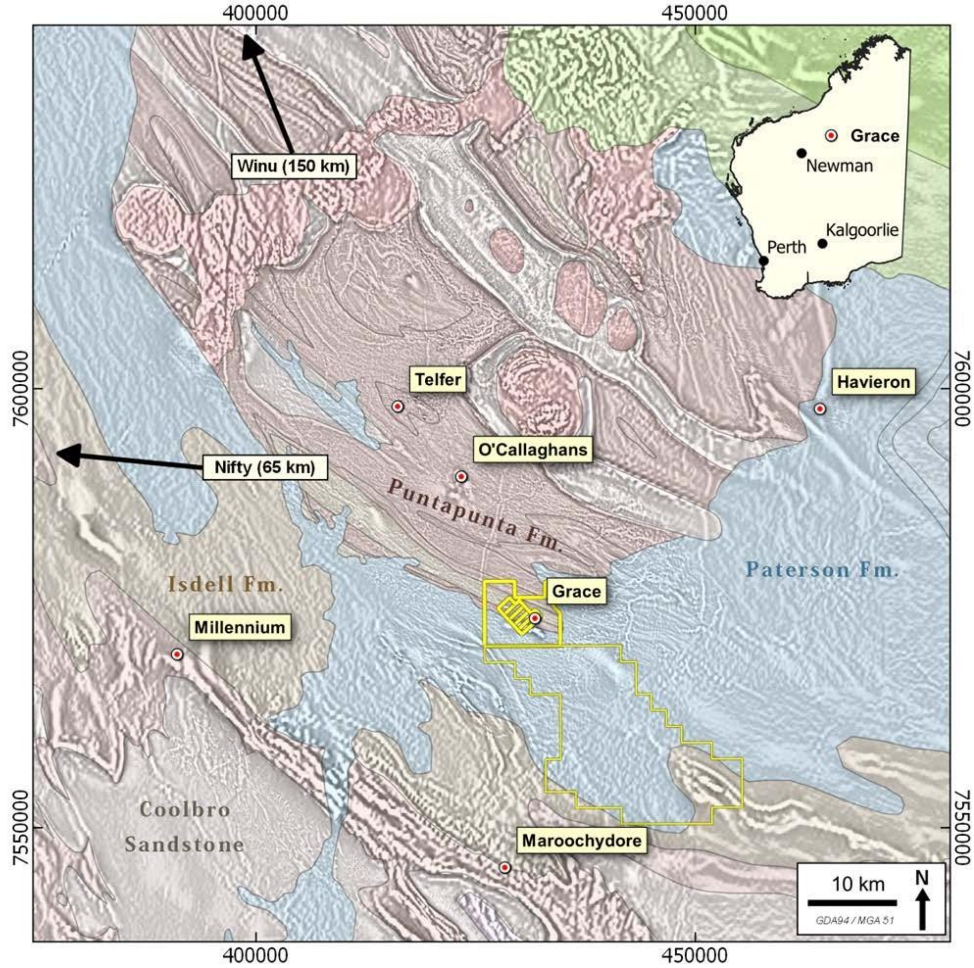

Figure 1: Grace Project Location Map

Directors' Report

REVIEW OF OPERATIONS (Continued)

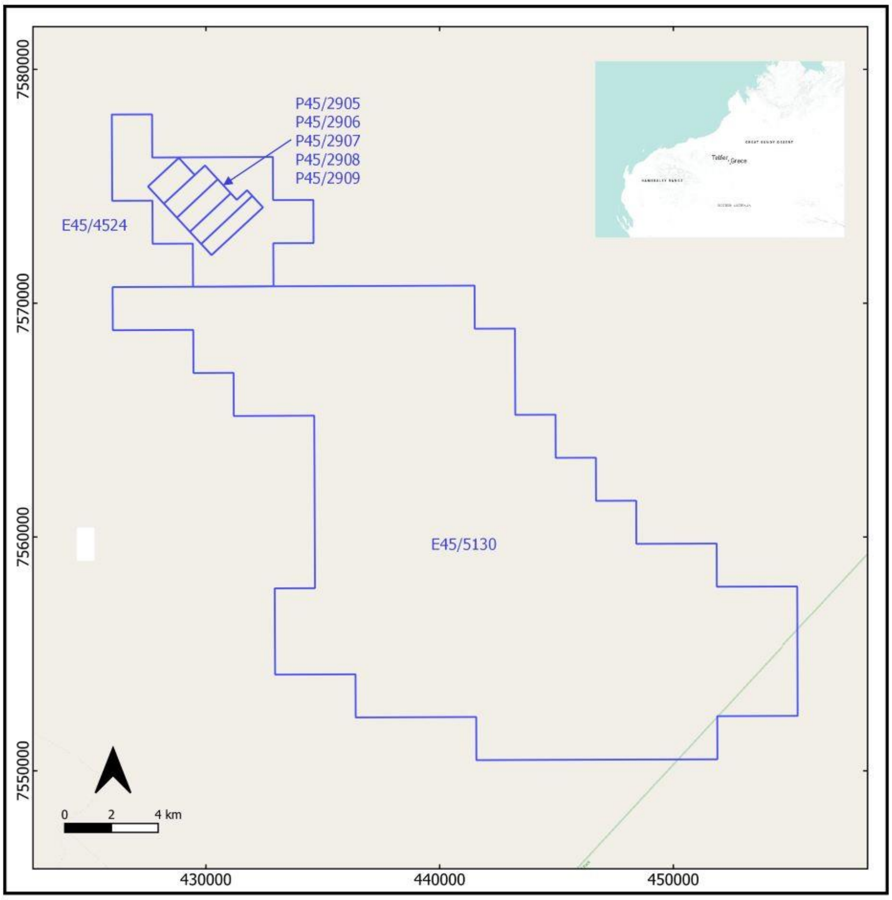

Figure 2: Grace Project Tenement Map

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)

(PSL Entitlement Issue Prospectus – ASX Ann 22 May 2020)

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

During this period, the following activities were undertaken at the Grace Project:

- Orientation soil geochemical survey over the Grace-Bemm trend;
- Diamond drilling along the Grace-Bemm trend;
- Data review and target generation; and
- Native Title heritage clearance.

Directors' Report

REVIEW OF OPERATIONS (Continued)

Soil Geochemical Survey at Grace-Bemm

The Company completed an orientation soil geochemistry survey over the Grace-Bemm shear zone, designed to determine the efficacy of utilising the Mobile Metal Ion – 'MMI' analysis technique offered by SGS laboratory in Perth in identifying known sources of mineralisation in areas of pervasive transported dune cover. A total of 147 samples were collected along 7 lines on a nominal 15m by 200m grid spacing.

Analysis of assays from the MMI survey at the Grace Project has confirmed the technique is successful in defining anomalous gold and copper in regions of transported cover. Clusters of elevated gold, silver and copper in MMI assays are proximal to and run parallel with a high magnetic response.

An elevated coincident MMI response in pathfinder elements (cerium, lanthanum, uranium and lead) suggests primary basement mineralisation may be present along strike in a structural corridor extending for 900m and open along strike to the southeast (Figure 3). Peak MMI responses over the Grace-Bemm shear zone were 11ppb silver, 30ppb arsenic, 21.2ppb gold, 812ppb cerium, 2,940ppb copper, 296ppb lanthanum, 184ppb lead and 392ppb uranium.

Following the success of the orientation soil geochemical survey, additional sampling has been planned to test the Grace-Bemm & Parallel structural corridor, along with testing the southern magnetic anomaly south of the Grace-Bemm prospect that remains relatively under-explored.

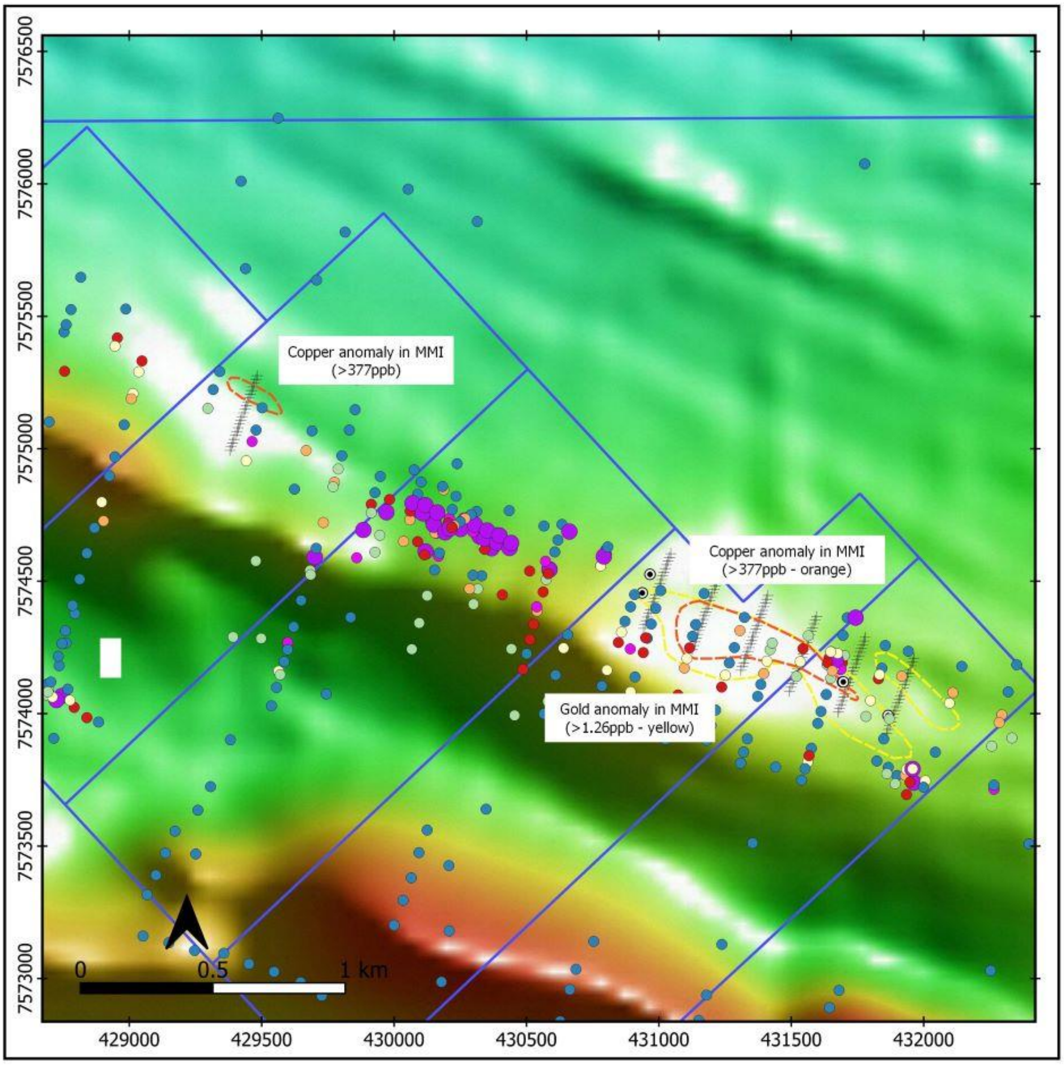

Figure 3: Gold and copper anomalism defined by MMI soil geochemistry

Directors' Report

REVIEW OF OPERATIONS (Continued)

Diamond Drilling at Grace-Bemm

The Company's maiden Phase 1 drilling program at the Grace Project commenced in early September 2021. The program was designed to extend the strike of known gold-copper mineralisation along the Grace-Bemm shear zone, along with testing the source of a strong large magnetic anomaly modelled below the broad zone of anomalous gold mineralisation at the Bemm deposit.

A total of five diamond holes were completed for 1604.8mand 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 RC drill hole – PRC0001 – failed to reach target depth of about 200m due to excessive inflow of water. The drill rig employed for the program was a multi-purpose RC-Diamond combination drill rig. Unfortunately, the contractor didn't have the booster capacity available at the time of the program needed to lift the water from the bottom of the hole. The program was modified from a predominantly RC-based program to a high-priority diamond drilling program. The RC drill holes planned have been allocated to the next drilling campaign which commenced in August 2022.

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

Directors' Report

REVIEW OF OPERATIONS (Continued)

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
	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 coincided with 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) interpreted to be the regional Grace-Bemm Shear Zone. Gold mineralisatoin is associated with pervasive sulphidation (arsenopyrite ± pyrite) 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.

Directors' Report

REVIEW OF OPERATIONS (Continued)

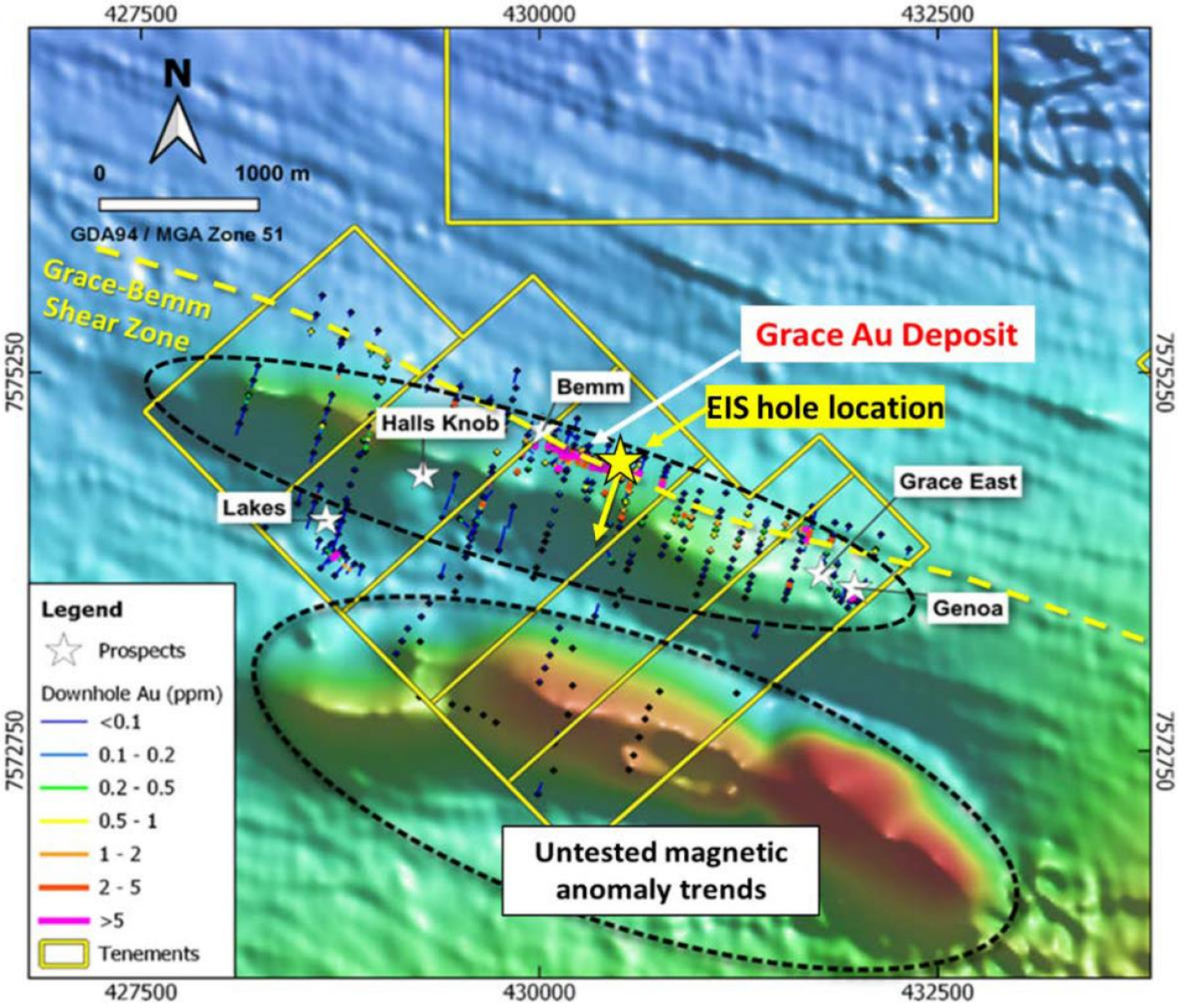

Figure 4: Magnetic intensity map covering the Grace and Bemm Shear zone trend, showing two large untested magnetic anomaly trends, the location of the EIS co funded deep diamond drillhole (PDD0001), historical gold drilling and the outline of the Company's 100% owned mineral prospecting tenements.

Directors' Report

REVIEW OF OPERATIONS (Continued)

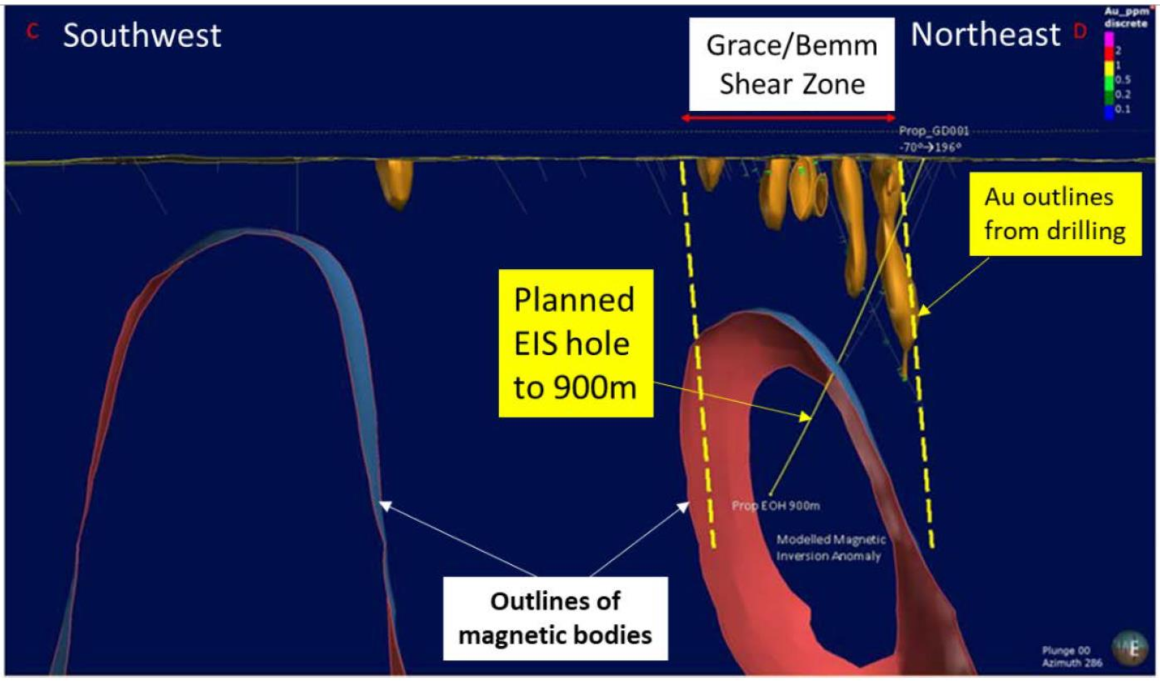

Figure 5: Cross section showing the planned EIS co-funded deep drillhole (PDD0001) crossing the Grace-Bemm shear zone to test the source of the northern magnetic anomaly trend, which sits below anomalous Au and Cu from historical drilling.

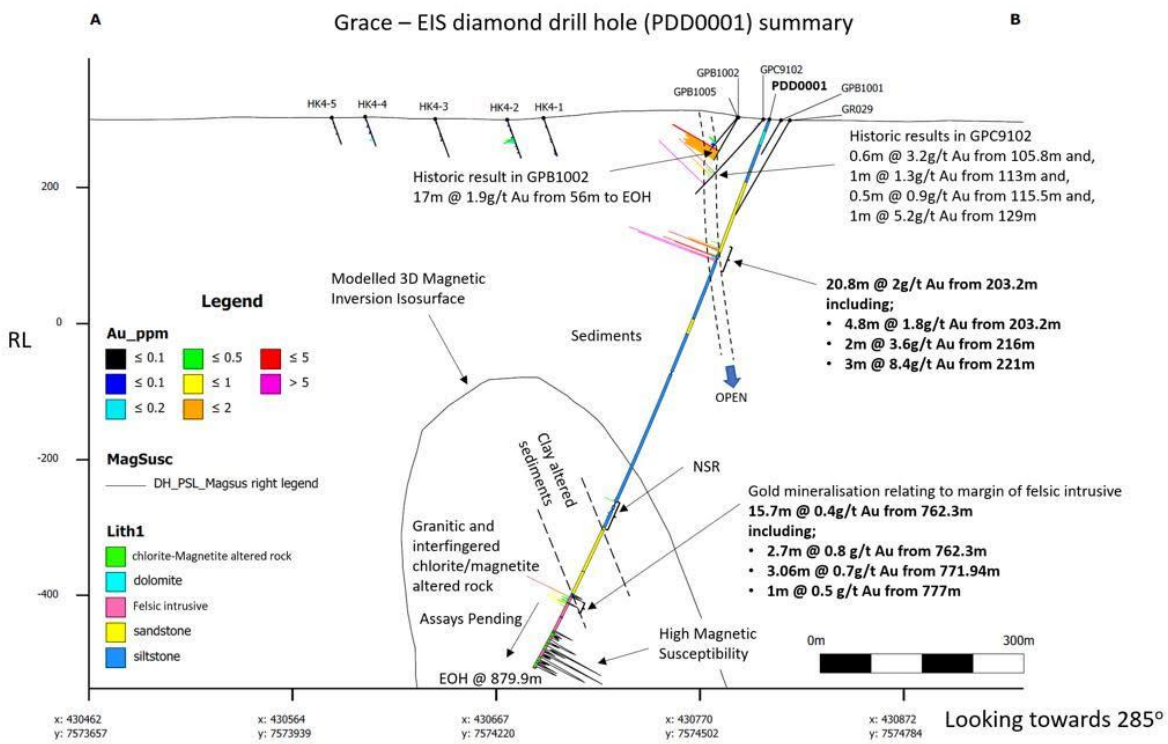

Figure 6: Assay results of the EIS drill-hole PDD001 intersecting the Grace-Bemm shear zone with associated gold mineralisation and intercepting a deep felsic intrusive that appears to be the source of the large magnetic anomaly at depth.

Directors' Report

REVIEW OF OPERATIONS (Continued)

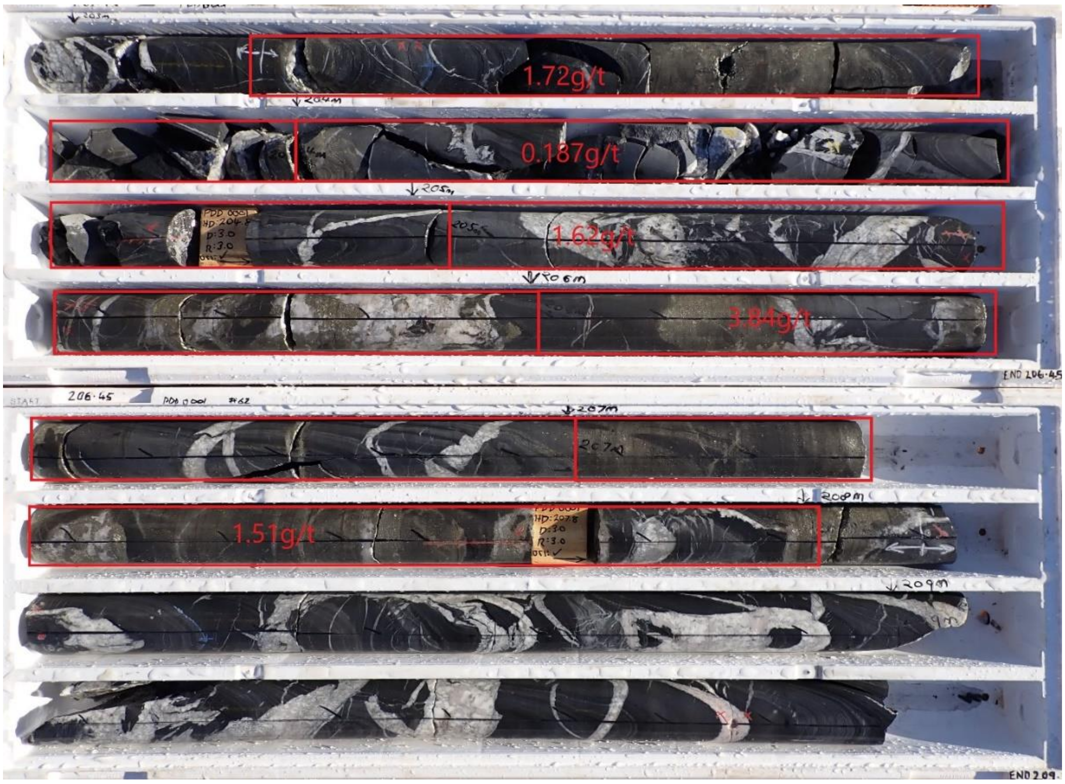

Figure 7: Core from PDD0001 showing quartz-carbonate veining and the gold grades returned from 203.1m to 208m.

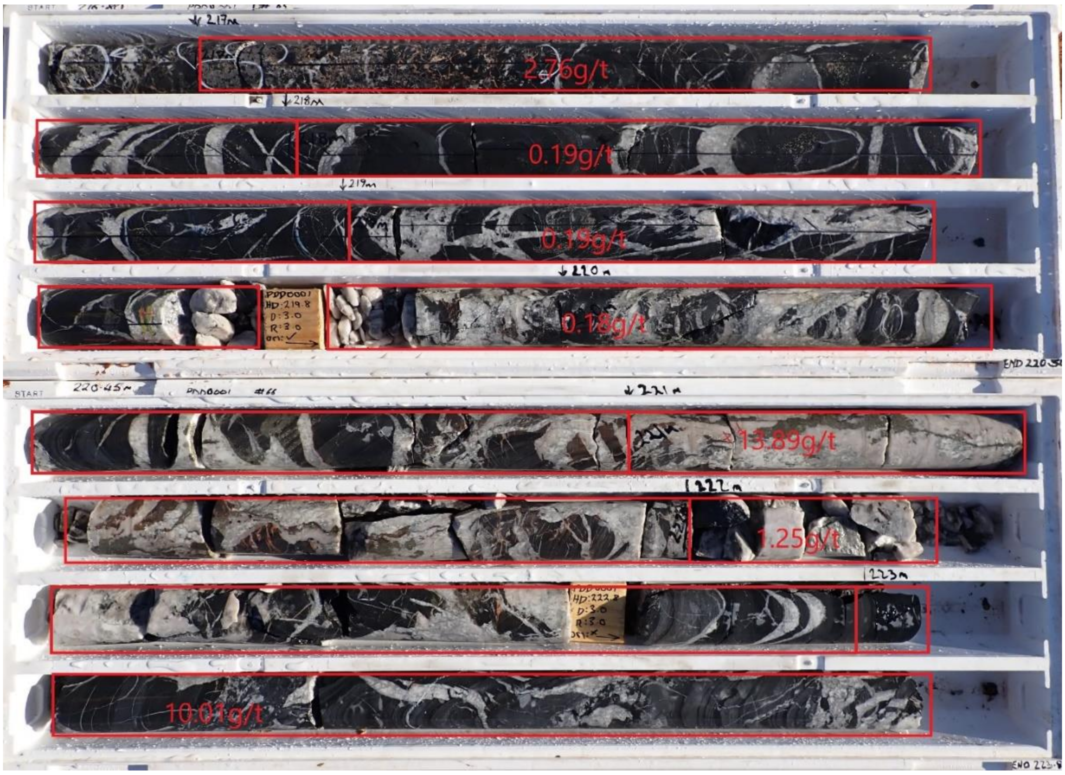

Figure 8: Core from PDD0001 showing quartz carbonate veining and the gold grades returned from 216m to 224m.

Mineralisation intersected in PDD0003 has extended known gold mineralisation southeast along strike of the Grace-Bemms shear nearly 200m (Figure 9).

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.

Directors' Report

REVIEW OF OPERATIONS (Continued)

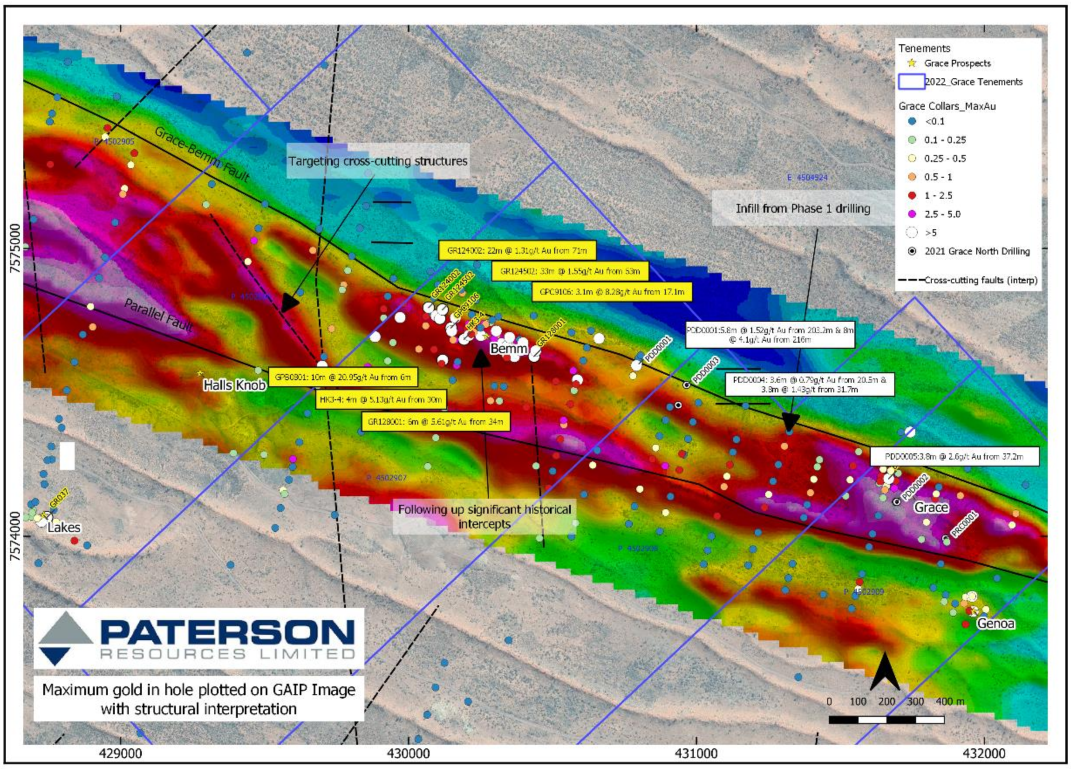

Figure 9: Significant Intercepts from Phase 1 Drilling program along Grace-Benm shear zone.

Future Targeting

Following on from the 2021 Phase 1 drilling program, the Company conducted a technical review of the prospect incorporating the new results. A Phase 2 RC drilling program was designed to follow up significant intercepts along with extending mineralisation along strike and test the regional Parralel fault zone. Up to 10,000m of drilling has been planned for the next financial year.

Heritage clearance has been obtained from the Western Desert Land Administration Council and Traditional Owners of the Martu Country.

Strike Drilling was engaged as the drilling contractor to undertake works, with drilling commencing in August of 2022.

Soil Geochemical Survey at Smoke Rings

The technical team at Paterson Resources continues to expand on its understanding of the mineralised system at the Grace Project recently completing an additional review of historical data over its tenure. The review identified previous drilling over the regional Gandy's Folly and Smoke Rings prospects on the Company's 100% owned contiguous E45/5130 tenure (Figure 10) that had not been included in the geological database. Anomalous values of up to 0.98 g/t gold and 0.06 per cent copper have been highlighted in historical drilling at Smoke Rings coincident with a significant aeromagnetic anomaly.

Paterson completed a mobile metal ion – or "MMI" surface geochemical soil survey program on a 100m by 400m grid to traverse the distinct geophysical anomaly close to historical drilling. The MMI technology is a proven advanced geochemical technique well suited for areas under transported cover and especially well-suited for deeply buried mineral deposits. A total of 298 samples were collected and sent to SGS Australia in Perth for MMI analysis. Results were returned in August and are currently being interpreted.

Directors' Report

REVIEW OF OPERATIONS (Continued)

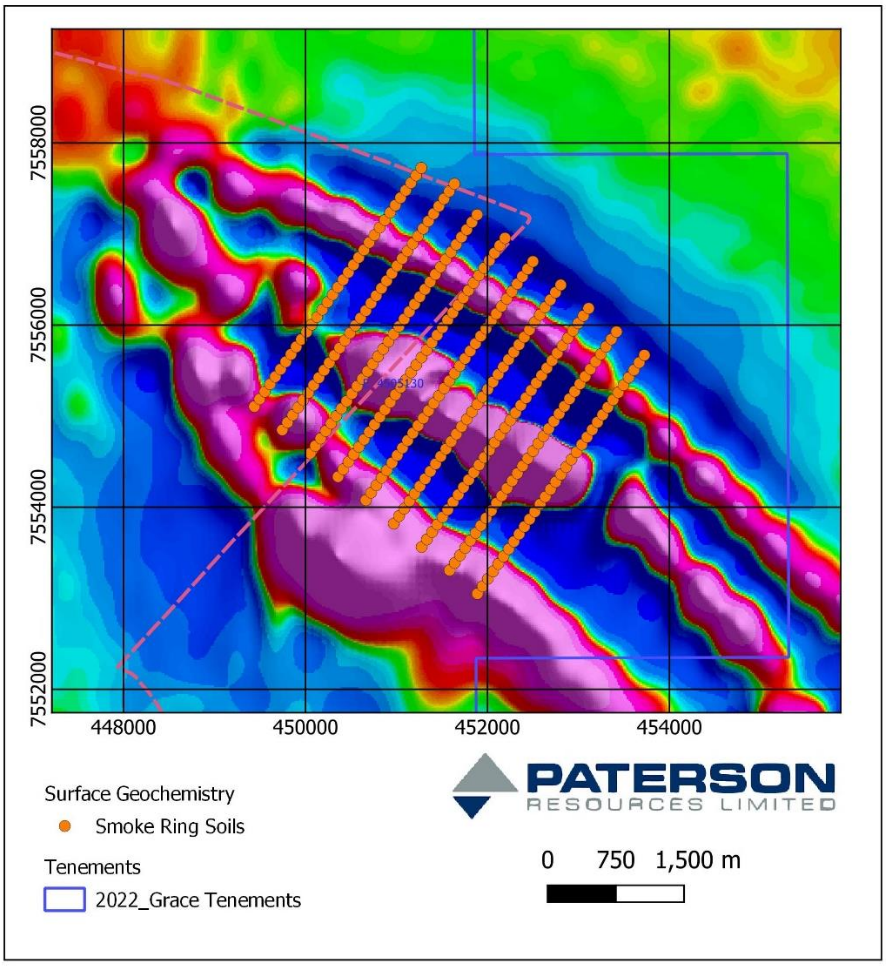

Figure 10: Soil sampling locations over distinct aeromagnetic anomaly at Smoke Rings

Pilbara Gold & Base Metal Projects – Western Australia

The soil geochemistry sampling survey at the Company's Pilbara Projects has been completed over high priority targets at the Bellary, Cheela Plains and Hamersley projects (Figure 11). More than 400 samples were collected from all three projects. The sampling patterns are based on the results of previous grab sampling programs and regional geological trends and are planned to infill previously identified gold and base metal soil anomalies.

Directors' Report

REVIEW OF OPERATIONS (Continued)

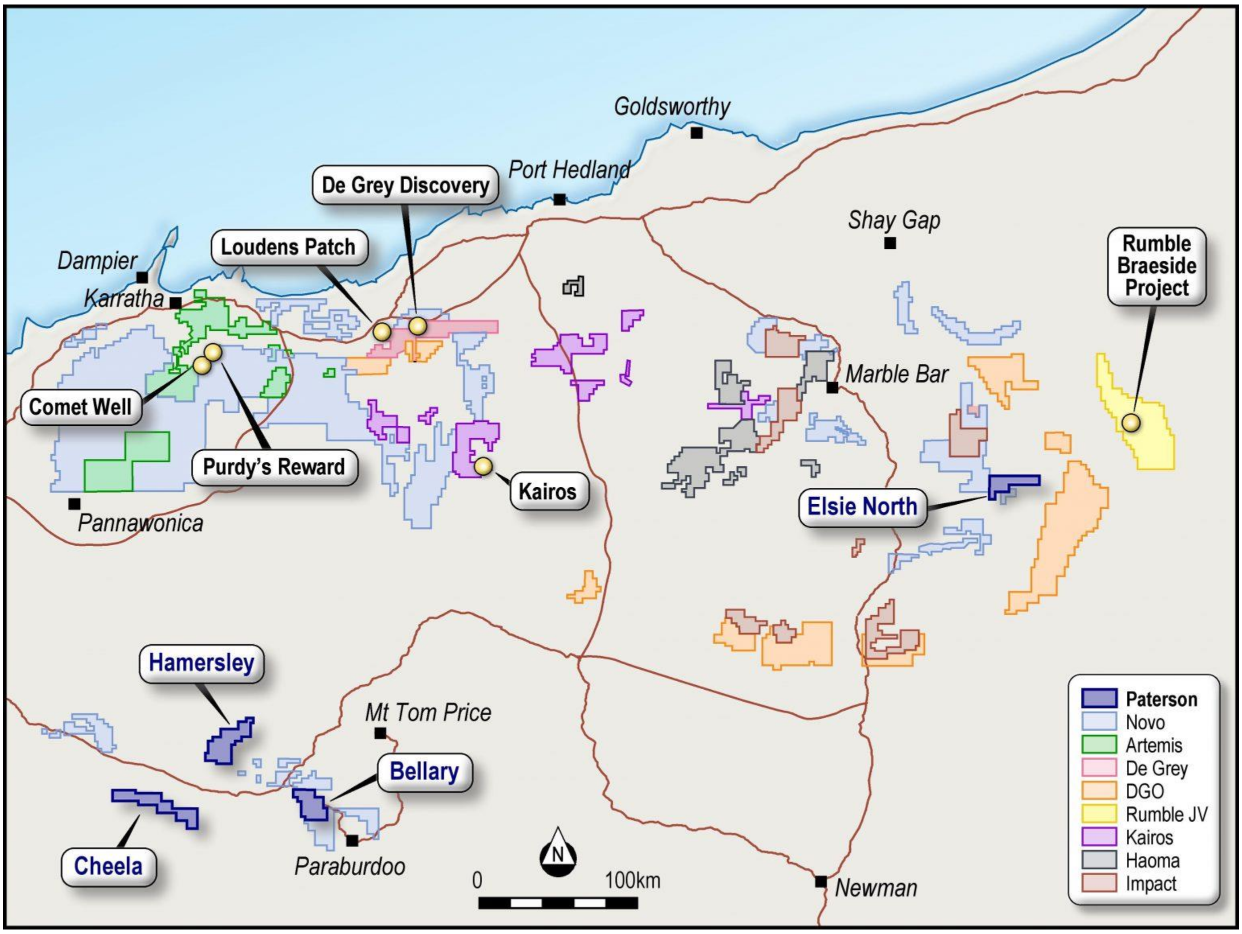

Figure 11: Location of PSL's Cheela Plains, Hamersley, Bellary and Elise North Pilbara Projects Bellary Gold and Base Metals Project

Bellary Gold and Base Metals Project (E47/3578)

The Bellary Project is located about 20km northwest of Paraburdoo and 40km southwest of Tom Price in the Shire of Ashburton. Sporadic exploration dates back to 1989, with historical soil sampling identifying a suite of targets prospective for gold, copper, silver, platinum, palladium, nickel, lead and zinc. Much of the Bellary tenement is underlain by rocks of the Fortescue Group including the Pyradie, Boongal and Hardey Formations. The Hardey Formation is highly prospective for conglomerate gold mineralisation, characterised by Novo Resources' 900,000 ounce Beatons Creek Gold Project and discovery at Purdy's Reward. Previous reconnaissance field sampling undertaken by the Company over historical gold and base metal soil geochemical anomalies identified two high priority targets – Kara Well and Billie Camp.

At the Billie Camp Prospect, a total of 115 samples were collected over 2 areas on a 50m by 50m grid (Figure 12). Several small gold nuggets (Figure 13) were discovered at Billie Camp using metal detectors from an exposed quartz vein outcropping at surface, coinciding with a regional northwest trending structure and located at the base of a mopped metabasltic conglomerate from the Hardey Formation. Surprisingly, very little historical exploration has been conducted over this area and is limited to sporadic rock chip sampling. A total of 49 soil samples were collected over the Kara Well Prospect on a nominal 200m by 600m grid spacing. The program has been designed to infill historical soil geochemical sampling and further define gold and base metal anomalism, along with gaining a better understanding of the underlying geology. Previous rock chip samples at the Kara Well Prospect have returned values up to 27% Cu, 75ppb Au and 358g/t Ag.

Directors' Report

REVIEW OF OPERATIONS (Continued)

Figure 12: Soil sampling locations at Billie Camp Prospect at Patersons' Bellary Project

Figure 13: Gold nuggets discovered at the Billie Camp Prospect Cheela Plains Gold and Base Metals Project (E08/2880

Directors' Report

REVIEW OF OPERATIONS (Continued)

Cheela Plains Gold and Base Metals Project (E08/2880)

The Cheela Plains Project is located about 80km northwest of Paraburdoo on Cheela Plains Station. Small scale mining dates back to the 1930's with several small pits observed at the Slate Bore Prospect. No production records are available but outcrops of malachite and galena suggest mining was targeting copper and lead resources. Historical exploration has defined a major gold, arsenic and lead anomaly that strikes for over 4.5km over the Big Sarah Prospect with reconnaisance rock chip sampling undertaken by the Company in 2019 returning samples grading upto 24.5g/t Au. A total of 297 soil samples were collected over the Slate Bore and Big Sarah Prospects on a nominal 200m by 600m grid spacing. The program was designed to extend historical soil geochemical sampling and further define gold and base metal anomalism, along with gaining a better understanding of the underlying geology. Hamersley Gold and Base Metals Project (E47/3827).

Hamersley Gold and Base Metals Project (E47/3827)

The Hamersley Project is located about 65km west of Tom Price. Very little historical exploration has been undertaken over the tenement with a small number of stream sediment geochemical samples being taken by previous explorers. The Company's technical team have identified multiple regional scale northwest trending structures in favourable geological settings warranting preliminary reconnaissance soil geochemical testing. A total of 129 samples were collected on a nominal 200m by 600m grid.

Future Work

Assay results from the projects have started to arrive. The assay process is lengthy, taking up to six weeks. Upon receival of all assay results, the Company's technical team will undertake a thorough review. Paterson's priority at its Pilbara Projects is to focus on advancing targets towards drill-ready status which will include the following:

- Target definition and infill soil sampling
- Ground geophysical surveys
- Planning and design of an exploration drilling program to test identified high priority targets
- Heritage clearances and all requisite permitting

Burraga Project – Lachlan Fold Belt, New South Wales

With the continued strict border control measures implemented by the Western Australian Government in response to the COVID-19 pandemic, the Company faced the ongoing challenge of mobilising its technical team to the Burraga Project to continue ground related activities needed to progress priority prospects.

Directors' Report

REVIEW OF OPERATIONS (Continued)

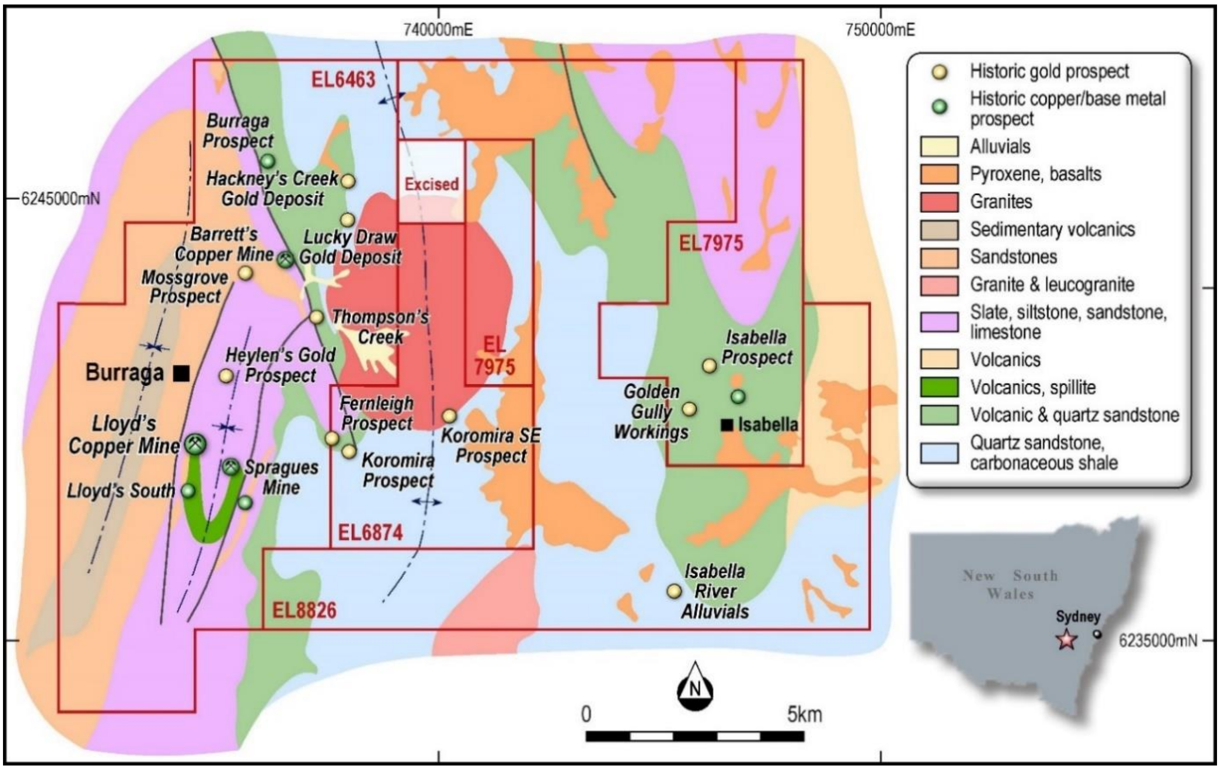

Figure 14: Burraga Project Area

The ongoing review and collection of historic exploration data from by previous explorers has highlighted several undrilled geochemical anomalies like 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. Limited drilling at one of the prospects, Isabella, intercepted high grade near surface mineralisation which was not 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 Mineral Resources Estimate for the Lucky Draw and Hackney's Creek gold prospects (Table 5).

Directors' Report

REVIEW OF OPERATIONS (Continued)

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
Burraga 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

REVIEW OF OPERATIONS (Continued)

Work Completed – Burraga Project

Perth-based geophysical consultancy Resource Potentials was engaged to reprocess a detailed airborne geophysical survey conducted by Elysium Resources in in April 2014. Thomson Aviation flew a magnetic and radiometric survey (MAG) over three contiguous tenements at Burraga including EL6463, EL6874 and EL7975. The survey was flown on a 60m line spacing at a nominal terrain clearance of 60m and was intended to provide better resolution data than the government and open file data available.

At the time, a preliminary interpretation of the data by geophysical consultant Kim Cook of GeoMagik identified a cluster of 3 high priority targets (Target 4, Target 5 and Target 8 – Figure 10) 500m to 1.5km to the south of the historic Lloyds Copper Mine. The anomalies were given as two-dimensional projections at surface with no depth or size indicators provided.

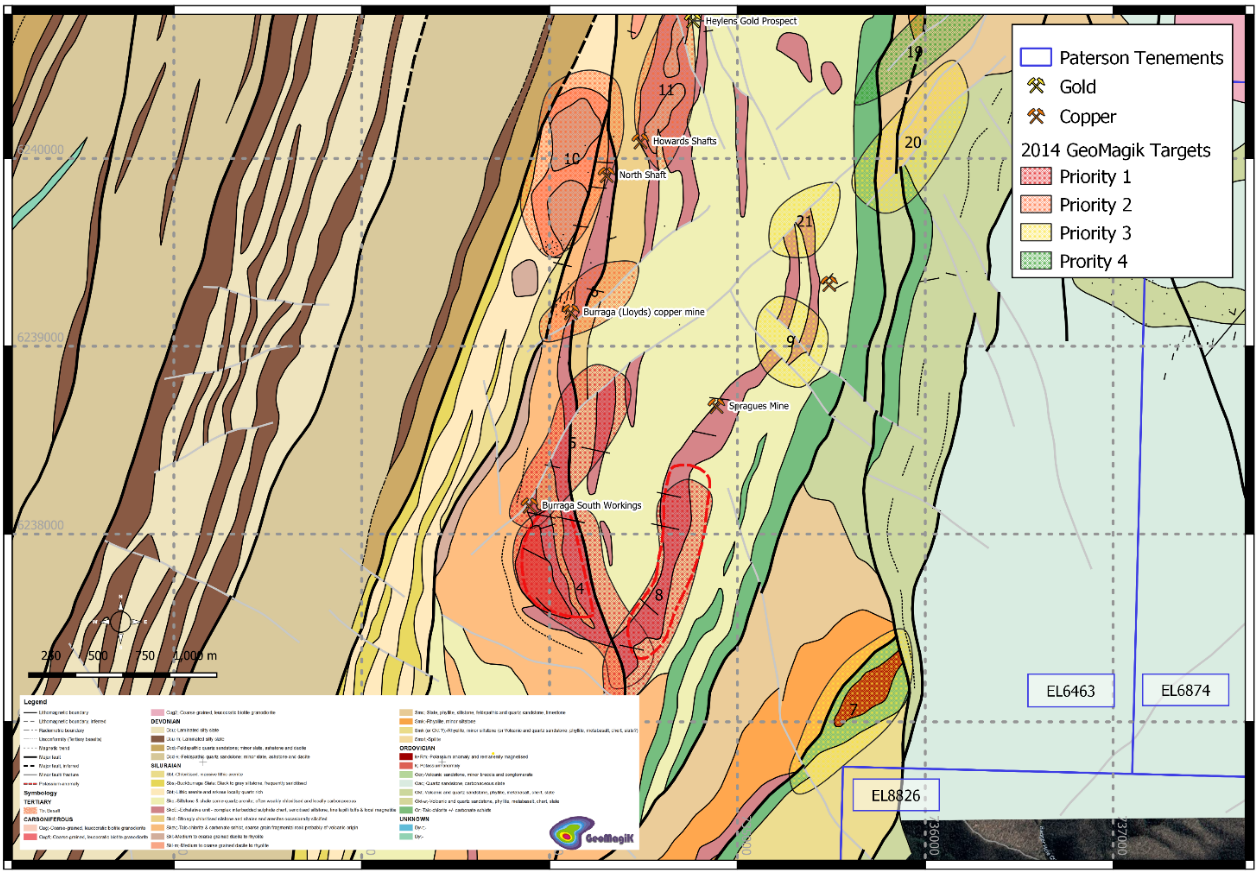

Figure 15: Location of Targets identified by geophysical consultants GeoMagik in 2014

Resource Potential completed unconstrained 3D magnetic vector inversion (MVI) modelling of the Burraga 2014 airborne magnetic (AMAG) data using Geosoft's VOXI modelling algorithm in order to resolve the depth and geometry of these magnetic source bodies.

Target 8 is located on the eastern limb of the Lloyds syncline within an interbedded sequence of sericitized siltstones, lapilli tuffs, mafic schists and sulphidic cherts of the Rockley Volcanics (Figure 15) and Target 4 is sited on the western limb with regional thrust faulting offsetting the sequence.

The central potassium anomaly is located in a structural corridor and presents as a potential intrusion. The Priority 1 targets coincide with the remnantly magnetised potassium anomaly and the cross-cutting structures to the north could provide potential mineralised fluid traps for the suspected central intrusion.

Directors' Report

REVIEW OF OPERATIONS (Continued)

The MVI model has resolved a high-amplitude magnetic source target corridor with amplitudes up to +0.01 SI, located within and proximal to Target 8 extending along strike for nearly 2.4km (Figure 16). The southern part of the magnetic anomaly corridor contains a very strong magnetic anomaly source with an amplitude of +0.05 SI, the centre of which is modelled at a depth of 300 m below ground level and strikes for 370m.

An additional strong modelled magnetic source body is coincident with Target 4 with a maximum amplitude of 0.04 SI and is proximal to an interpreted coarse-grained leucogranite intruding into the volcanic sequence. The target corridor with amplitudes up to +0.01 SI extends for 1.2km on the western limb of the Lloyds syncline and could represent a possible fold repetition of the anomaly on the eastern limb. Both of the modelled magnetic anomalies are proximal to or coincident with identified potassium anomalies (Figure 16).

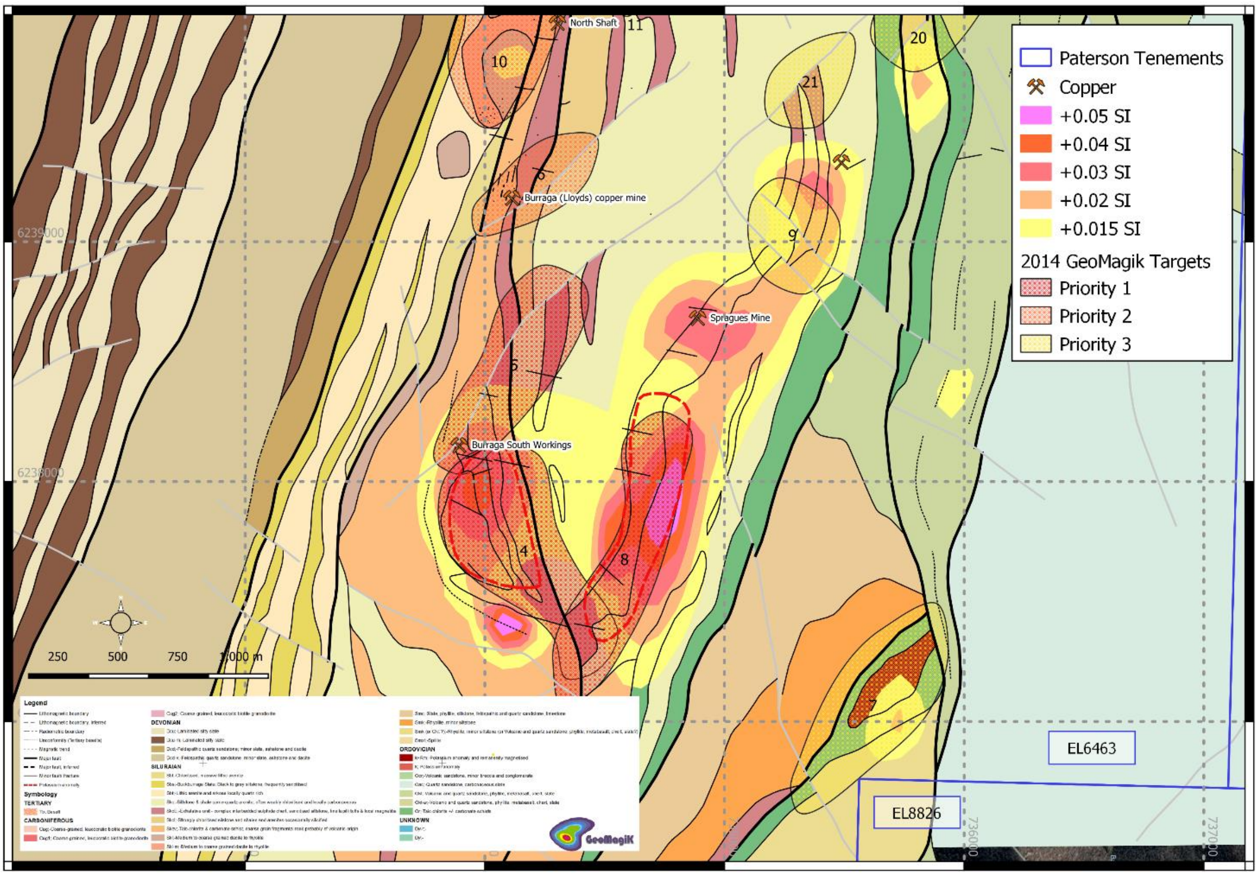

Figure 16: Surface projection of 3D magnetic vector inversion isosurfaces completed by Resource Potentials

Much of the historical exploration at Paterson's Burraga project has been focused near the Lloyds copper mine that were mined mainly during the late 19th century. The largest producer was the Lloyds Copper Mine which produced 19,443 tonnes of copper (470,000 tonnes of ore at 3.6% Cu) from a complex quartz – carbonate - sulphide vein system located within a significant altered shear zone.

Limited historical exploration has been conducted over the Burraga South workings and nearby Spragues Mine with Getty Oil Development Company completing 10 diamond drill holes (Figure 17: DB1-DB9 and DB9A) for 2,791m in 1983 designed to test a series of geophysical anomalies and the depth extent of mapped gossans. Significant intercepts from the program included:

- 4m @ 3.43% Zn, 0.15% Cu and 12g/t Ag rom 110m including 1m @ 8.1% Zn from 111m (DB4)
- 5m @ 1.11% Zn, 0.27% Cu and 7.62g/t Ag from 129m (DB4)
- 1m @ 5.16% Zn, 0.19% Cu and 29g/t Ag from 150m (DB4)
- 2m @ 1.26% Zn, 0.15% Cu, 2.21% Pb and 41.9g/t Ag from 244m (DB4)
- 4m @ 1.79% Zn, 0.07% Cu, and 5.5g/t Ag from 187m (DB7)
- 9m @ 1.08% Zn and 11.33g/t Ag from 228m (DB7)

Directors' Report

REVIEW OF OPERATIONS (Continued)

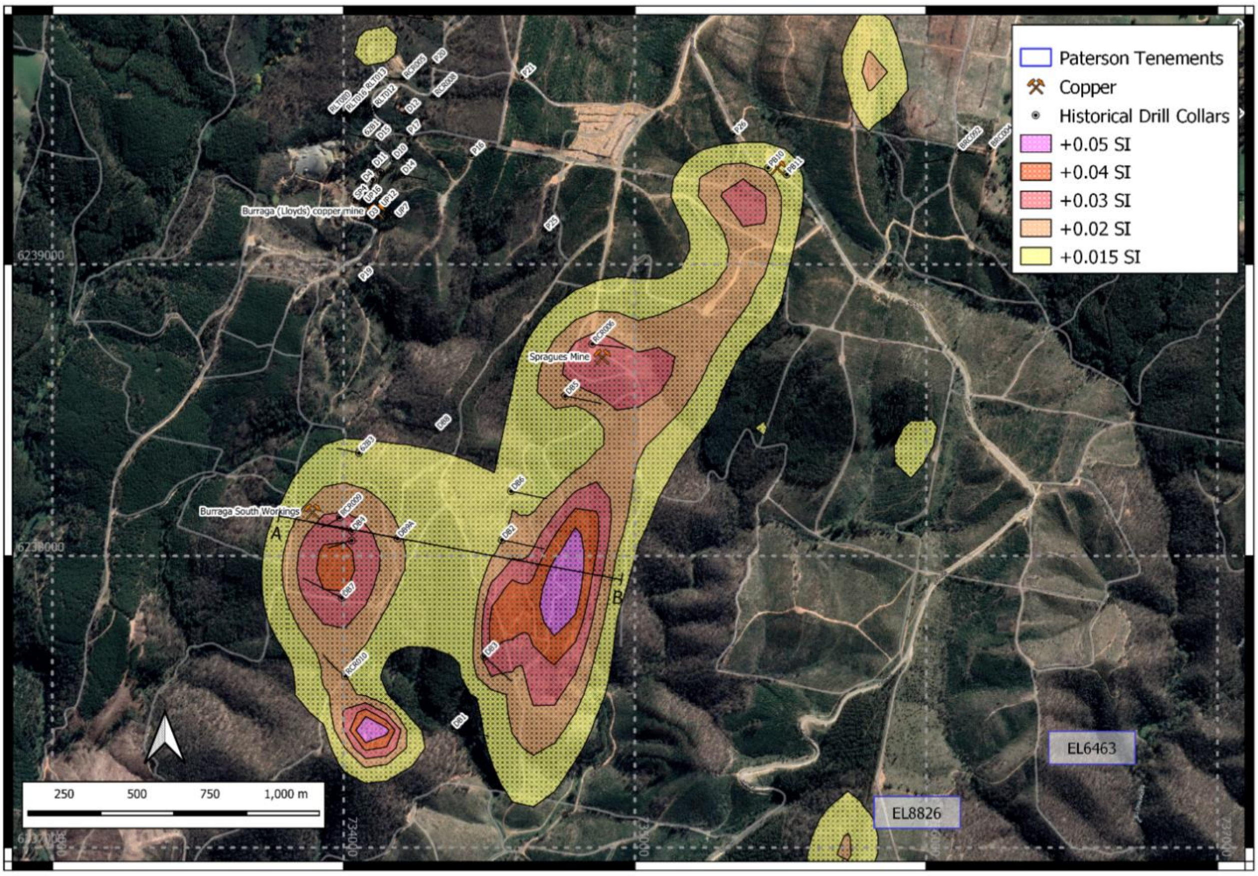

Figure 17: Location of historical drilling relative to 3D magnetic vector inversion surfaces

Analysis of the drill core at the time by Getty highlighted the pyrrohtotite, sphalerite and chalcopyrite mineralisation assemblage within variable quartz and K-feldspar veining suggested a skarn ore mineralisation model. Latter analysis of the core from drillholes DB1 and DB3 by Michelago Ltd in 1994 identified elevated arsenic up to 1,120ppm, molybdenum up to 67ppm, and barium up to 6.01% indicating proximity to a strongly mineralizing intrusive/porphyry body (Figure 18).

A further three RC drill holes (RCR006, RCR009 and RCR0010) were completed by Republic Gold in 2007. Anomalous intercepts included:

- 5m @0.79% Zn and 0.17% Cu from 42m (RCR009)
- 3m @ 1.7% Zn ad 0.08% Cu from 104m (RCR010)

Whilst elevated base metals were intersected in the historical drilling, it appears the drilling has skirted around the anomalous high MVI model interpretation (Figure 19).

Directors' Report

REVIEW OF OPERATIONS (Continued)

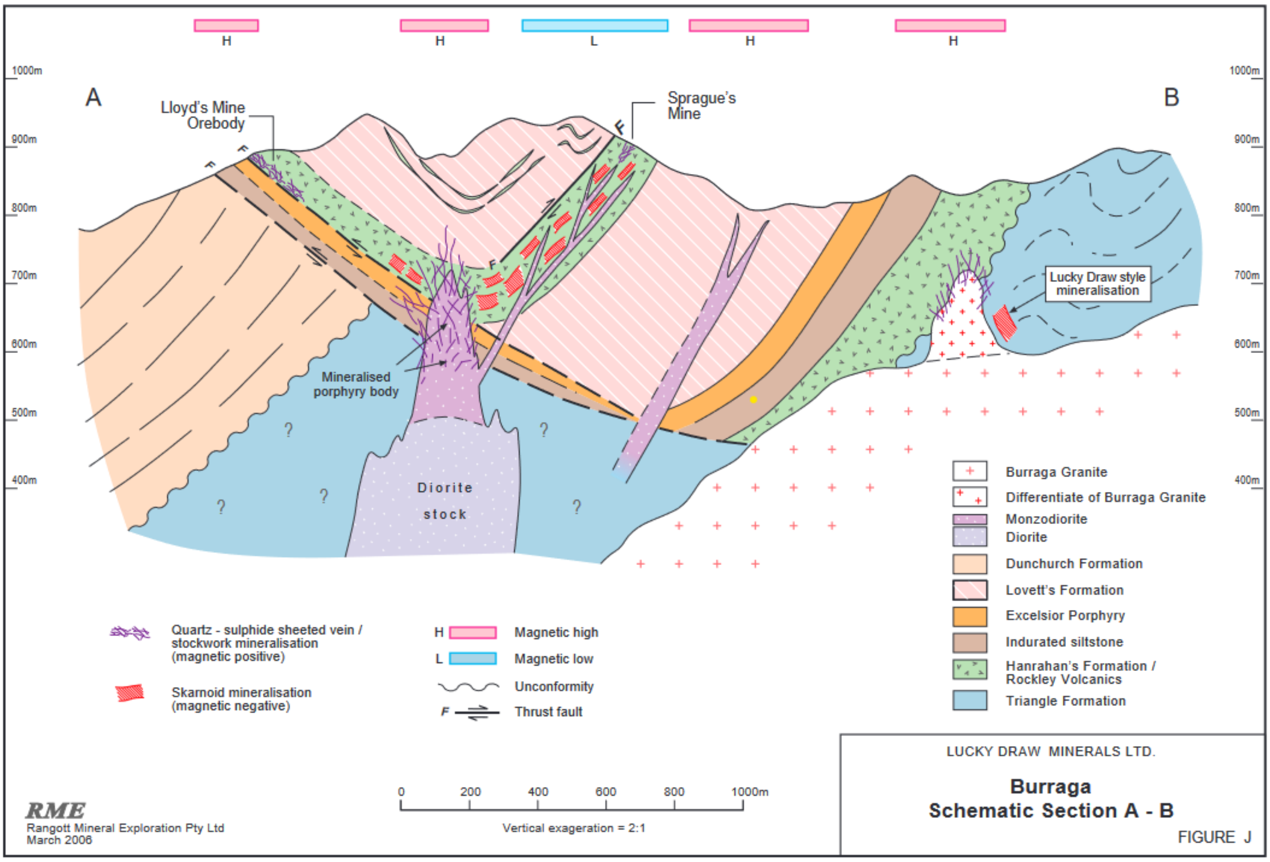

Figure 18: Ore mineralisation model suggested for Burraga South and Sprague's Prospects

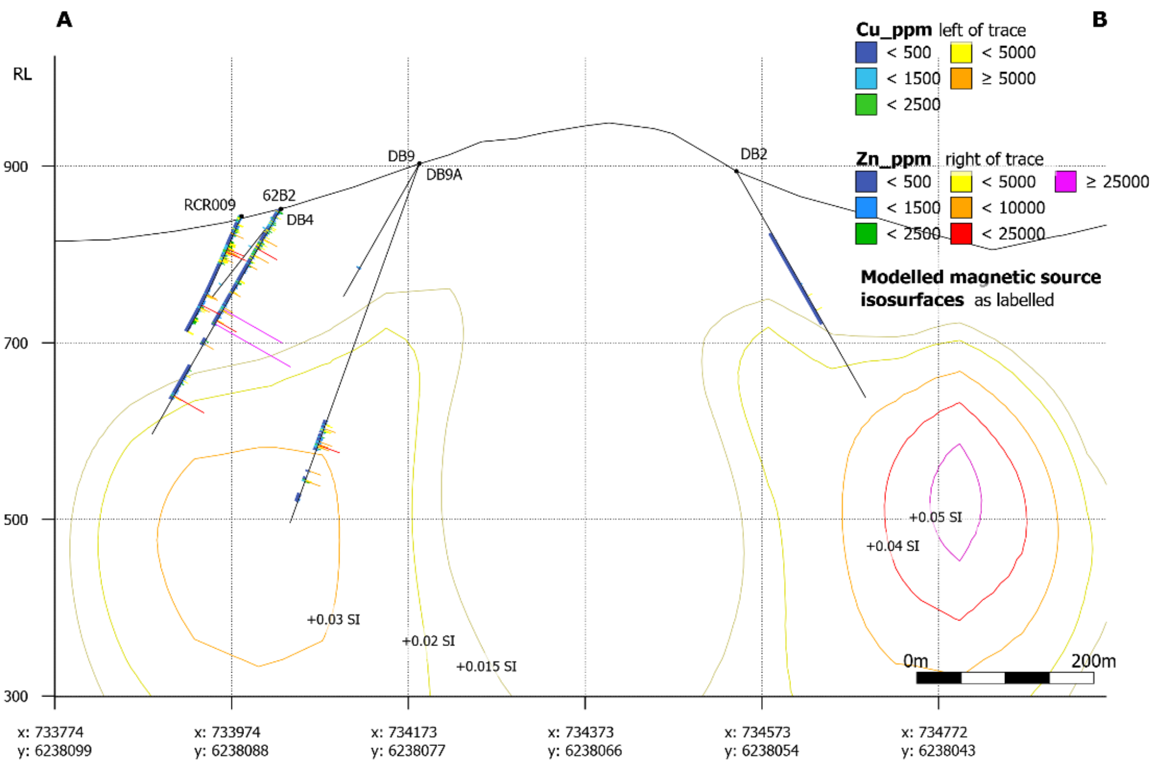

Figure 19: Cross-Section A-B of historical drilling through 3D MVI model

Directors' Report

REVIEW OF OPERATIONS (Continued)

Future Work

Historical exploration conducted by previous explorers includes valuable geological mapping and the identification of outcropping gossans in the Burraga South-Sprague's Mine prospect area. The company is currently in negotiations with local land holders to access the area and validate the mapping. Moving forward the Company will:

- Digitally capture previous mapping to incorporate into the 3D geological model
- Conduct rock chip sampling over gossans to validate results
- Prepare a maiden drilling program to test high priority 3D MVI anomalies

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

Financial Performance

The financial results of the Group for the year ended 30 June 2022 and 30 June 2021 are:

	30-June-22 $	**30-June-21 $**
Cash and cash equivalents	**1,378,246**	2,208,449
Net Assets	**11,107,231**	20,488,710
Other Income	**337**	786
Net loss after tax	**(10,625,807)**	(903,628)

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, there were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Directors' Report

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing, 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 has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Future Exploration
The Group's main exploration efforts will be focussed on continuing to develop value from exploration across its tenements.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Nick Johansen	4	4
Matthew Bull	4	4
Kenneth Banks	4	4

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

Directors' Report

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

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

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Contractual Arrangements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Loans with KMP
I Other Transactions with KMP
J Additional Information
K Voting at 2021 Annual General Meeting ("AGM")

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ **Executive Remuneration Structure**

The Group's remuneration policy for executive directors is designed to promote superior performance and long-term commitment to the Group. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Group and its shareholders to do so. The Board's reward policy reflects its obligation to align executives' remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Refer below for details of Directors' remuneration.

❖ **Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A$300,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements. Refer below for details of all Directors' share and option holdings.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using an appropriate valuation methodology.

The remuneration of Non-Executives are detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2022 and 30 June 2021.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

	30-Jun-22	30-Jun-21
Other Income ($)	**337**	786
Net loss after tax ($)	**(10,625,807)**	(903,628)
Loss per share (cents)	**(3.17)**	(0.30)
Share price ($)	**0.028**	0.046

Relationship between Remuneration and Company Performance
Given the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:
a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. The base covers standard business hours and terms. Work performed on weekends, after hours, travel, site visits and special assignments may be charged at hourly rates reviewable by the Board. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to key management personnel annually, subject to the requisite Board and shareholder approvals where applicable.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options and performance rights are issued at the Board's discretion.

Following shareholder approval at the 2020 AGM, the Company issued 4,000,000 performance rights (on a post-consolidation basis) to Mr Matthew Bull. The vesting of the Performance Rights is subject to the achievement of the following performance milestones, which is to be determined by the Board in its discretion:

(a) 2,000,000 Performance Rights will vest upon the Company's Shares achieving a VWAP of $0.090 over any 20 consecutive day period on which shares are traded on ASX, expiring 3 years after issue; and
(b) 2,000,000 Performance Rights will vest upon the Company's Shares achieving a VWAP of $0.135 over any 20 consecutive day period on which shares are traded on ASX, expiring 4 years after issue.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2022 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Performance Rights	
30 June 2022	**$**	**$**	**$**	**$**	**$**	**$**
Directors						
Nick Johansen	90,000	-	-	-	-	90,000
Matthew Bull	150,000	-	-	15,000	44,328 (iv)	209,328
Kenneth Banks	60,000	-	-	-	-	60,000
Total	**300,000**	-	-	15,000	**44,328**	**359,328**

Remuneration of KMP of the Group for the year ended 30 June 2021 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Performance Rights	
30 June 2021	**$**	**$**	**$**	**$**	**$**	**$**
Directors						
Nick Johansen	90,000	-	-	-	-	90,000
Matthew Bull (i)	119,250	-	-	-	24,548 (iv)	143,798
Kenneth Banks (ii)	33,226	-	-	-	-	33,226
Brian Thomas (iii)	75,000	-	25,000 (v)	-	-	100,000
Total	**317,476**	-	**25,000**	-	**24,548**	**367,024**

(i) Matthew Bull resigned as Non-Executive Director on 2 November 2020 and appointed as Executive Director on 3 November 2020.

(ii) Appointed on 11 December 2020.

(iii) Resigned on 11 December 2020.

(iv) The Company issued 4,000,000 performance rights (on a post-consolidation basis) to Mr Matthew Bull in 2021 financial year.

(v) Payment of $25,000 to Brian Thomas as agreed by the Board for his services to the Company during his tenure.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration (%)		At Risk – STI (%)		At Risk – LTI (%)	
	2022	2021	2022	2021	2022	2021
Directors						
Nick Johansen	**100%**	100%	**-**	-	**-**	-
Matthew Bull	**79%**	83%	**-**	-	**21%**	17%
Kenneth Banks	**100%**	100%	**-**	-	**-**	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2022	Balance at 01/07/2021	On Conversion of Convertible Notes	On Exercise of Options	Net Change – Other	Balance at 30/06/2022
Directors					
Nick Johansen	6,666,667	-	-	-	6,666,667
Matthew Bull	10,000,001	-	-	-	10,000,001
Kenneth Banks	-	-	-	-	-
Total	**16,666,668**	**-**	**-**	**-**	**16,666,668**

Table 4 – Option holdings of KMP (direct and indirect holdings)

30 June 2022	Balance at 01/07/2021	Granted as Remuneration	Exercised	Net Change – Other	Balance at 30/06/2022
Directors					
Nick Johansen	**-**	-	**-**	-	**-**
Matthew Bull	**-**	-	**-**	-	**-**
Kenneth Banks	**-**	-	**-**	-	**-**
Total	-	-	-	-	-

Table 5 – Performance rights holdings of KMP (direct and indirect holdings)

30 June 2022	Balance at 01/07/2021	On Conversion of Convertible Notes	On Exercise of Options	Net Change – Other	Balance at 30/06/2022
Directors					
Nick Johansen	-	-	-	-	-
Matthew Bull	4,000,000	-	-	-	4,000,000
Kenneth Banks	-	-	-	-	-
Total	**4,000,000**	**-**	**-**	**-**	**4,000,000**

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

E Contractual Arrangements

The following contractual arrangements were in place during the year:

- **Nick Johansen – Non-Executive Chairman**
  - Contract: Commenced on 15 March 2019.
  - Remuneration: $90,000 per annum.
  - Term: See Note 1 below for details pertaining to re-appointment and termination.

- **Matthew Bull – Executive Director**
  - Executive Contract: Commenced 3 November 2020
  - Executive Remuneration: $150,000 per annum plus statutory superannuation.
  - Term: See Note 1 below for details pertaining to re-appointment and termination.

- **Kenneth Banks – Non-Executive Director**
  - Contract: Commenced on 11 December 2020.
  - Remuneration: $60,000 per annum.
  - Term: See Note 1 below for details pertaining to re-appointment and termination.

Note 1: The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at the meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options
No short or long-term incentive based options were issued as remuneration to Directors during the current financial year.

Shares
Short and Long-term Incentives

No short or long-term incentive based shares were issued as remuneration to Directors during the current financial year.

Performance Rights
No performance rights were issued as remuneration to Directors during the current financial year.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2022 (2021: Nil).

I Other Transactions with KMP

There were no other transactions with KMP during the year ended 30 June 2022.

J Additional Information

The earnings of the Group for the five years to 30 June 2022 are summarised below:

	2022 $	2021 $	2010 $	2019 $	2018 $
Other Income	**337**	786	440	4,416	8,418
Loss after income tax	**(10,625,807)**	(903,628)	(570,887)	(2,849,384)	(3,981,619)
Share Price ($)	**0.028**	0.046	0.003	0.003	0.004
Loss per share (cents)	**(3.17)**	(0.30)	(0.48)	(2.94)	(17.70)
Dividends	**-**	-	-	-	-

K *Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')*

At the 2021 AGM, 78.35% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices

[End of Audited Remuneration Report]

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

SHARES UNDER OPTION AND PERFORMANCE RIGHTS

Unissued ordinary shares of Peterson Resources Ltd under option and performance rights at the date of this report are as follows:

Class	Issue date	Expiry date	Exercise price	Number of options and performance rights
Listed Options	22-12-2020	30-09-2023	$0.105	43,002,507
Listed Options	23-12-2021	30-09-2023	$0.105	22,222,222
Performance Rights - Tranche 1	21-12-2020	11-12-2023	$0.00	2,000,000
Performance Rights - Tranche 2	21-12-2020	11-12-2024	$0.00	2,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS AND PERFORMANCE RIGHTS

There were no shares issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options or performance rights granted.

Director's Report

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and included within these financial statements.

NON-AUDIT SERVICES

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Nick Johansen
Non-Executive Chairman
29 September 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Paterson Resources Limited for the year ended 30 June 2022, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2022

	Note	2022 $	2021 $
Other income	4	**337**	786
Expenses			
Administrative expenses	5	**(337,049)**	(217,514)
Compliance and regulatory expenses		**(87,336)**	(165,980)
Corporate advisory and consulting fees		**-**	(36,000)
Depreciation		**(16,250)**	(6,948)
Employee benefit expenses		**(325,795)**	(288,868)
Exploration consulting fees		**(31,622)**	(27,954)
Finance costs		**-**	(10,116)
Fair value of financial assets		**-**	10,448
Impairment expense	10	**(9,744,027)**	(557)
Legal fees		**(22,142)**	(30,149)
Marketing and investor relations		**-**	(94,500)
Occupancy costs		**(7,112)**	(7,220)
Loss on disposal of plant and equipment		**-**	-
Share-based payments expense	16	**(44,328)**	(24,548)
Other expenses		**(10,483)**	(4,508)
(Loss) from continuing operations before income tax		**(10,625,807)**	(903,628)
Income tax expense	6	**-**	-
(Loss) from continuing operations after income tax		**(10,625,807)**	(903,628)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (loss) attributable to the members of Paterson Resources Ltd		**(10,625,807)**	(903,628)
(Loss) per share for the year attributable to the members Paterson Resources Ltd			
Basic loss per share (cents)	7	**(3.17)**	(0.30)
Diluted loss per share (cents)	7	**(3.17)**	(0.30)

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 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,378,246**	2,208,449
Trade and other receivables	9	**110,636**	218,249
Total current assets		**1,488,882**	2,426,698
Non-current assets			
Plant and equipment		**31,184**	47,435
Financial assets at fair value through profit or loss		**11,194**	11,194
Exploration and evaluation expenditure	10	**9,816,751**	18,341,473
Total non-current assets		**9,859,129**	18,400,102
Total assets		**11,348,011**	20,826,800
LIABILITIES			
Current liabilities			
Trade and other payables	11	**240,780**	338,090
Total current liabilities		**240,780**	338,090
Total liabilities		**240,780**	338,090
Net assets		**11,107,231**	20,488,710
EQUITY			
Contributed equity	12	**34,161,364**	32,961,364
Reserves	13	**5,741,518**	5,697,190
Accumulated losses	21	**(28,795,651)**	(18,169,844)
Total equity		**11,107,231**	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 Financial Year Ended 30 June 2022

	Issued Capital $	Option Reserve $	Accumulated Losses $	Total $
At 1 July 2021	**32,961,364**	**5,697,190**	**(18,169,844)**	**20,488,710**
Loss for the year	**-**	**-**	**(10,625,807)**	**(10,625,807)**
Total comprehensive loss for the year after tax	**-**	**-**	**(10,625,807)**	**(10,625,807)**
Transactions with owners in their capacity as owners:				
Shares issued during the year	**1,200,000**	**-**	**-**	**1,200,000**
Share-based payments	**-**	**44,328**	**-**	**44,328**
At 30 June 2022	**34,161,364**	**5,741,518**	**(28,795,651)**	**11,107,231**
At 1 July 2020	30,453,739	5,822,642	(17,266,216)	19,010,165
Loss for the year	-	-	(903,628)	(903,628)
Total comprehensive loss for the year after tax	-	-	(903,628)	(903,628)
Transactions with owners in their capacity as owners:				
Shares issued during the year	2,507,625	(150,000)	-	2,357,625
Share-based payments	-	24,548	-	24,548
At 30 June 2021	32,961,364	5,697,190	(18,169,844)	20,488,710

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 Financial Year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Payments to suppliers and employees		**(716,279)**	(904,729)
Interest received		**337**	786
Interest paid		**-**	(17,500)
Net cash used in operating activities	8(a)	**(715,942)**	(921,443)
Cash flows from investing activities			
Payments for plant and equipment		**-**	(48,749)
Payments for exploration and evaluation expenditure		**(1,314,261)**	(1,134,972)
Net cash used in investing activities		**(1,314,261)**	(1,183,721)
Cash flows from financing activities			
Proceeds from issue of shares		**1,200,000**	2,357,625
Net cash from financing activities		**1,200,000**	2,357,625
Net (decrease) / increase in cash and cash equivalents		**(830,203)**	252,460
Cash and cash equivalents at the beginning of the year		**2,208,449**	1,955,989
Cash and cash equivalents at the end of the year	8	**1,378,246**	2,208,449

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) Reporting Entity

Paterson Resources Limited (referred to as "Paterson" or the "Company") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group").

(b) Basis of Preparation

Statement of compliance
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Paterson Resources Ltd is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 29 September 2022.

Basis of measurement
The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 22.

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.

New standards and interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Significant Judgements and Estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going Concern

As disclosed in the financial statements, the Company incurred a loss of $10,625,807, including an exploration impairment expense of $9,744,027, and had net cash outflows from operating and investing activities of $715,942 and $1,314,261 respectively for the year ended 30 June 2022. As at that date, the Company has net current assets of $1,248,102, including cash balance of $1,378,246. As referred to in note 17, there are exploration commitments of $363,838 for the year ending 30 June 2023. Together with budgeted overhead expenditure, there is a risk of insufficient cash balance to continue operations.

While the conditions above indicates a material uncertainty which may cash significant doubt over the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, the Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report due to the following factors:

- The Group, if required, plans to scale down its operations during the next 12 months, including corporate overheads, in order to curtail expenditure, to ensure the Group has sufficient cash available to meet committed expenditure; and
- The Group has the ability to raise capital through the issue of equity.

On this basis, the Directors are of the opinion that the financial statements should be prepared on a going concern basis.

(c) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(e) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Paterson Resources Ltd ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Paterson Resources Ltd and its subsidiaries together are referred to in this financial report as the Consolidated Entity.

Subsidiaries are all entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(f) Functional and presentation currency

The consolidated financial statements have been presented in Australian dollars, which is the Group's functional currency.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(i) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(j) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Notes to the Consolidated Financial Statements

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and Evaluation Expenditure
Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share-based payment transactions
The Consolidated Entity measures the cost of equity-settled transactions with employees or suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Hoadley ES02 model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of activities and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 3 SEGMENT INFORMATION

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

Given the nature of the Consolidated Entity, 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.

Accounting Policy
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Notes to the Consolidated Financial Statements

NOTE 4 OTHER INCOME	2022 $	2021 $
Interest received	**337**	786
	337	786

Accounting Policy

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax.

NOTE 5 EXPENSES	2022 $	2021 $
(a) Administrative expenses		
Accounting, audit and company secretarial fees	**153,358**	154,764
Bad debt expenses	**129,505**	
Travel and accommodation expenses	**1,986**	-
General and administration expenses	**52,200**	62,750
	337,049	217,514
(b) Employee benefit expenses		
Director fees	**300,000**	289,976
Superannuation	**25,795**	(1,108)
	325,795	288,868

Notes to the Consolidated Financial Statements

NOTE 6 INCOME TAX	2022 $	2021 $
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	**(10,625,807)**	(903,628)
Prima facie tax benefit on loss before income tax at 30% (2021: 30%)	**(3,187,742)**	(271,088)
Tax effect of amounts that are not deductible/taxable in calculating taxable income		
Non-deductible expenses	**2,438,563**	4,397
Tax losses and temporary differences not brought to account	**749,179**	266,691
Income Tax Expense	**-**	-
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	**28,163,343**	25,997,169
Unused capital tax losses for which no deferred tax asset has been recognised	**256,157**	255,579
Potential tax benefit at 30% (2021: 30%)	**8,525,850**	7,875,824
Unrecognised temporary differences		
Temporary differences for which deferred tax assets/liabilities have not been recognised		
• Investments	**(3,358)**	-
• Provisions, accruals and prepayments	**(12,301)**	(5,479)
• Exploration assets	**(2,047,997)**	(2,180,203)
• Blackhole expenditure	**5,312**	37,755
	(2,058,344)	(2,147,927)
Unrecognised deferred tax assets relating to the above tax losses and temporary differences	**6,467,506**	5,727,897

Accounting Policy

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Notes to the Consolidated Financial Statements

NOTE 6 INCOME TAX (Continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022 **$**	**2021** **$**
Net loss for the year	**(10,625,807)**	(903,628)
Weighted average number of ordinary shares for basic and diluted loss per share.	**334,692,393**	297,609,191

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss-making position.

Continuing operations		
- Basic and diluted loss per share (cents)	**(3.17)**	(0.30)

Accounting Policy

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Notes to the Consolidated Financial Statements

NOTE 7 LOSS PER SHARE (Continued)

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 8 CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank and in hand	**1,378,246**	2,208,449
	1,378,246	2,208,449

(a) Reconciliation of net loss after tax to net cash flows from operations

		2022 $	2021 $
Loss for the financial year		**(10,625,807)**	(903,628)
Adjustments for:			
Depreciation		**16,250**	6,948
Bad debt expenses	5	**129,505**	
Share-based payments	16	**44,328**	24,548
Fair value of financial asset		**-**	10,448
Impairment expense	10	**9,744,027**	557
Changes in assets and liabilities			
Trade and other receivables		**(21,891)**	(61,977)
Trade and other payables		**(2,354)**	1,661
Net cash used in operating activities		**(715,942)**	(921,443)

(b) Non-cash investing and financing activities

Shares issued for conversion of convertible note	**-**	150,000
	-	150,000

Accounting Policy

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term high liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

The Group's exposure to interest rate and credit risks is disclosed in Note 14.

NOTE 9 TRADE AND OTHER RECEIVABLES

	2022	2021
Goods and services tax ("GST") receivable	**35,145**	51,118
Prepayments	**71,628**	-
Bonds	**3,863**	3,863
Other receivables	**-**	163,268
	110,636	218,249

Notes to the Consolidated Financial Statements

NOTE 9 TRADE AND OTHER RECEIVABLES (Continued)

(a) Allowance for expected credit loss

The Consolidated Entity has recognised a loss of $nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2022 (2021: $nil). During the year, bad debts expense of $129,505 was written off.

Accounting Policy

Trade and Other Receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset of the assets or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE	2022 $	2021 $
Carrying amount of exploration and evaluation expenditure	**9,816,751**	18,341,473
At the beginning of the year	**18,341,473**	17,211,185
Exploration and evaluation expenditure incurred	**1,219,305**	1,130,845
Impairment expense [(i)]	**(9,744,027)**	(557)
At the end of the year	**9,816,751**	18,341,473

(i) During the year, the Board performed a full review across all the projects and made relinquishment decisions based on the following assumptions:

a. the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
b. expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
c. exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Consequently, the Company wrote-off $2,439,675 on the Burraga Project, and $7,307,352 on the Pilbara Gold Project.

Notes to the Consolidated Financial Statements

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE (continued)

Accounting Policy

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

NOTE 11 TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables (i)	**189,782**	312,932
Accrued expenses	**26,875**	15,500
Other payables	**24,123**	9,658
	240,780	338,090

(ii) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 12 CONTRIBUTED EQUITY

(a) Issued and fully paid	2022		2021	
	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.

Notes to the Consolidated Financial Statements

NOTE 12 CONTRIBUTED EQUITY (continued)

(b) Movement reconciliation

		Issue Price	Number	$
At 1 July 2021	**Opening Balance**		**317,036,381**	**32,961,364**
14 September 2021	Placement	0.0540	22,222,222	1,200,000
At 30 June 2022	**Closing Balance**		**339,258,603**	**34,161,364**
At 1 July 2020	**Opening Balance**		**3,860,497,312**	**30,453,739**
18 September 2020	Placement	0.0035	142,857,143	500,000
16 October 2020	Share Purchase Plan	0.0035	502,178,606	1,757,625
4 December 2020	Conversion of 150,000 Convertible Notes	0.0010	150,000,000	150,000
18 December 2020	1:15 Share Consolidation	-	(4,345,163,347)	-
21 December 2020	Placement - Director Participation	0.0150	6,666,667	100,000
At 30 June 2021	**Closing Balance**		**317,036,381**	**32,961,364**

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Accounting Policy
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 13 RESERVES

	2022 $	2021 $
Share-based payments reserves	**5,741,518**	5,697,190
Convertible note reserve	**-**	-
	5,741,518	5,697,190
<u>**Movement reconciliation**</u>		
Balance at the beginning of the year	**5,697,190**	5,672,642
Options vested during the year	**-**	-
Performance shares issued during the period	**44,328**	24,548
Balance at the end of the year	**5,741,518**	5,697,190
Balance at the beginning of the year	**-**	150,000
Convertible notes issues	**-**	-
Convertible notes converted during the period	**-**	(150,000)
Balance at the end of the year	**-**	-

Notes to the Consolidated Financial Statements

NOTE 13 RESERVES (Continued)

Share-based payment reserve
The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Convertible note reserve
The convertible note reserve is used to recognise the fair value of the convertible notes issued.

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2022 **$**	**2021** **$**
Financial Assets		
Cash and cash equivalents	**1,378,246**	2,208,449
Trade and other receivables	**39,008**	218,249
Financial assets at fair value through profit or loss	**11,194**	11,194
	1,500,076	2,437,892
Financial Liabilities		
Trade and other payables	**240,780**	338,090
	240,780	338,090

(a) Market risk

(i) Foreign exchange risk
The Group was not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk
The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2022		2021	
	Weighted average interest rate (i)	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**0.00%**	**1,378,246**	0.01%	2,208,449

(i) This interest rate represents the average interest rate for the period.

Notes to the Consolidated Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Profit higher/(lower)** **2022** **$**	**2021** **$**
+ 1.0% (100 basis points)	**13,782**	22,084
- 1.0% (100 basis points)	**(13,782)**	(22,084)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	6 months **$**	**6-12 months** **$**	**1-5 years** **$**	**> 5 years** **$**	**Total** **$**
2022					
Trade and other payables	**240,780**	**-**	**-**	**-**	**240,780**
2021					
Trade and other payables	338,090	-	-	-	338,090

(d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Consolidated Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Given the stage of the Group's development there are no formal targets set for return on capital. The Group is not subject to externally imposed capital requirements. The net equity of the group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

Accounting Policy

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Notes to the Consolidated Financial Statements

NOTE 15 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2022 $	2021 $
Short-term benefits	**300,000**	342,476
Post-employment benefits	**15,000**	-
Share-based payments	**44,328**	24,548
	359,328	367,024

(b) Transactions with related parties

There were no other transactions with related parties during the year ended 30 June 2022.

NOTE 16 SHARE-BASED PAYMENTS

	2022 $	2021 $
(a) Recognised share-based payment transactions		
Performance rights issued in the prior year	**44,328**	**24,548**
	44,328	**24,548**

Reconciliation:

	2022	2021
Recognised as share-based payment expenses in Statement of Profit or Loss and Other Comprehensive Income	**44,328**	24,548
	44,328	24,548

(b) Summary of options during the year:

2022

Grant Date	Expiry Date	Exercise Price	Balance at the Start of the Year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the End of the Year
11/12/2020	30/09/2023	$0.105	43,002,507	-	-	-	43,002,507
23/12/2021	30/09/2023	$0.105	-	22,222,222(i)	-	-	22,222,222
			43,002,507	**22,222,222**	**-**	**-**	**65,224,729**
Weighted average exercise price			$0.105	-	-	-	$0.105

The weighted average remaining contractual life of options outstanding at the end of the financial year is 1.25 years (2021: 2.25 years).

(i) 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. No share-based expense was recognised on the issue of these options as they were free-attaching.

Notes to the Consolidated Financial Statements

NOTE 16 SHARE-BASED PAYMENTS (Continued)

(c) Summary of options in the prior year:

2021							
Grant Date	Expiry Date	Exercise Price	Balance at the Start of the Year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the End of the Year
19/08/2016[i]	01/10/2020	$0.04	3,401,578	-	-	(3,401,578)	-
19/08/2016[i]	19/08/2020	$0.06	12,500,000	-	-	(12,500,000)	-
29/09/2016[i]	19/08/2020	$0.06	33,025,000	-	-	(33,025,000)	-
11/12/2020[ii]	30/09/2023	$0.105	-	43,002,507	-	-	43,002,507
			48,926,578	**43,002,507**	**-**	**(48,926,578)**	**43,002,507**
Weighted average exercise price			$0.06	-	-	-	$0.105

The weighted average remaining contractual life of options outstanding at the end of the financial year is 2.25 years (2020: 0.15 years).

(i) Options expired during the year.
(ii) Options are free-attaching options with no share-based payment expense, issued under September 2020 Placement, and October 2020 Share Purchase Plan as follows:

a) On 18 September 2020, the Company completed the Placement and issued 142,857,143 fully paid ordinary shares (on a pre-consolidation basis) at an issue price of $0.0035 per share (on a pre-consolidation basis), raising $500,000 (“Placement”) 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 $0.007 (on a pre-consolidation basis) and expire on 30 September 2023.

b) On 16 October 2020, the Company completed its Share Purchase Plan (SPP) which provided shareholders the opportunity to purchase additional shares in the Company at the same price and on the same terms as the September 2020 Placement. The SPP offer allowed eligible shareholders to subscribe for up to $30,000 worth of shares at the determined issue price per Share (SPP Shares) being $0.0035 (on a pre-consolidation basis), together with one (1) free attaching option for every one (1) SPP Share subscribed for and issued (SPP Options). The SPP Options have an exercise price of $0.007 (on a pre-consolidation basis) and expire on 30 September 2023.

(d) Summary of performance rights during the year:

2022							
Grant Date	Expiry Date	Exercise Price	Balance at the Start of the Year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the End of the Year
11/12/2020	11/12/2023	$0.00	2,000,000	-	-	-	2,000,000
11/12/2020	11/12/2024	$0.00	2,000,000	-	-	-	2,000,000
			4,000,000	**-**	**-**	**-**	**4,000,000**

Notes to the Consolidated Financial Statements

NOTE 16 SHARE-BASED PAYMENTS (Continued)

(e) Summary of performance rights in the prior year:

2021							
Grant Date	**Expiry Date**	**Exercise Price**	**Balance at the Start of the Year**	**Granted**	**Exercised**	**Expired/ Forfeited/ Other**	**Balance at the End of the Year**
11/12/2020*	11/12/2023	$0.00	-	2,000,000	-	-	2,000,000
11/12/2020*	11/12/2024	$0.00	-	2,000,000	-	-	2,000,000
			-	**4,000,000**	**-**	**-**	**4,000,000**

* Following shareholder approval at the AGM on 11 December 2020, the Company issued 4,000,000 performance rights (on a post-consolidation basis) to Mr Matthew Bull. The vesting of the Performance Rights is subject to the achievement of the following performance milestones, which is to be determined by the Board in its discretion:

(a) 2,000,000 Performance Rights will vest upon the Company's Shares achieving a VWAP of $0.090 over any 20 consecutive day period on which shares are traded on ASX, expiring 3 years after issue; and
(b) 2,000,000 Performance Rights will vest upon the Company's Shares achieving a VWAP of $0.135 over any 20 consecutive day period on which shares are traded on ASX, expiring 4 years after issue.

The assessed fair values of the performance rights was determined using Hoadley Barrier model, taking into account the vesting conditions, exercise price, term of performance rights, the share price at grant date and expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the right. The inputs to the model used were:

	Tranche 1	**Tranche 2**
Number of rights	2,000,000	2,000,000
Dividend yield (%)	Nil	Nil
Expected volatility (%)	110	110
Risk-free interest rate (%)	0.090	0.135
Expected life of performance rights (years)	3	4
Underlying share price ($)	0.045	0.045
Exercise price ($)	Nil	Nil
Value of performance rights ($)	0.038	0.038
Fair value of performance rights ($)	76,000	76,000

Notes to the Consolidated Financial Statements

NOTE 17 COMMITMENTS

(a) Tenement Commitments

In relation to the WA tenements, the Group must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exceptions from expenditure are applied or are otherwise disposed of. The commitments that are not provided for in the financial statements are:

	2022 $	2021 $
- Within one year	**363,838**	575,275
- Later than one but not later than five years	**1,299,760**	587,950
	1,663,598	1,163,225

NOTE 18 CONTINGENCIES

<u>Contingent liabilities</u>
In the prior year, an aggregate claim of $412,487 was made by the former Directors or their associates. The Company is disputing the validity of these claims and have no intention to settle the claims. The Company considers it to be probable that any further action will result in its favour and has therefore not recognised a provision in relation to this claim. Of the aggregate amount of $412,487, $295,602 (exclusive of GST) was previously expensed to the Statement of Profit or Loss and Other Comprehensive Income and $85,000 (exclusive of GST) was previously capitalised as exploration expenditure.

Other than the above, there are no contingent liabilities as at 30 June 2022 and 30 June 2021.

<u>Contingent assets</u>
There are no contingent assets as at 30 June 2022 (2021: Nil).

NOTE 19 AUDITOR'S REMUNERATION

	2022 $	2021 $
Amounts received or due and receivable by RSM Australia Partners for:		
Audit or review of the financial statements	**40,375**	35,500
	40,375	35,500

NOTE 20 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Orange Hills Resources Limited	Exploration	Australia	**100**	100
Burraga Copper Pty Ltd	Exploration	Australia	**100**	100
BC Exploration Pty Ltd	Exploration	Australia	**100**	100
Malang Resources Pty Ltd	Exploration	Australia	**90**	90
ACN 603 462 513 Pty Ltd	Exploration	Australia	**100**	100
Old Lloyds Mine Pty Ltd	Exploration	Australia	**100**	100

Notes to the Consolidated Financial Statements

NOTE 21 ACCUMULATED LOSSES

	2022 $	2021 $
Balance at beginning of the year	**(18,169,844)**	(17,266,216)
Loss after income tax for the year	**(10,625,807)**	(903,628)
Balance at end of the year	**(28,795,651)**	(18,169,844)

NOTE 22 PARENT ENTITY

Assets		
Current assets	**1,494,908**	2,416,153
Non-current assets	**9,852,254**	18,404,581
Total assets	**11,347,162**	20,820,734
Liabilities		
Current liabilities	**(239,931)**	332,025
Total liabilities	**(239,931)**	332,025
Equity		
Contributed equity	**49,015,183**	47,815,183
Reserves	**5,867,398**	5,823,070
Accumulated losses	**(43,775,350)**	(33,149,544)
Total equity	**11,107,231**	20,488,710
Loss for the year	**(10,625,806)**	(903,629)
Total comprehensive loss	**(10,625,806)**	(903,629)

Contingent assets
The parent entity has no contingent assets at 30 June 2022 and 30 June 2021.

Contingent liabilities
The parent entity has no contingent liabilities at 30 June 2022 and 30 June 2021.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2022 and 30 June 2021.

Exploration commitments
The parent entity had exploration commitments as disclosed in Note 17.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in the financial statements, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Notes to the Consolidated Financial Statements

NOTE 23 EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing, 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 has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Directors’ Declaration

In the Directors’ opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Nick Johansen
Non-Executive Chairman
29 September 2022

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

Opinion

We have audited the financial report of Paterson Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of $10,625,807 and had net cash outflows from operating and investing activities of $715,942 and $1,314,261 respectively during the year ended 30 June 2022. The Group net current asset position of $1,248,102 as at 30 June 2022, including cash of $1,378,246.

As stated in Note 1, this condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Expenditure Refer to Note 10 in the financial statements	
The Group has capitalised exploration and evaluation expenditure with a carrying value of $9,816,751 as at 30 June 2022. During the year the Group recognised an impairment exploration and evaluation expenditure of $9,744,027 relating to the Burraga and Pilbara Gold Projects. We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including: • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Evaluating whether the right to tenure of the relevant areas of interest are current; • Agreeing a sample of additions to supporting documentation and checking that the amounts are capital in nature and relate to the relevant areas of interest; • Enquiring with management and reading budgets and other documentation as evidence that active and significant operations in, or relation to, the relevant areas of interest will be continued in the future; • Evaluating and recalculating the impairment loss recognised for the year ended 30 June 2022. • Assessing and evaluating management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined; • Assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date for areas of interest which had capitalised exploration and evaluation expenditure at year end; and • Assessing the appropriateness of the disclosures in financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Paterson Resources Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

AWhyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 September 2022

Corporate Governance Statement

The Board of Directors of Paterson Resources Ltd is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Company's Corporate Governance Statement and policies can be found on its website at www.patersonresources.com.au.

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 29 September 2022.

1. Fully paid ordinary shares

- There is a total of 339,258,603 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 1,627.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

Range	Number of holders	Number of shares	% of Issued Capital
1 - 1,000	77	17,029	0.01
1,001 - 5,000	79	205,195	0.06
5,001 - 125,000	1,127	38,890,525	11.46
125,001 Over	344	300,145,854	88.47
Total	**1,627**	**339,258,603**	**100.00**

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than $500.

There are 506 shareholders who hold less than a marketable parcel of shares, amount to 1.19% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

There are no substantial holders who have notified the Company in accordance with Section 671B of the Corporations Act 2001.

5. Share buy-backs

There is no current on-market buy-back scheme.

6. Voting rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholders; and
- Poll – one vote per fully paid ordinary share.

7. Restricted Securities

There are no shares on issue that are subject to voluntary escrow restrictions or mandatory escrow restriction under ASX Listing Rules Chapter 9.

8. Unlisted Options

There are no unlisted options as at 29 September 2022.

9. Unlisted Performance Rights

As at 29 September 2022, there are a total of 4,000,000 unlisted Performance Rights on issue held by 1 holder. These rights have no exercise price and vest between 11 December 2020 and 11 December 2024, subject to the fulfilment of relevant vesting conditions.

ASX Additional Information

10. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 39.09% of the securities in this class and are listed below:

Rank	Holder Name	Number Held	Percentage %
1	MS FENGMEI SHEN	15,095,238	4.45
2	MOVERLY SUPERANNUATION PTY LTD <MOVERLY SUPER FUND A/C>	10,350,000	3.05
3	MR MATTHEW NORMAN BULL	10,000,001	2.95
4	CITICORP NOMINEES PTY LIMITED	7,996,070	2.36
5	MR NICHOLAS EDWARD BULL	7,612,091	2.24
6	CUTTING EDGE DEVELOPMENTS PTY LTD <BUSTIN FAMILY A/C>	7,060,000	2.08
7	MR RAMIN AFNANI	7,040,000	2.08
8	MS ZUOJIA DU	6,904,762	2.04
9	HARKISS MINERAL DISCOVERY PTY LTD	6,666,667	1.97
10	MISS GAY VIVIAN CAIN	6,620,000	1.95
11	GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	6,127,000	1.81
12	MR JEFFORY JOSEPH COLLINS	5,860,179	1.73
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,699,013	1.68
14	DR ANNE PATRICIA CZYDEL	5,197,730	1.53
15	MR JOKO SUSASTRO	4,484,933	1.32
16	SARWELL PTY LTD <ARM CONSTRUCT EMP S/F A/C>	4,293,000	1.27
17	AURORA VENTURES PTY LIMITED	4,000,000	1.18
17	MR TERRY LESLIE GALLAGHER	4,000,000	1.18
19	MR JOHN CHRISTOPHER SINGH BEDI	3,926,218	1.16
20	98 INVESTMENTS PTY LTD <98 INVESTMENT A/C>	3,685,185	1.09
Total: Top 20 holders of ORDINARY FULLY PAID SHARES		**132,618,087**	**39.09**

11. Listed Options

There is a total of 38,115,637 listed options on issue as at 29 September 2022. The number of holders of listed options is 161.

Rank	Holder Name	Number Held	Percentage %
1	MS FENGMEI SHEN	5,428,571	8.32
2	98 INVESTMENTS PTY LTD <98 INVESTMENT A/C>	3,685,185	5.65
3	MR NICHOLAS EDWARD BULL	2,857,144	4.38
4	MOVERLY SUPERANNUATION PTY LTD <MOVERLY SUPER FUND A/C>	2,804,233	4.30
5	MISS GAY VIVIAN CAIN	2,428,096	3.72
6	MR DAVID OLIVER BULL	2,388,889	3.66
7	CUTTING EDGE DEVELOPMENTS PTY LTD <BUSTIN FAMILY A/C>	2,074,074	3.18
8	98 INVESTMENTS PTY LTD <98 INVESTMENT A/C>	2,000,000	3.07
8	SMONGO PTY LTD <SMONGO SUPER FUND A/C>	2,000,000	3.07
10	MR ROBERT JAMES PENFOLD	1,932,194	2.96
11	MS ZUOJIA DU	1,571,429	2.41
12	DR ANNE PATRICIA CZYDEL	1,211,671	1.86
13	MR DAVID ARITI	1,118,096	1.71
14	MR HUY THAI NGUYEN	1,100,000	1.69
15	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>	1,000,000	1.53
15	MRS GILLIAN KAREN NES + MR RONALD NES <GIRO S/F A/C>	1,000,000	1.53
17	TAYCOL NOMINEES PTY LTD	952,381	1.46
18	MR JEFFORY JOSEPH COLLINS	888,859	1.36
19	BRUCE INTERNATIONAL PTY LTD	874,815	1.34
20	MR MARTIN MUSIC	800,000	1.23
Total: Top 20 holders of LISTED OPTIONS EXPIRING 30 SEPTEMBER 2023 @ $0.105		**38,115,637**	**58.44**

ASX Additional Information

12. Tax Status
The Company is treated as a public company for taxation purposes.

13. Franking Credits
The Company has no franking credits.

14. Business Objectives
The Company confirms that it is has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

15. Tenement Schedule

The following table sets out the tenement information as required by ASX Listing Rule 5.3.3

Table 1: Mining tenements held at the end of the Financial Year 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%
Burraga	NSW	EL9135	100%