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PATERSON RESOURCES LTD

ABN 45 115 593 005

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2022

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CORPORATE DIRECTORY

Board of Directors

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

Secretary

Ms Sarah Smith

Registered Office

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 present their report for the consolidated entity consisting of Paterson Resources Ltd (formerly known as Hardey Resources Limited) ("PSL" or "the Company") and the entities it controlled ("the Group") for the half-year ended 31 December 2022.

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2022 and considered together with any public announcement made by the Company during the period and up to the date of this report.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

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 Burranga 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, 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 northeast. 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.

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

Directors' Report

REVIEW OF OPERATIONS (Continued)

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 Issue Prospectus)

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

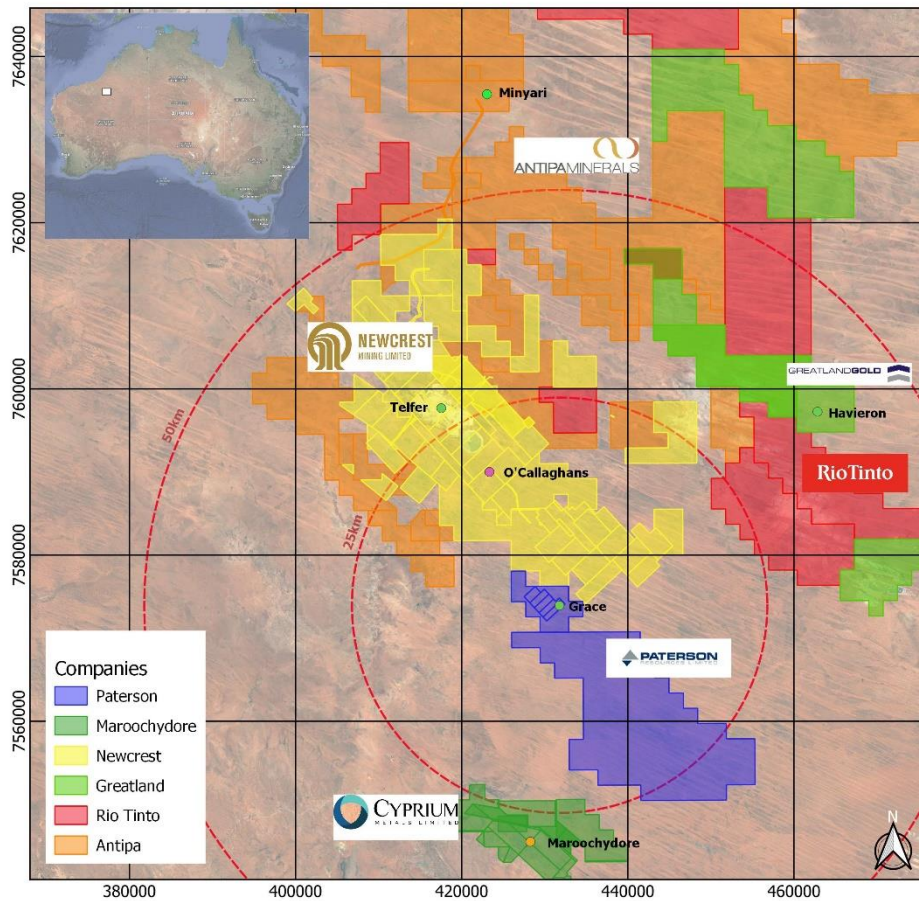


Figure 1: Grace Project Location Map

Directors' Report

REVIEW OF OPERATIONS (Continued)

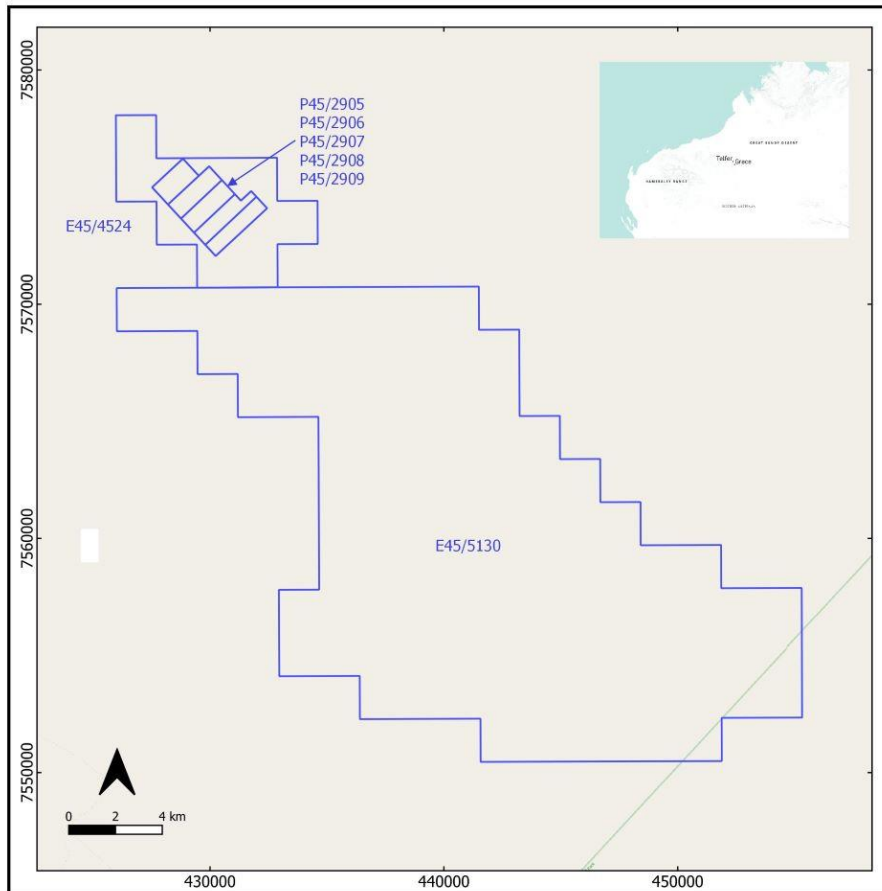


Figure 2: Grace Project Tenement Map

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:

- Soil geochemical survey over the Grace-Bemm trend;
- Reverse circulation 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 additional soil geochemistry survey over the Grace-Bemm shear zone, after the successful use 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 857 samples were collected along 44 lines on a nominal 15m by 100m grid spacing. Results are still outstanding for 347 samples.

Clusters of elevated gold, silver and copper in MMI assays are proximal to and run parallel with the regionally significant Bemm Shear and Parallel shear (Figures 3 & 4), also highlighted in magnetics (Figure 5).

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 3,200m and open along strike to the southeast. Peak MMI responses over the Grace-Bemm shear zone were 4.4ppb silver, 40ppb arsenic, 21.2ppb gold, 720ppb cerium, 2,240ppb copper, 271ppb lanthanum, 111ppb lead and 104ppb uranium.

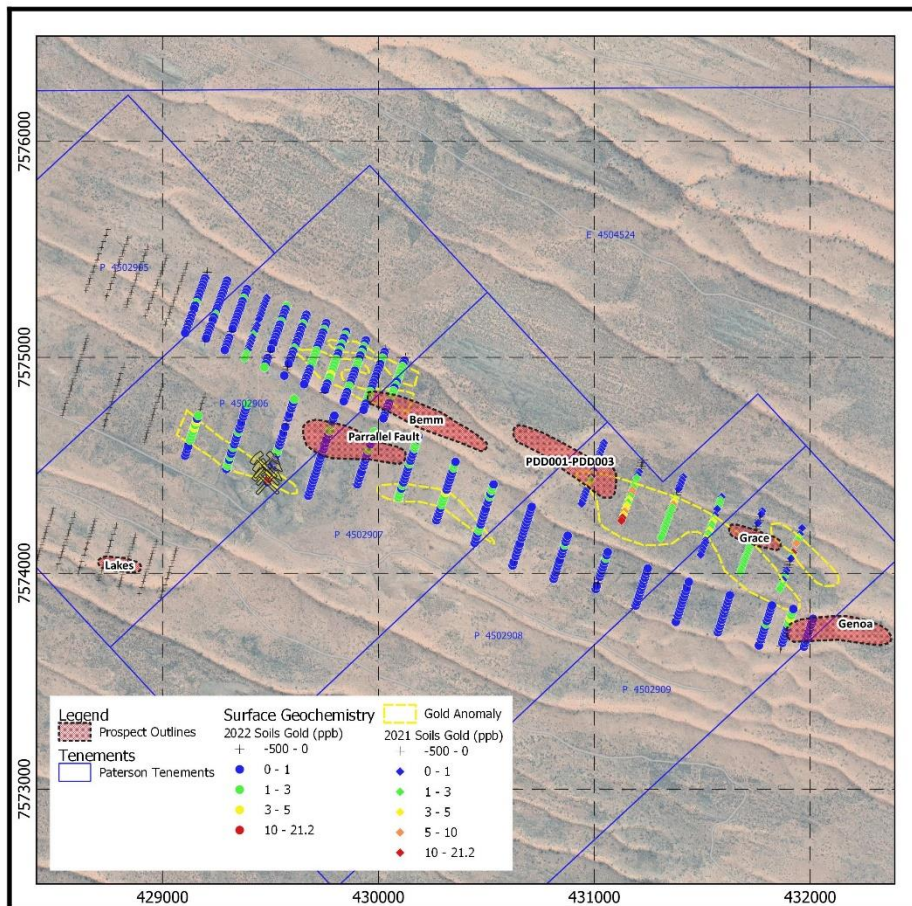


Figure 3 : Gold anomalism defined by MMI soil geochemistry

Directors' Report

REVIEW OF OPERATIONS (Continued)

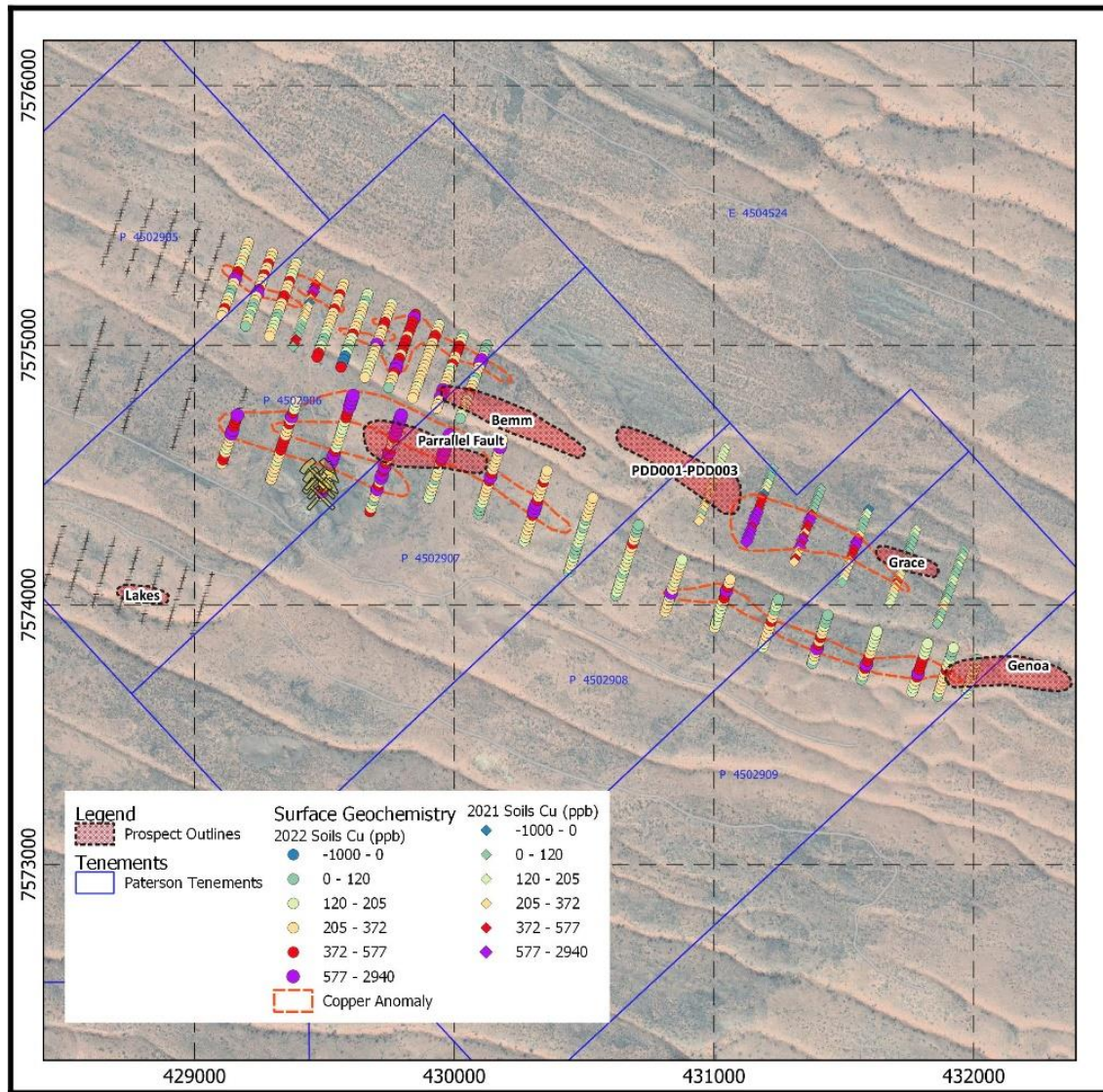


Figure 4: Copper anomalism defined by MMI soil geochemistry

Directors' Report

REVIEW OF OPERATIONS (Continued)

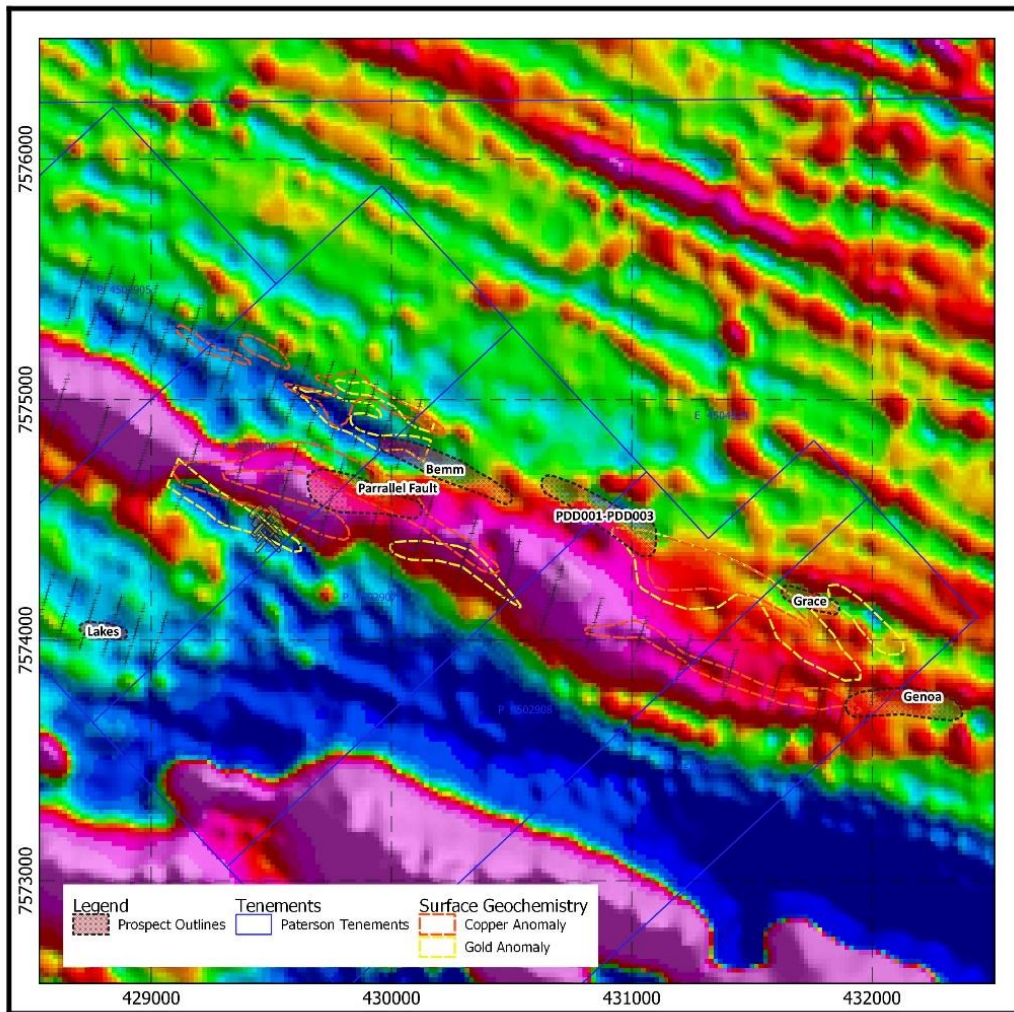


Figure 5: Coincident copper and gold anomalism overlaying aeromagnetics

Reverse Circulation Drilling at Grace-Bemm

The Company's second phase reverse circulation (RC) drilling program at the Grace Project commenced in early August 2022. A total of 27 holes were completed for 4761 meters with an average hole depth of 176.3m. The drilling program was designed to target dip and strike extensions of the mineralised resource envelope at the Grace-Bemm deposit, extend known mineralisation at the Genoa prospect, along with testing the highly prospective Parallel Range Fault. Table 1 lists all significant intercepts returned from the drilling program.

Geology

The main rock types intercepted along the Grace-Bemm structure, and the Parallel Range Fault are silicified siltstone, sandstone, shale and quartzite with interbeds of mudrock or arkosic siltstone of the Malu and Isdell formations. These sediments are highly mineralized with quartz, carbonate and albite veining with some quartz intercepts up to 20m thick. Trace sulphides, mostly pyrite, is common in the shales and siltstones. Goethite and haematite alteration, a common association with gold mineralisation in the oxide zone, is also common as replacement of the original rock or as a bedded unit.

Directors' Report

REVIEW OF OPERATIONS (Continued)

Parallel Range Fault Corridor

The Parallel Range Fault sits just over 380m south of the Grace-Bemm shear zone and strikes in roughly the same orientation. The regional structure remains largely untested by historical drilling. A total of eight drill holes (PRC0002-PRC0009) were designed to test the structure at depth with six of the eight holes hitting significant gold mineralisation over a trend of nearly 800m (Figure 4). PRC0002 and PRC0003 intercepted a felsic-intermediate intrusion which exhibits background gold values between 0.01 and 0.1 g/t Au for almost the entire unit with two samples reaching over 0.1 g/t Au.

Goethite alteration in the last 10 metres of PRC0003 was weakly mineralised with gold. This trend presents a high priority target for future drilling.

PRC0004 and 5 are drilled on the same line. PRC0004 intercepted 22m of gold mineralisation hosted in a stockwork of quartz veins while PRC0005 had no significant intercept. This may be due to the mineralisation dipping steeply. Mineralisation in PRC0004 correlates with gold discovered in historic drill hole GPC9206.

PRC0006 intercepted gold mineralisation on a similar trend with PRC0004 a further 150m along strike to the south-southeast. Shallow gold mineralisation was intercepted along this trend in PRC0007, PRC0008 and PRC0009. If continuous, the trend is 800m in strike in a zone with little or no historical drilling.

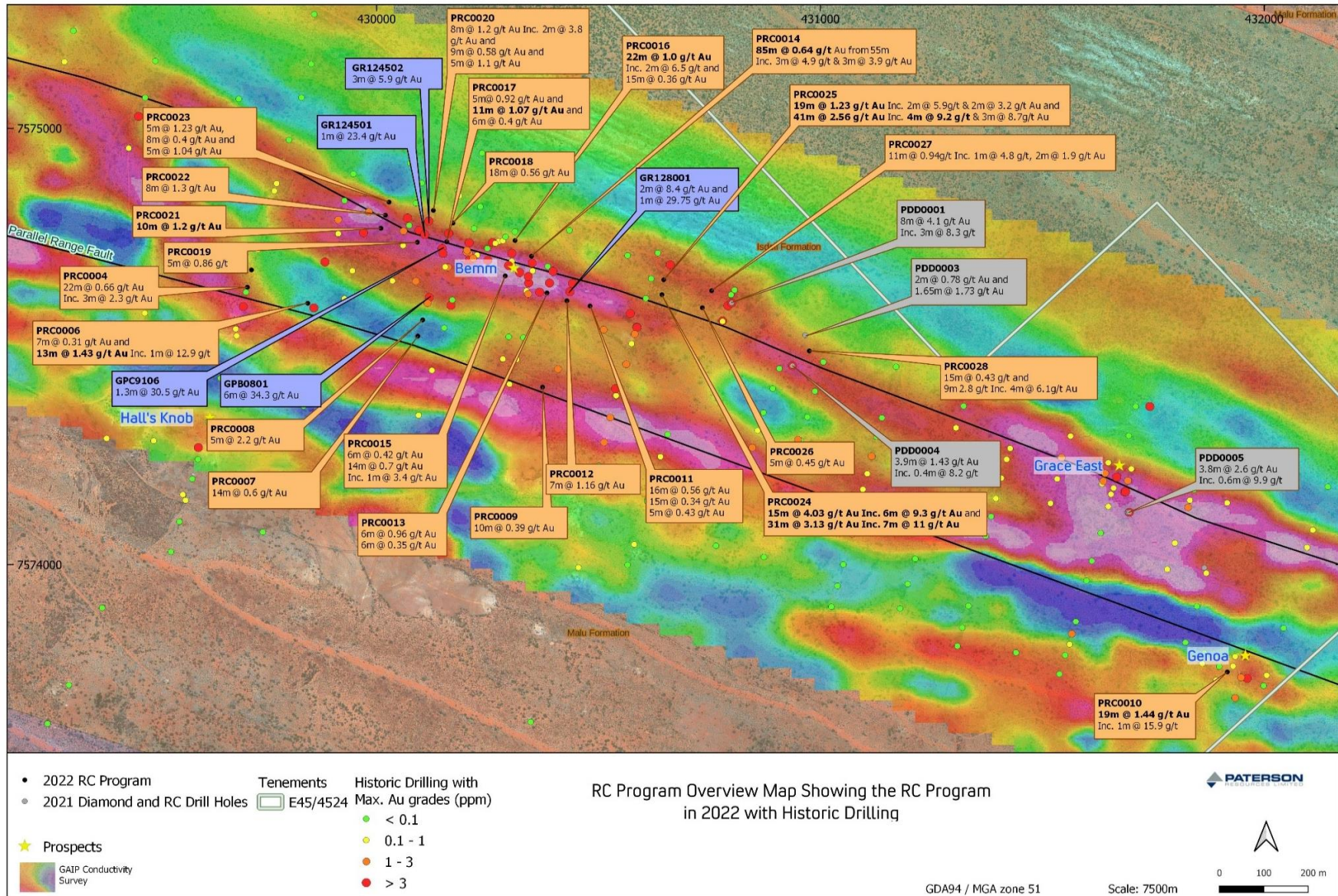


Figure 6. Overview map showing all holes drilled with their significant intercepts with historic drilling. Orange boxes show results of the recent 2022 RC drilling program, Blue boxes contain results of historic drilling and Grey boxes show the 2021 results.

Directors' Report

REVIEW OF OPERATIONS (Continued)

Genoa Prospect

A single hole was designed to test significant wide, shallow gold mineralisation, including 26m at 1.28g/t Au (GPB2205), along strike at the Genoa prospect (Figure 7). Gold intercepted in PRC0010 has extended the known mineralised trend to about 200 metres, remaining open both along strike and at depth. Anomalous shallow gold mineralisation forms in the siltstones and sandstones of the Malu formation associated with quartz veining. The gold appears to be concentrated on the boundaries of these veins in highly weathered zones.

PRC0010 (Figure 5) returned 19m at 1.4 g/t Au within sandstones of the Malu formation with a **peak grade of 15.9g/t Au**. The geometry of the mineralised bodies is not well defined at this stage. Early interpretations indicate gold mineralisation is located in zones of intense veining and brecciation, with associated weak sulphidation, which are trending north-northwest.

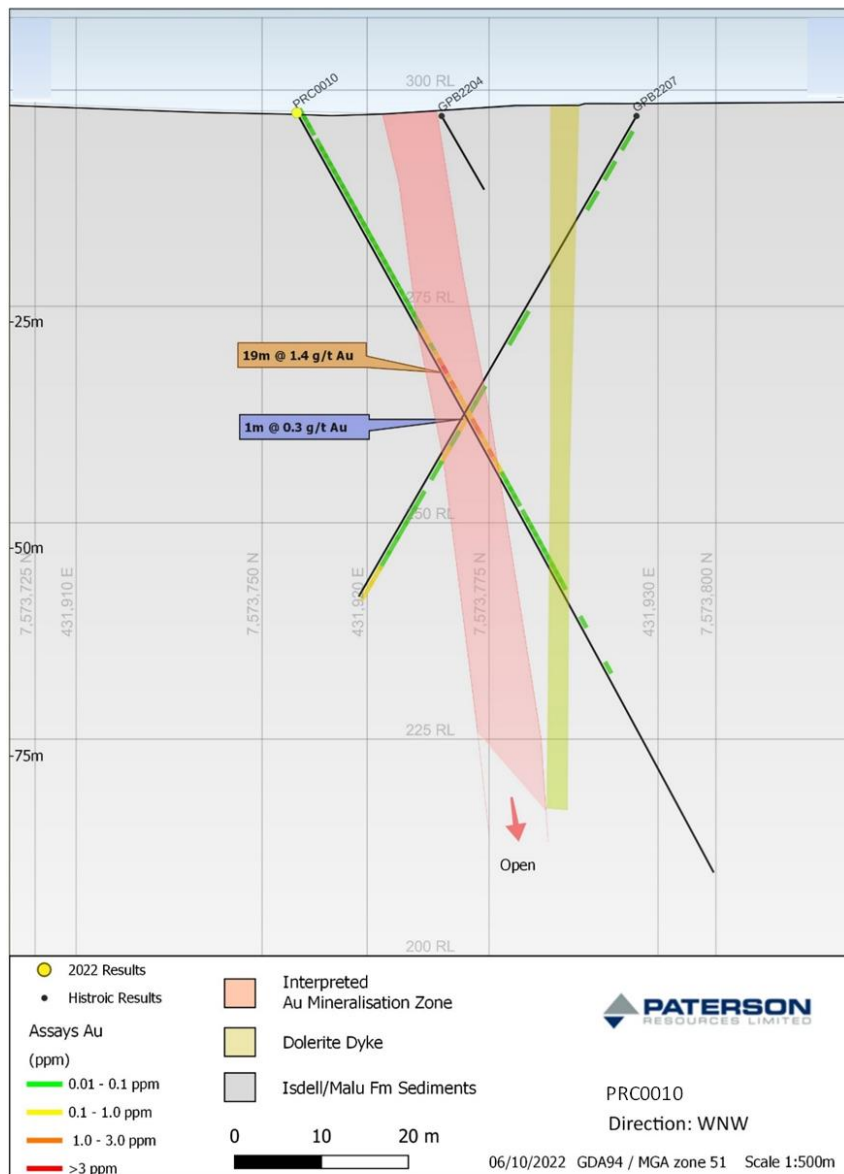


Figure 7: Cross section with PRC0010

REVIEW OF OPERATIONS (Continued)

Grace-Bemm Deposit

A total of 17 RC holes were designed to infill known gold mineralisation at the Grace-Bemm deposit (PRC0011-PRC0028, Figure 6), along with extending the known mineralised envelope down dip and along strike.

Infill and extensional drilling along the Grace-Bemm Shear has been successful in further delineating gold mineralisation along strike and down dip. Significant intercepts are listed in **Error! Reference source not found.** and include:

- 85m @ 0.64g/t Au from 55m including 3m @ 4.9g/t Au from 55m and 3m @ 3.9g/t Au from 60m (PRC0014)
- 22m @ 1 g/t Au from 110m including 2m @ 6.5 g/t Au (PRC0016)
- 11m @ 1.07g/t Au from 32m including 1m @ 10.1g/t Au from 33m (PRC0017)
- 8m @ 1.2g/t Au from 72m including 2m @ 3.8g/t Au from 77m (PRC0020)
- 10m @ 1.2g/t Au from 144m including 1m @ 8.2g/t Au from 144m (PRC0021)
- 8m @ 1.3g/t Au from 146m including 1m @ 6.3 g/t Au from 147m (PRC0022)
- 15m @ 4.03g/t Au from 77m including 6m @ 9.3g/t Au from 79m (PRC0024)
- 31m @ 3.13g/t Au from 145m including 7m @ 11.0g/t Au from 148m (PRC0024)
- 19m @ 1.23g/t Au from 104m including 2m @ 5.9g/t Au from 106m (PRC0025)
- 41m @ 2.56g/t Au from 143m including 4m @ 9.2g/t Au from 143m and 3m @ 8.7g/t Au from 176m (PRC0025)
- 11m @ 0.94g/t Au including 1m @ 4.8 g/t & 2m @ 1.9 g/t Au (PRC0027)
- 15m @ 0.43 g/t Au and 9m 2.8 g/t Au including 4m @ 6.1g/t Au (PRC0028)

Gold mineralisation intercepted in PRC0011, PRC0012 (Figure 8), PRC0013 and PRC0015 extends the mineralized zone to the south and possibly has delineated another parallel structure or the mineralized structure is sub-horizontal in this area. In addition, the strike is extended by up to 200 meters, with the trend remaining open to the southeast. Intercepts returned in PRC0016-PRC0022 have extended mineralisation both up and down dip. Drill hole PRC0014 (Figure 8), lying in the heart of the Grace-Bemm deposit, demonstrates the thickness of the mineralized zone can reach in excess of 80m.

PRC0024-27 confirms and extends the mineralisation intercepted in historic drill hole GC0403 and demonstrates quartz veining with sulphide replacement or massive sulphides growing in voids hosting gold. The highest grades in the drill program can be found here with PRC0024 (Figure 10) containing 7m at 11g/t with a peak grade of 32.5g/t gold.

PRC0028 was drilled between diamond drill holes PDD0003 & PDD0004. PRC0028 extends mineralisation encountered in PDD0004 and extends the strike of the mineralisation a further 50m south-southeast with both directions of strike open.

Evolving Grace-Bemm Gold-Copper Deposit Model

An EIS co-funded diamond drilling hole was completed at the Grace Gold-Copper project in August 2021 designed to test the source of a large magnetic feature at depth interpreted to be a felsic intrusion. The hole intercepted thick breccia hosted gold mineralisation within a metasedimentary sequence and was pushed

Directors' Report

REVIEW OF OPERATIONS (Continued)

through to hit a large felsic intrusion at about 761m. Significant intercepts from the hole (*see ASX announcement dated 15th December 2021*) included:

- 20.8m at 2.0g/t Au from 203.2m **including 2m at 3.6g/t Au from 216m and 3m at 8.38g/t from 221m**
- 15.7m at 0.4g/t Au from 762.3m **including 0.3m at 3.14g/t Au from 762m**

The hole confirmed the presence of a large felsic intrusion at depth, responsible for the magnetic anomaly, thought to be the likely source of gold-copper mineralised fluids penetrating the overlying sedimentary sequence forming breccia-hosted gold rich zones. Whilst only weakly anomalous gold mineralisation was intersected at the contact with the felsic intrusion, pervasive limonitic noted throughout the intrusion alluded to the presence of sulphide-rich fluids permeating through the intrusion.

Drilling to date at the Grace Gold-Copper Project has intersected gold mineralisation hosted mostly within quartz-carbonate breccias and vein stockworks cross-cutting the metasedimentary sequence.

The intersection of thick sulphide-replacement skarn gold mineralisation in drill holes PRC0024 and PRC0025 is a significant development in the evolution of understanding of the ore-forming model at Grace as an extensive intrusive related gold related system. Significant intercepts are listed in Table 1 and include:

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

Preliminary interpretations (Figure 9) suggest the flat lying sulphide mineralisation is plunging steeply to the east-southeast. Whilst PRC0026 hit a zone of shallow vein hosted gold mineralisation from 61m, it appears the hole was terminated too early prior to hitting the thick, high-grade sulphide horizon at depth.

Gold mineralisation at Grace has now been identified to be hosted in breccias, veins and massive sulphide replacement skarn style typical of intrusion-related gold systems and key characteristics of the nearby 5.5 million ounce Havieron Gold-Copper deposit.

Next Steps

All 1m drill samples were assayed at ALS laboratories for gold only via Fire Assay to expedite the assaying process and develop a greater understanding on the controls of gold mineralisation. The technical team at Paterson have conducted an extensive pXRF analysis of assay pulps to identify zone of anomalous copper mineralisation. Upcoming drilling will target zones of gold mineralisation, along with anomalous copper mineralisation to add value to the project moving forward.

Following on from the successful RC drilling campaign at the Grace Gold-Copper Project, Paterson will:

- Complete additional drill planning to commence in the June Quarter 2023
- Continue with 3D modelling and interpretation
- Undertake petrological investigation of mineralisation styles

Directors' Report

REVIEW OF OPERATIONS (Continued)

- Interpret remaining soil geochemistry and plan further soil surveys
- Undertake detailed geological mapping during upcoming field activities

Table 1. Significant Intercept table for the 2022 RC Program. (intervals >0.3g/t gold)

Hole ID	Significant Intercepts				Intercepts >1 g/t		
	From	To	Metres	Au (g/t)	From	Interval	Inclusions > 1g/t Au
PRC0002	No Significant Intercepts						
PRC0003	No Significant Intercepts						
PRC0004	138	160	22	0.66	142	3	2.3
PRC0005	No Significant Intercepts						
PRC0006	141	148	7	0.31	179	3	5.4
	174	187	13	1.43			
PRC0007	11	23	12	0.70	16	1	3.7
PRC0008	41	46	5	2.17	42	1	9.7
PRC0009	108	118	10	0.35	108	1	1.0
PRC0010	29	48	19	1.44	33	2	8.5
PRC0011	16	32	16	0.56	23.0	2	2.7
	82	97	15	0.34	85.0	1	1.2
	120	125	5	0.43	122.0	1	1.5
PRC0012	73.0	80.0	7	1.16	77.0	2	1.5
PRC0013	72	78	6	0.96	72.0	2	2.4
	83	89	6	0.35			
PRC0014	55	140	85	0.64	55.0	3	4.9
					60.0	3	3.9
					105.0	1	2.0
PRC0015	15	21	6	0.42	17.0	1	1.1
	99	113	14	0.70	102.0	2	2.3
PRC0016	110	132	22	1.00	117.0	2	6.5
					121.0	2	1.5
	161	176	15	0.36	171.0	1	2.9
PRC0017	18	23	5	0.92	20.0	1	4.0
	32	43	11	1.07	33.0	1	10.1
	133	139	6	0.40			
PRC0018	47	65	18	0.56	51.0	2	2.4
PRC0019	47	52	5	0.86	47.0	1	3.8

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Directors' Report

REVIEW OF OPERATIONS (Continued)

PRC0020	72	80	8	1.20	77.0	2	3.8
	136	145	9	0.58	136.0	1	2.7
					143.0	1	2.0
155	160	5	1.10	155.0	1	4.1	
PRC0021	144	154	10	1.20	144.0	1	8.2
					150.0	2	1.2
PRC0022	146	154	8	1.30	147.0	1	6.3
PRC0023	44	49	5	1.23	44.0	1	2.2
					47.0	1	2.4
	111	119	8	0.40	113.0	1	1.4
PRC0024	205	210	5	1.04	205.0	1	4.5
	77	92	15	4.03	79.0	6	9.3
PRC0025	145	176	31	3.13	148.0	7	11.0
	104	123	19	1.23	106.0	2	5.9
109.0					2	3.2	
PRC0026	61	66	5	0.45	143.0	4	9.2
					176.0	3	8.7
PRC0027	165	176	11	0.94	62.0	1	1.5
					166	1	4.8
					169	2	1.9
PRC0028	26	39	15	0.43	194	2	1.9
					95	104	9
	114	121	7	0.36			

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Directors' Report

REVIEW OF OPERATIONS (Continued)

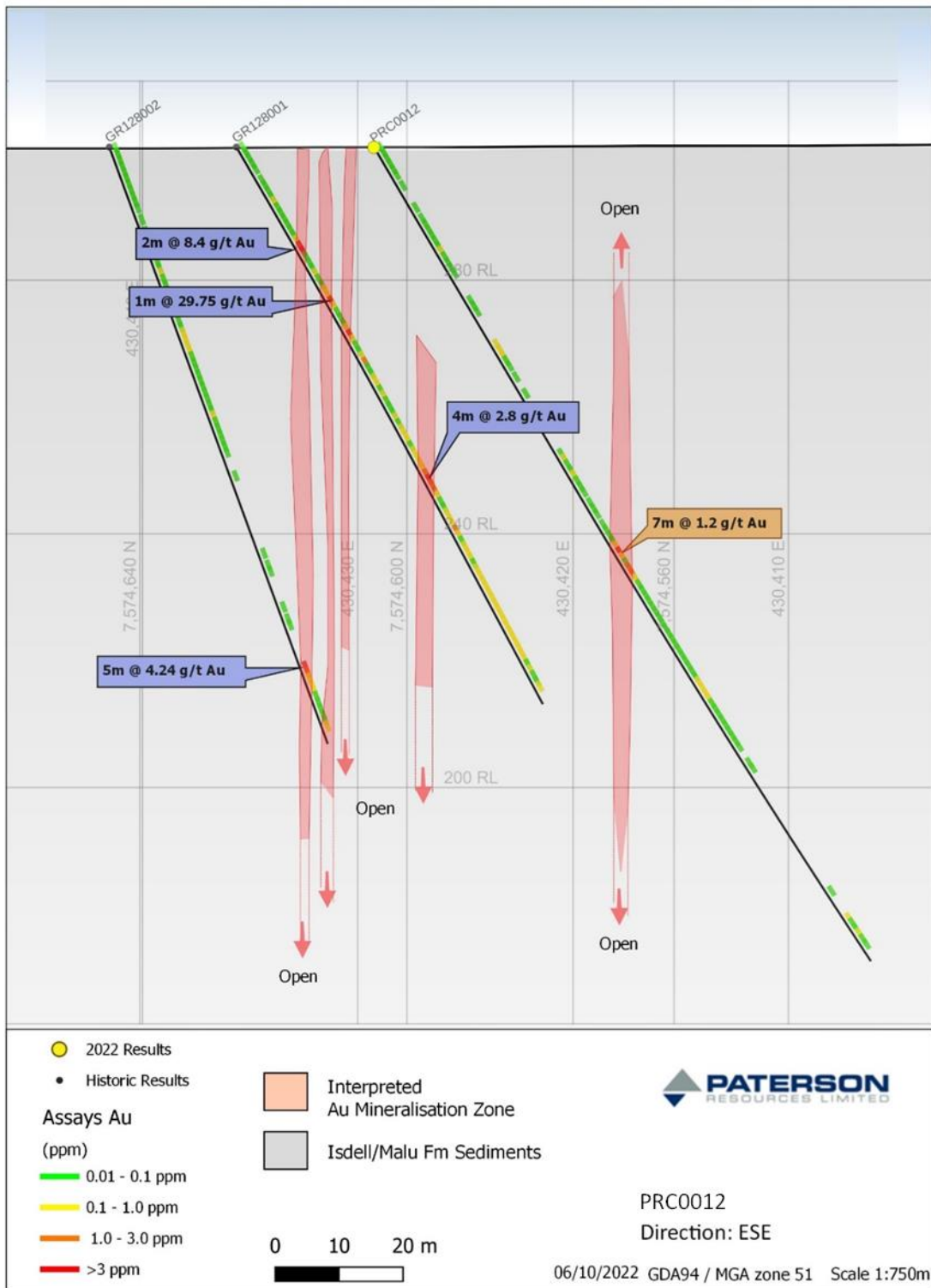


Figure 8. Cross section PRC0012 with historic drilling

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REVIEW OF OPERATIONS (Continued)

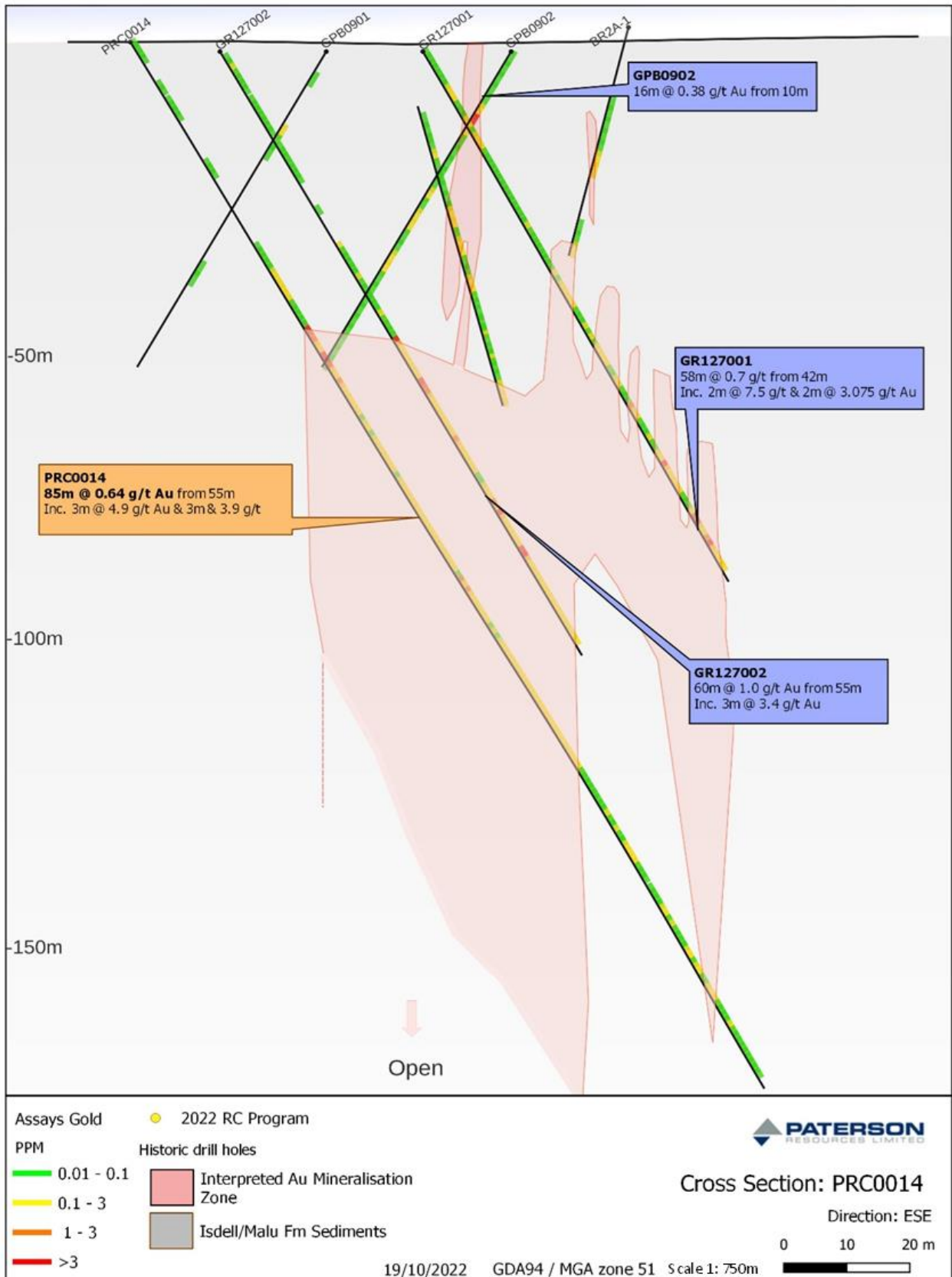


Figure 9. Cross Section with PRC0014 with historic drilling

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Directors' Report

REVIEW OF OPERATIONS (Continued)

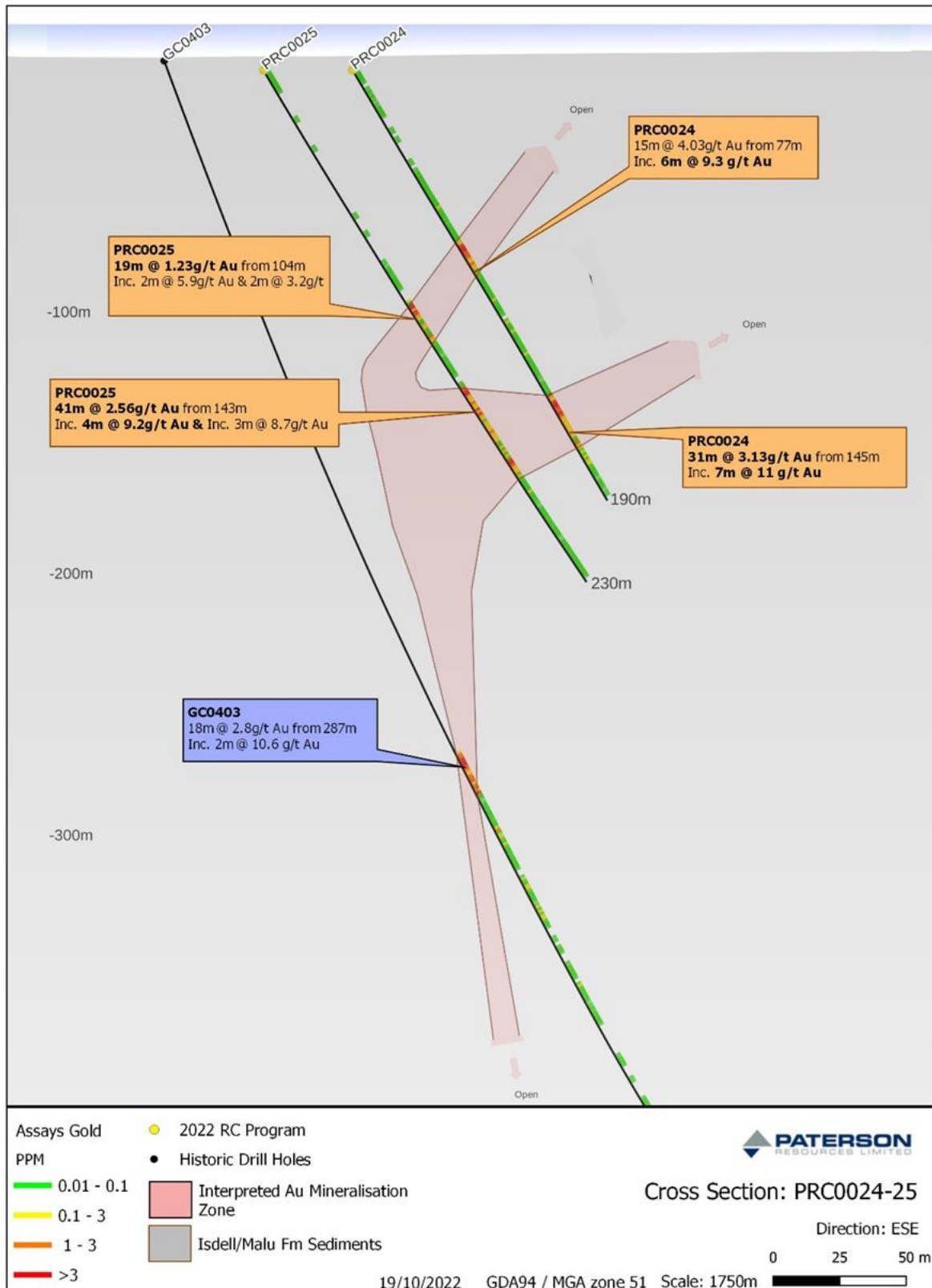


Figure 10. Cross section of PRC0024-25 and historic drill hole GC0403

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Directors' Report

REVIEW OF OPERATIONS (Continued)

Burraga Project – Lachlan Fold Belt, New South Wales

A reconnaissance field visit was made during the previous reporting period by the incumbent Exploration Manager and Project Geologist to gain familiarity with the project and to meet with pertinent landholders to discuss access.

Additionally, future proposed drilling work programs incur an extraneous rehabilitation penalty through the NSW Resources Regulator resulting from 91 outstanding drill holes, completed by previous operators, that have not been closed off for rehabilitation purposes. All 91 holes were located and photographed and a rehabilitation plan was implemented. This program was completed by Paterson field staff during October 2022. All documentation has been submitted to the NSW Resources Regulator to obtain rehabilitation sign off.

Extensive work has been undertaken on the Burraga Project database after a process of validation. Further historical data was discovered, including extensive soil and rock geochemistry over the Isabella tenure that was captured and entered into the database.

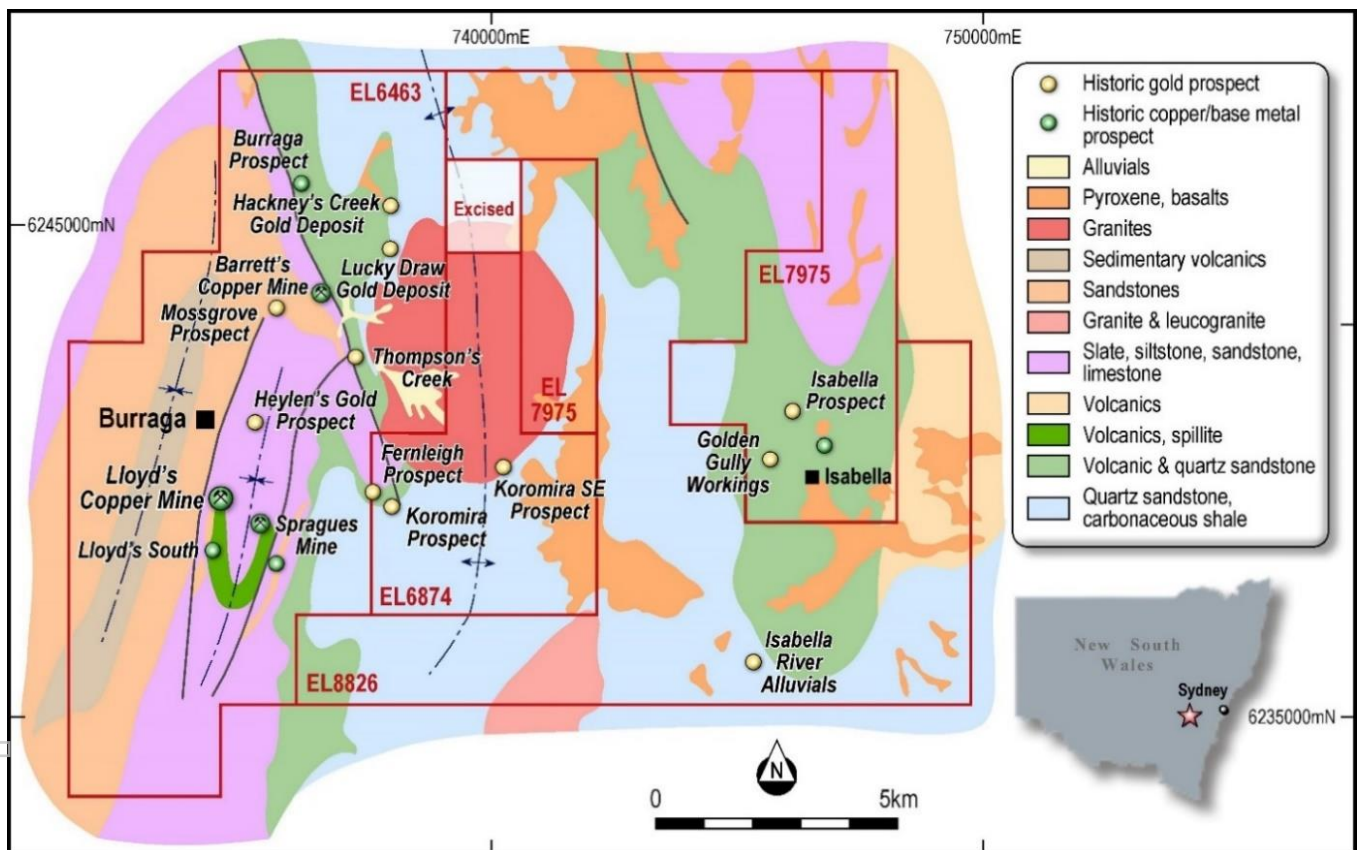


Figure 11: Burraga Project Area

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 2) and also a Mineral Resources Estimate for the Lucky Draw and Hackney's Creek gold prospects (Table 3).

Directors' Report

REVIEW OF OPERATIONS (Continued)

Table 2 - Lloyds Copper Mineral Resources by model and resource category

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

Table 3 - 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)

Future Work

Land access negotiations have been entered into with Pine Plantation Products. PPP owns a significant swathe of land in the northern reaches of EL6463.

The Company's technical team have identified three highly prospective targets (Figure 3) on EL6463 that will be tested with a soil geochemical survey that fall within the area granted access.

Callinore Prospect

The Callinore Prospect is a newly defined target on EL6463, located just over six kilometres from the historic Lloyds Copper Mine. The Prospect has been highlighted from anomalous copper-lead-zinc-in-soils undertaken by previous explorer, Platina Developments in the late 1960's which was coincident with a strong induced polarisation anomaly outlined from ground geophysical surveys completed at the time. Peak values within the soil assays include 1460ppm copper, 1600ppm lead and 1200ppm zinc.

The anomaly identified by historical soil sampling has been defined over an area roughly 1.6km long and 350m wide and remains open along strike. Given the age of the sampling and the lack of detail regarding sampling methods, the Company will undertake multiple lines of soil sampling to validate the anomaly, along with extending the anomaly along strike to the southeast.

Three historical diamond drill holes were completed by Platina1 designed to test the bedrock source of mineralisation, with grades peaking up to 1.52% copper, 0.49% zinc and 0.24% lead.

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

Callinore East Prospect

The Callinore East Prospect is another newly defined target on EL6463. It was highlighted by an aeromagnetic survey undertaken by previous explorer Elysium Resources. Thomson Aviation flew a magnetic and radiometric survey (MAG) over three contiguous tenements at Burruga 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 high-priority targets which included the Callinore East potassium anomaly.

The potassium anomaly is also located in the Callinore structural corridor and presents as a potential porphyritic intrusion. The potassium anomaly and the interpreted cross-cutting structures could provide potential mineralised fluid traps for the suspected porphyry intrusion.

No historical exploration has been conducted over this area.

Hackney's Creek West Prospect

The Hackney's Creek West Prospect is the Company's third new target identified on the EL6463 tenure. The area has been highlighted as a possible structural target for gold and copper mineralisation, forming along strike of the historic Barrets Creek copper workings.

No historical exploration has been conducted over this area.

Directors' Report

REVIEW OF OPERATIONS (Continued)

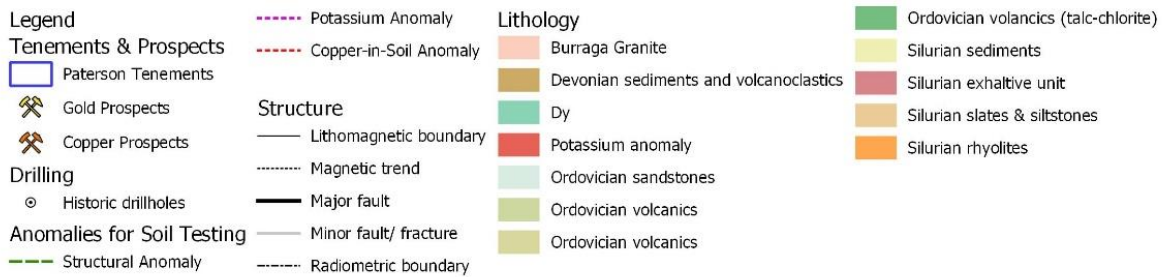
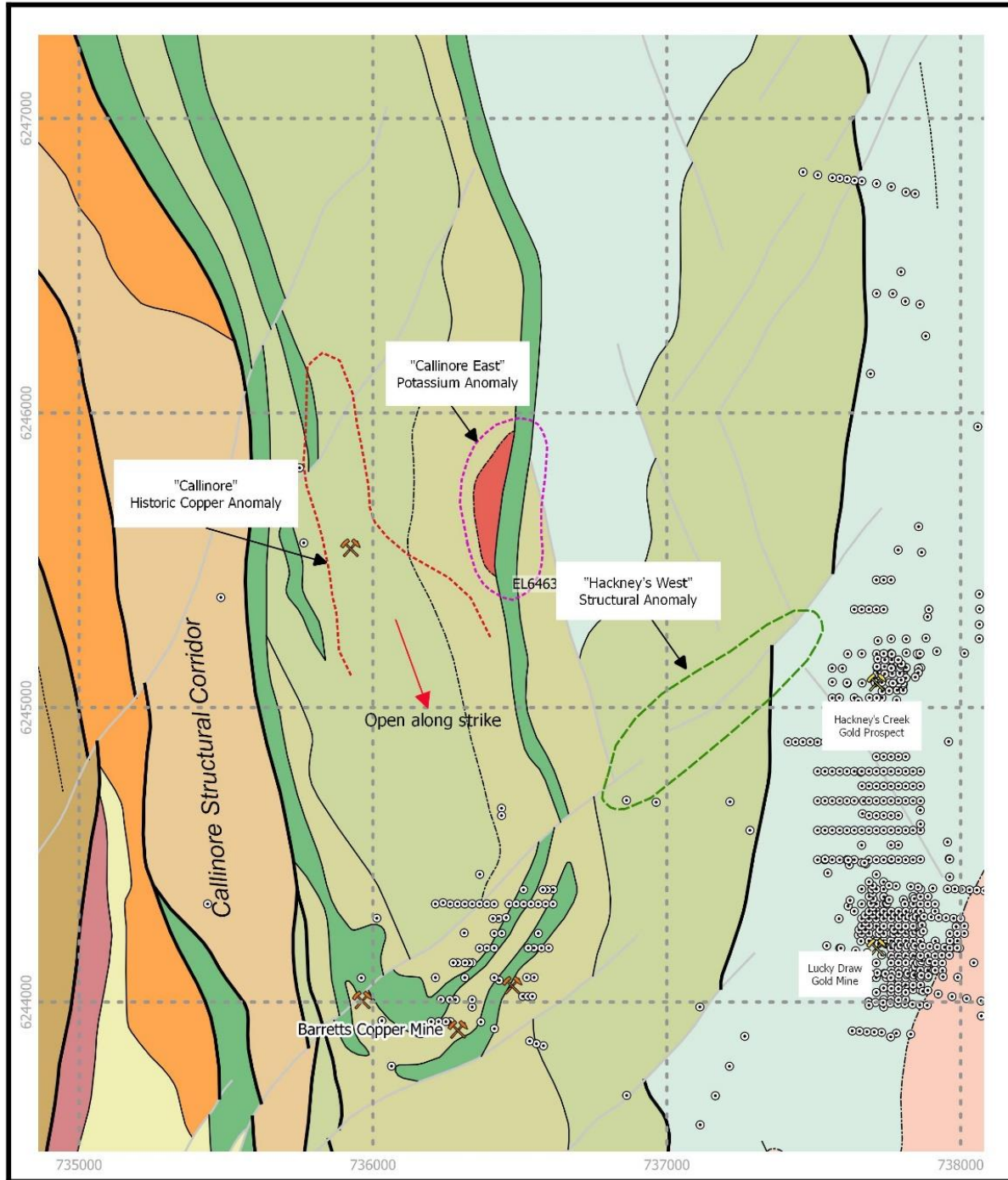


Figure 12: Location of target areas for upcoming soil geochemical surveys

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Directors' Report

REVIEW OF OPERATIONS (Continued)

Additionally, the company will also:

1. Continue land access negotiations with landholders over high priority areas.
2. Design follow up ground geophysical surveys over Callinore & Hackney's West prospects.
3. Commence drill targeting and approvals process.

CORPORATE

Annual General Meeting

The Annual General Meeting was held on 29 November 2022, with the following resolutions passed by a way of poll:

- Adoption of Remuneration Report
- Election of Director – Mr Nick Johansen
- Approval of 10% Placement Facility (LR 7.1A)
- Replacement of the Company's Constitution

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 1 February 2023, the Company announced that it has received firm commitments to raise approximately A\$2,000,000 (before costs) at the price of 2.8c per share together with a free attaching option exercisable at \$0.05 and expiring 3 years from date of issue on the basis of one (1) option for every (1) share issued ("**Placement**"). The Placement will be settled in two Tranches. Tranche 1 was settled on 9 March 2023 through the issuance of 58,035,714 shares raising A\$1,625,000 (before costs) while Tranche 2 will be settled through the issuance of 13,392,857 shares (following shareholder approval on a general meeting). The funds raised from the Placement will be used for the drilling campaigns at the Grace and Burruga Projects, advancing drilling targets at the Pilbara Projects; and costs of the capital raising and to provide ongoing working capital.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FINANCIAL RESULTS

The financial results of the Group for the half-year ended 31 December 2022 are:

	31-Dec-22	30-Jun-22
Cash and cash equivalents (\$)	509,953	1,378,246
Net assets (\$)	10,670,140	11,107,231

	31-Dec-22	31-Dec-21
Other income (\$)	2,696	106
Net loss after tax (\$)	(459,255)	(2,065,824)
Loss per share (cents)	(0.14)	(0.63)

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors



Nick Johansen
Non-Executive Chairman
15 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Paterson Resources Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 15 March 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	31-Dec-22 \$	31-Dec-21 \$
Revenue from continuing operations			
Other income		2,696	106
Administrative expenses		(112,380)	(90,125)
Compliance and regulatory expenses		(34,629)	(59,253)
Corporate advisory and consulting fees		(29,855)	-
Depreciation		(8,125)	(8,125)
Employee benefit expenses		(174,542)	(140,909)
Exploration consulting fees		(11,831)	(9,451)
Impairment expense		-	(1,747,474)
Legal fees		(39,267)	(3,694)
Occupancy costs		(2,600)	(2,600)
Share-based payments expense	3	(22,164)	-
Other expenses		(26,558)	(4,299)
Loss before income tax expense		(459,255)	(2,065,824)
Income tax expense		-	-
Loss after income tax for the period		(459,255)	(2,065,824)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to members of Paterson Resources Ltd		(459,255)	(2,065,824)
Loss per share for the period attributable to the members of Paterson Resources Ltd:			
Basic and diluted loss per share (cents)		(0.14)	(0.63)

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31-Dec-22 \$	30-June-22 \$
ASSETS			
Current Assets			
Cash and cash equivalents		509,953	1,378,246
Trade and other receivables		105,760	110,636
Total Current Assets		615,713	1,488,882
Non-Current Assets			
Plant and equipment		23,059	31,184
Financial assets at fair value through profit or loss		11,194	11,194
Exploration and evaluation expenditure	4	10,979,770	9,816,751
Total Non-Current Assets		11,014,023	9,859,129
TOTAL ASSETS		11,629,736	11,348,011
LIABILITIES			
Current Liabilities			
Trade and other payables		959,596	240,780
Total Current Liabilities		959,596	240,780
TOTAL LIABILITIES		959,596	240,780
NET ASSETS		10,670,140	11,107,231
EQUITY			
Contributed equity	5	34,161,364	34,161,364
Reserves		5,763,682	5,741,518
Accumulated losses		(29,254,906)	(28,795,651)
TOTAL EQUITY		10,670,140	11,107,231

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

31 December 2022	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2022	34,161,364	5,741,518	(28,795,651)	11,107,231
Loss for the period	-	-	(459,255)	(459,255)
Total comprehensive loss for the period after tax	-	-	(459,255)	(459,255)
Transactions with owners in their capacity as owners:				
Share-based payments (note 3)	-	22,164	-	22,164
Balance at 31 December 2022	34,161,364	5,763,682	(29,254,906)	10,670,140
31 December 2021	\$	\$	\$	\$
At 1 July 2021	32,961,364	5,697,190	(18,169,844)	20,488,710
Loss for the period	-	-	(2,065,824)	(2,065,824)
Total comprehensive loss for the period after tax	-	-	(2,065,824)	(2,065,824)
Transactions with owners in their capacity as owners:				
Issue of shares	1,200,000	-	-	1,200,000
Balance at 31 December 2021	34,161,364	5,697,190	(20,235,668)	19,622,886

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2022

	31-Dec-22	31-Dec-21
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(328,992)	(401,288)
Interest received	2,696	106
Net cash used in operating activities	(326,296)	(401,182)
Cash flows from investing activities		
Payment for exploration and evaluation expenditure	(541,997)	(851,963)
Net cash used in investing activities	(541,997)	(851,963)
Cash flows from financing activities		
Proceeds from issue of shares	-	1,200,000
Net cash from financing activities	-	1,200,000
Net decrease in cash and cash equivalents	(868,293)	(53,145)
Cash and cash equivalents at beginning of the period	1,378,246	2,208,449
Cash and cash equivalents at end of the period	509,953	2,155,304

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

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Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Going Concern

As disclosed in the financial statements, the Group incurred a loss of \$459,255, and had net cash outflows from operating and investing activities of \$326,296 and \$541,997 respectively for the half-year ended 31 December 2022. As at that date, the Group has net current liabilities of \$343,883, including cash balance of \$509,953.

These conditions above indicate a material uncertainty which may cast 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. However 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:

- As disclosed in Note 9, on 9 March 2023, the Company announced the issuance of 58,035,714 shares together with a free attaching option exercisable at \$0.05 and expiring 3 years from date of issue on the basis of one (1) option for every (1) share issued raising A\$1,625,000 (before costs);
- 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.

(b) New or amended Accounting Standards and Interpretations adopted

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

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

NOTE 2 SEGMENT INFORMATION

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

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

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

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

Notes to the Consolidated Financial Statements

NOTE 3 SHARE-BASED PAYMENTS

	31-Dec-22	31-Dec-21
	\$	\$
Recognised share-based payment transactions		
Performance rights issued in the prior year	22,164	-
	22,164	-
Reconciliation:		
Recognised as share-based payment expenses in Statement of Profit or Loss and Other Comprehensive Income	22,164	-
	22,164	-

NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-22	30-Jun-22
	\$	\$
Carrying amount of exploration and evaluation expenditure	10,979,770	9,816,751
At the beginning of the period	9,816,751	18,341,473
Exploration expenditure incurred	1,163,019	1,219,305
Impairment	-	(9,744,027)
At the end of the period	10,979,770	9,816,751

NOTE 5 CONTRIBUTED EQUITY

(a) Issued and fully paid

	31-Dec-22		30-Jun-22	
	No.	\$	No.	\$
Ordinary shares	339,258,603	34,161,364	339,258,603	34,161,364

NOTE 6 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2022 (30 June 2022: Nil), and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2022.

NOTE 7 CONTINGENCIES

Contingent liabilities

During the financial year ended 2020, 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 31 December 2022 (2021: Nil).

Contingent assets

There are no contingent assets as at 31 December 2022 (2021: Nil).

Notes to the Consolidated Financial Statements

NOTE 8 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:

	31-Dec-22	30-Jun-22
	\$	\$
- Within one year	706,579	363,838
- Later than one but not later than five years	1,301,768	1,299,760
	2,008,347	1,663,598

NOTE 9 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 1 February 2023, the Company announced that it has received firm commitments to raise approximately A\$2,000,000 (before costs) at the price of 2.8c per share together with a free attaching option exercisable at \$0.05 and expiring 3 years from date of issue on the basis of one (1) option for every (1) share issued ("**Placement**"). The Placement will be settled in two Tranches. Tranche 1 was settled on 9 March 2023 through the issuance of 58,035,714 shares raising A\$1,625,000 (before costs) while Tranche 2 will be settled through the issuance of 13,392,857 shares (following shareholder approval on a general meeting). The funds raised from the Placement will be used for the drilling campaigns at the Grace and Burruga Projects, advancing drilling targets at the Pilbara Projects; and costs of the capital raising and to provide ongoing working capital.

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

DIRECTORS' DECLARATION

In the directors' opinion:

The financial statements and notes thereto of the Group, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:

- a. Complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b. Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended on that date.
- c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Nick Johansen
Non-Executive Chairman
15 March 2023

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Paterson Resources Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$459,255, had net cash outflows from operating activities of \$326,296 and net cash outflows from investing activities of \$541,997 during the half year ended 31 December 2022. As at that date, the consolidated entity's current liabilities exceeded its current assets by \$343,883. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of Paterson Resources Limited 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 Paterson Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'Al Whyte'.

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 15 March 2023