



PATERSON RESOURCES LTD

ABN 45 115 593 005

**Annual Report for the
Year Ended 30 June 2023**

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Annual Report

For the year ended 30 June 2023

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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

Telephone: 08 6559 1792

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
Level 17
221 St Georges Terrace
Perth WA 6000

Country of Incorporation

Paterson Resources Ltd is domiciled and incorporated in Australia

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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 2023.

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); and
- Non-Executive Director Castillo Copper Limited (resigned 30 April 2020).

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.

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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 2023.

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 Burruga 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 Burruga 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.

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Directors' Report

REVIEW OF OPERATIONS (Continued)

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 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

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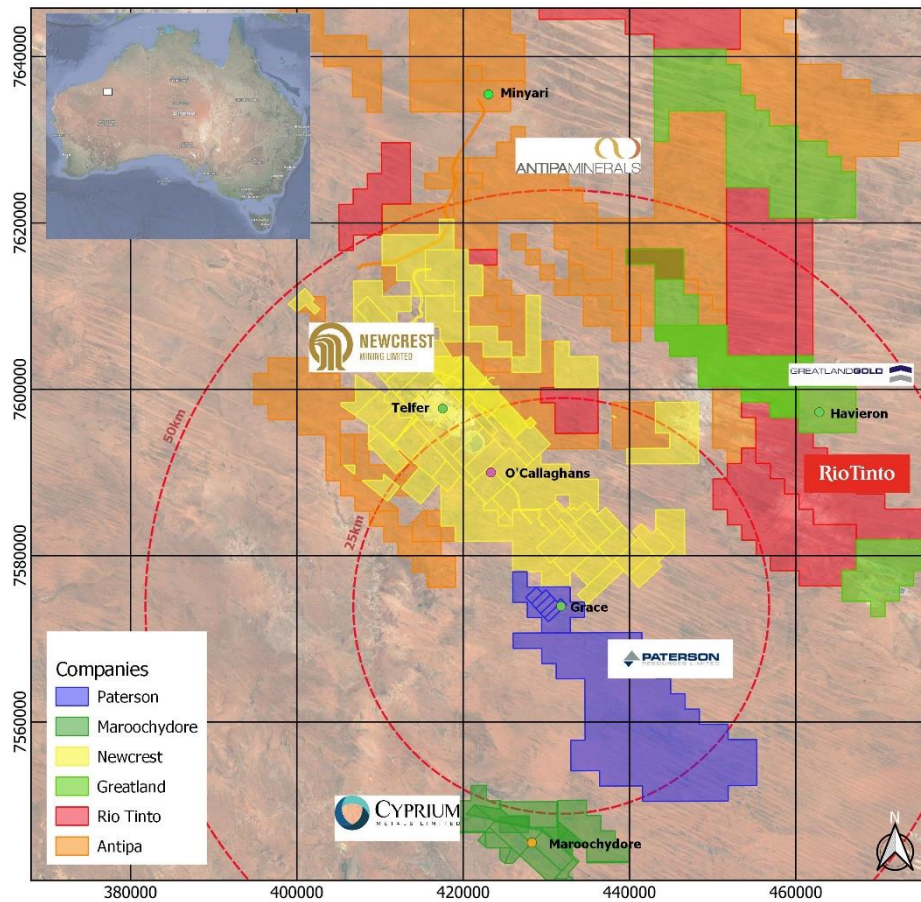


Figure 1: Grace Project Location Map

Directors' Report

REVIEW OF OPERATIONS (Continued)

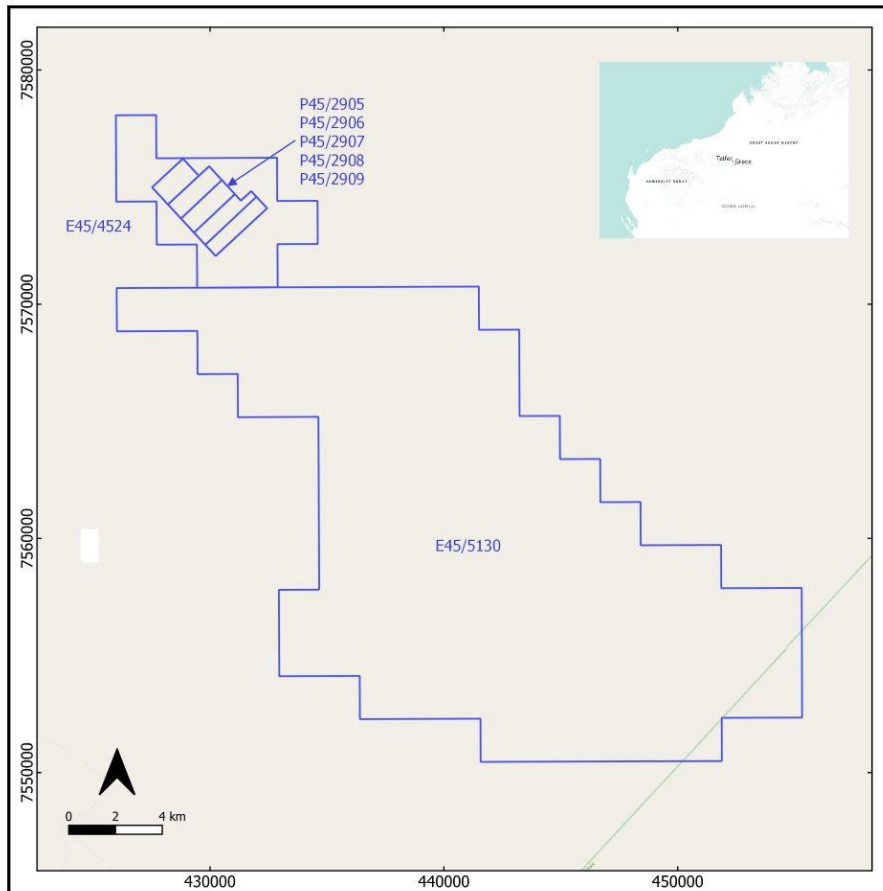


Figure 2: Grace Project Tenement Map

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.

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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.

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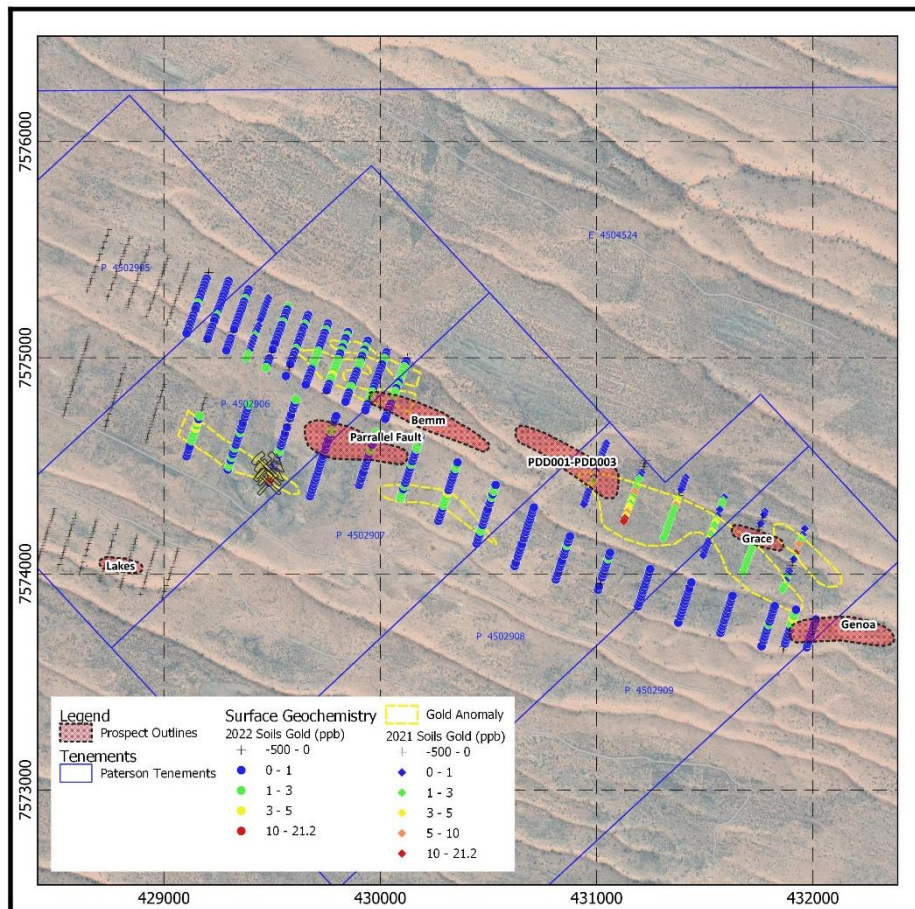


Figure 3 : Gold anomalism defined by MMI soil geochemistry

Directors' Report

REVIEW OF OPERATIONS (Continued)

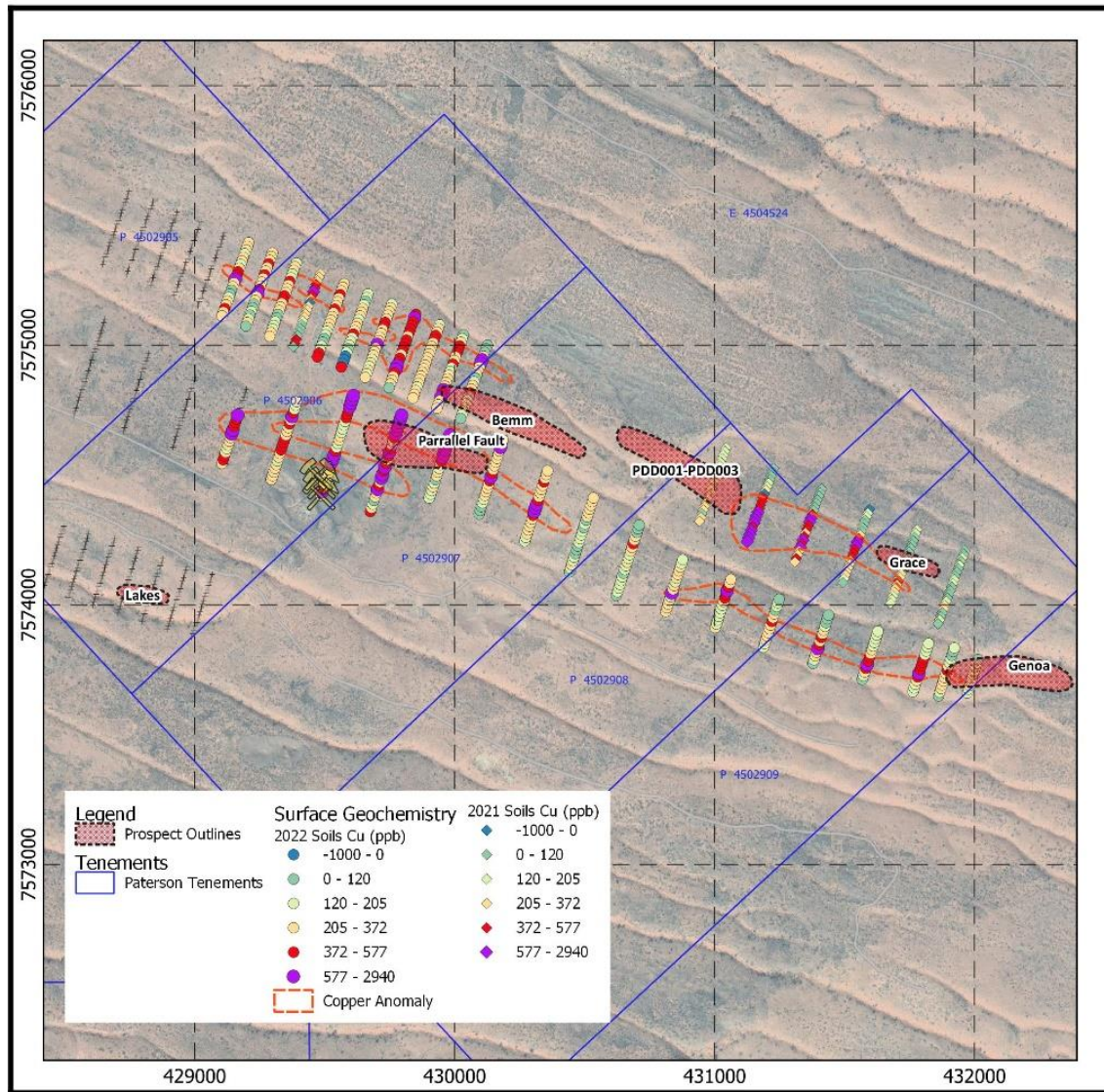


Figure 4: Copper anomalism defined by MMI soil geochemistry

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Directors' Report

REVIEW OF OPERATIONS (Continued)

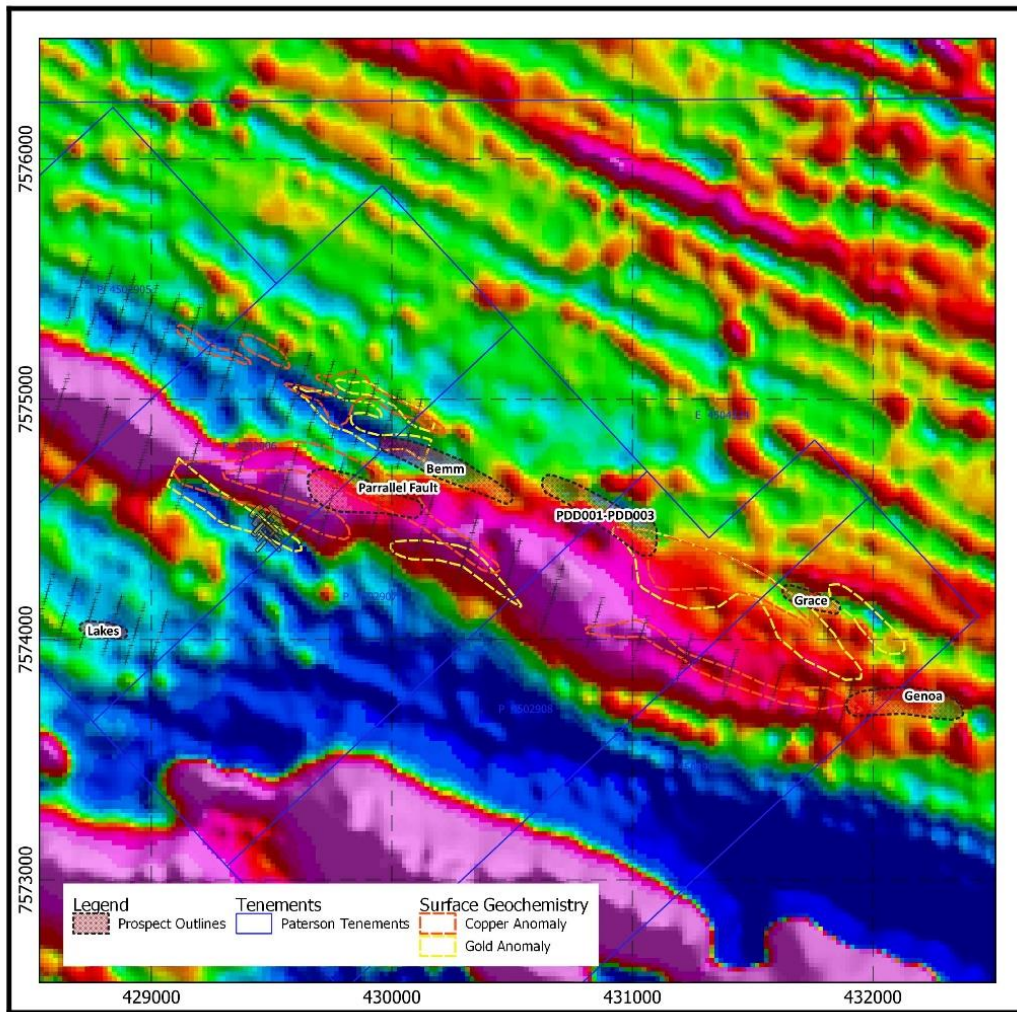


Figure 5: Coincident copper and gold anomalism overlaying aeromagnetics

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.

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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.

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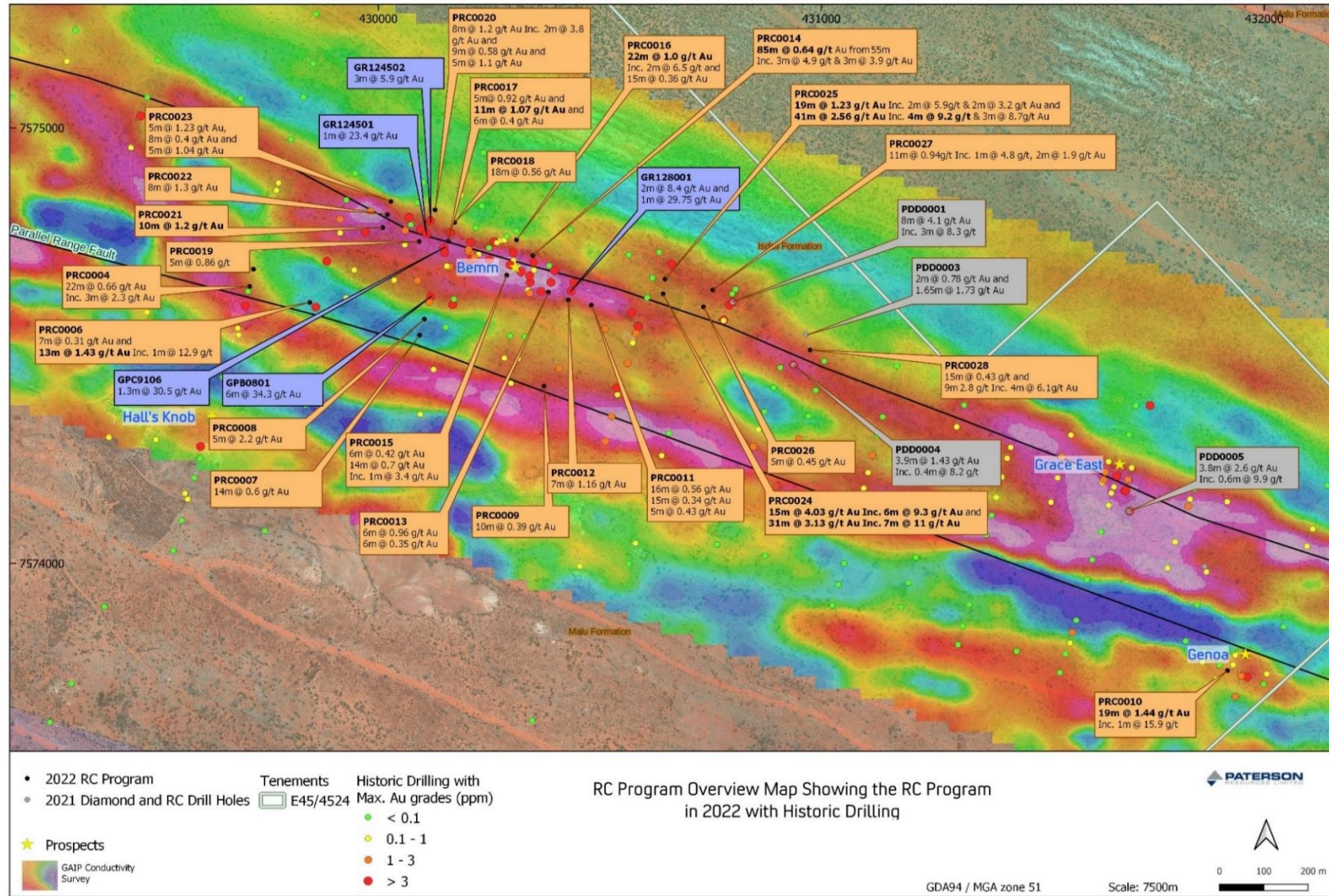


Figure 6. Overview map showing all holes drilled with their significant intercepts with historic drilling. Orange boxes show results of the recent 2022 RC drilling program, Blue boxes contain results of historic drilling and Grey boxes show the 2021 results.

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.

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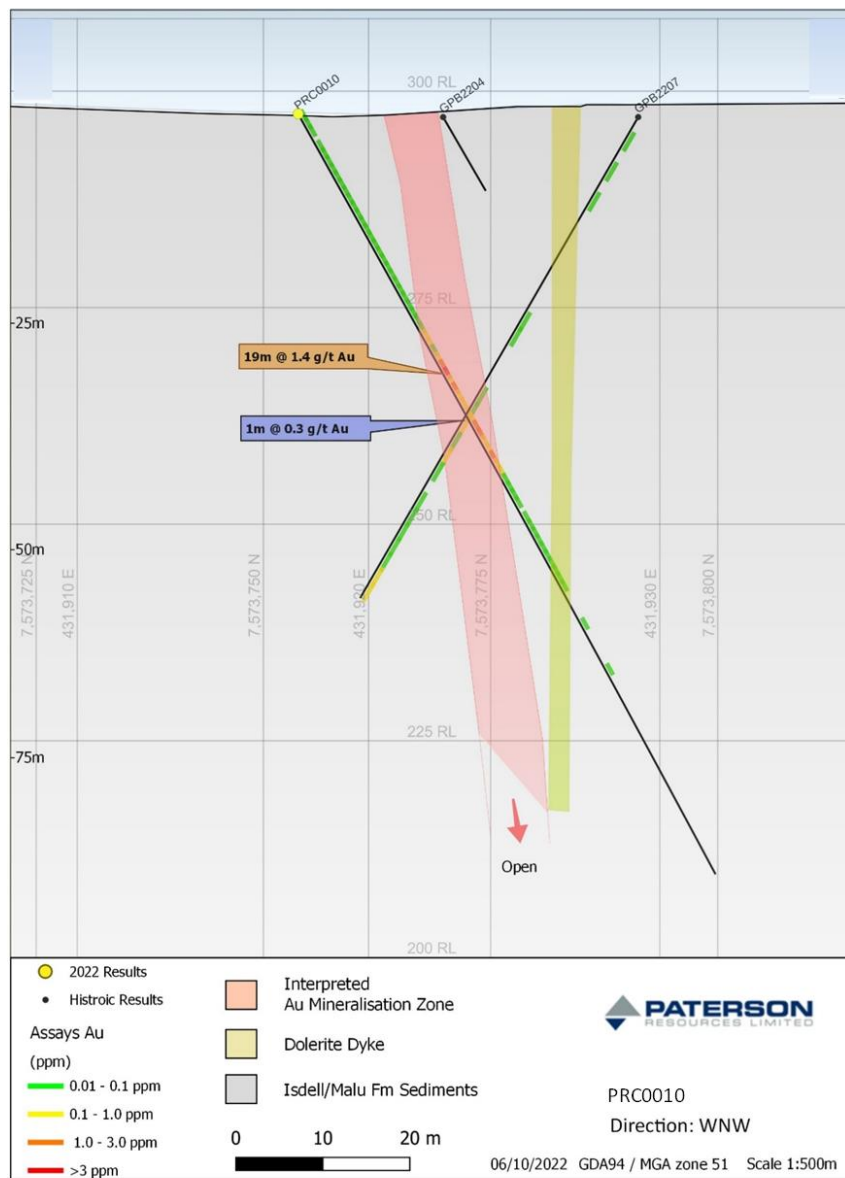


Figure 7: Cross section with PRC0010

Directors' Report

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

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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
	143	184	41	2.56	109.0	2	3.2
PRC0026	61	66	5	0.45	143.0	4	9.2
					176.0	3	8.7
PRC0027	61	66	5	0.45	62.0	1	1.5
PRC0027	165	176	11	0.94	166	1	4.8
					169	2	1.9
					194	2	1.9
PRC0028	26	39	15	0.43	33	1	1.2
	95	104	9	2.8	96	4	6.1
	114	121	7	0.36			

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Directors' Report

REVIEW OF OPERATIONS (Continued)

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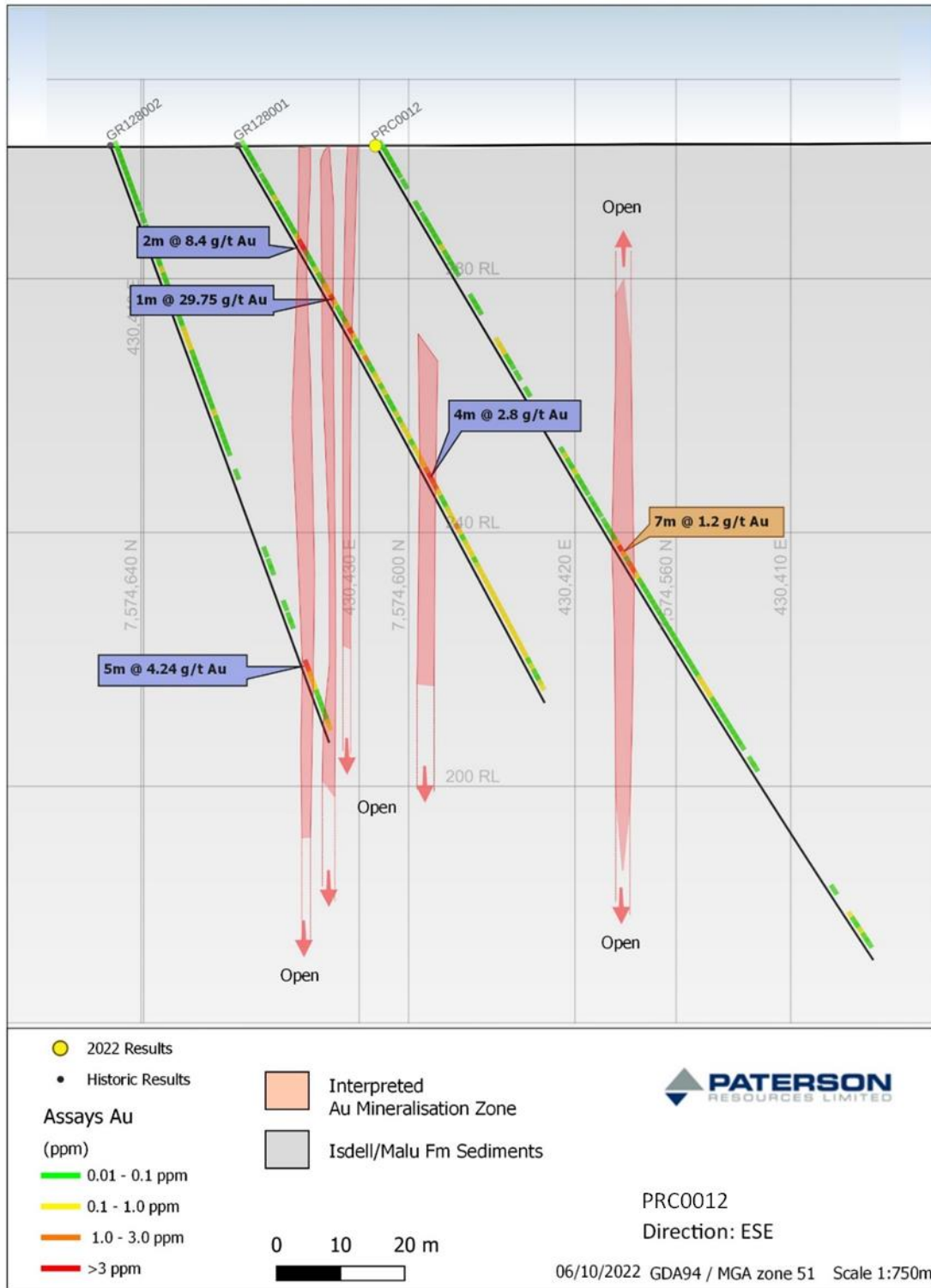


Figure 8. Cross section PRC0012 with historic drilling

Directors' Report

REVIEW OF OPERATIONS (Continued)

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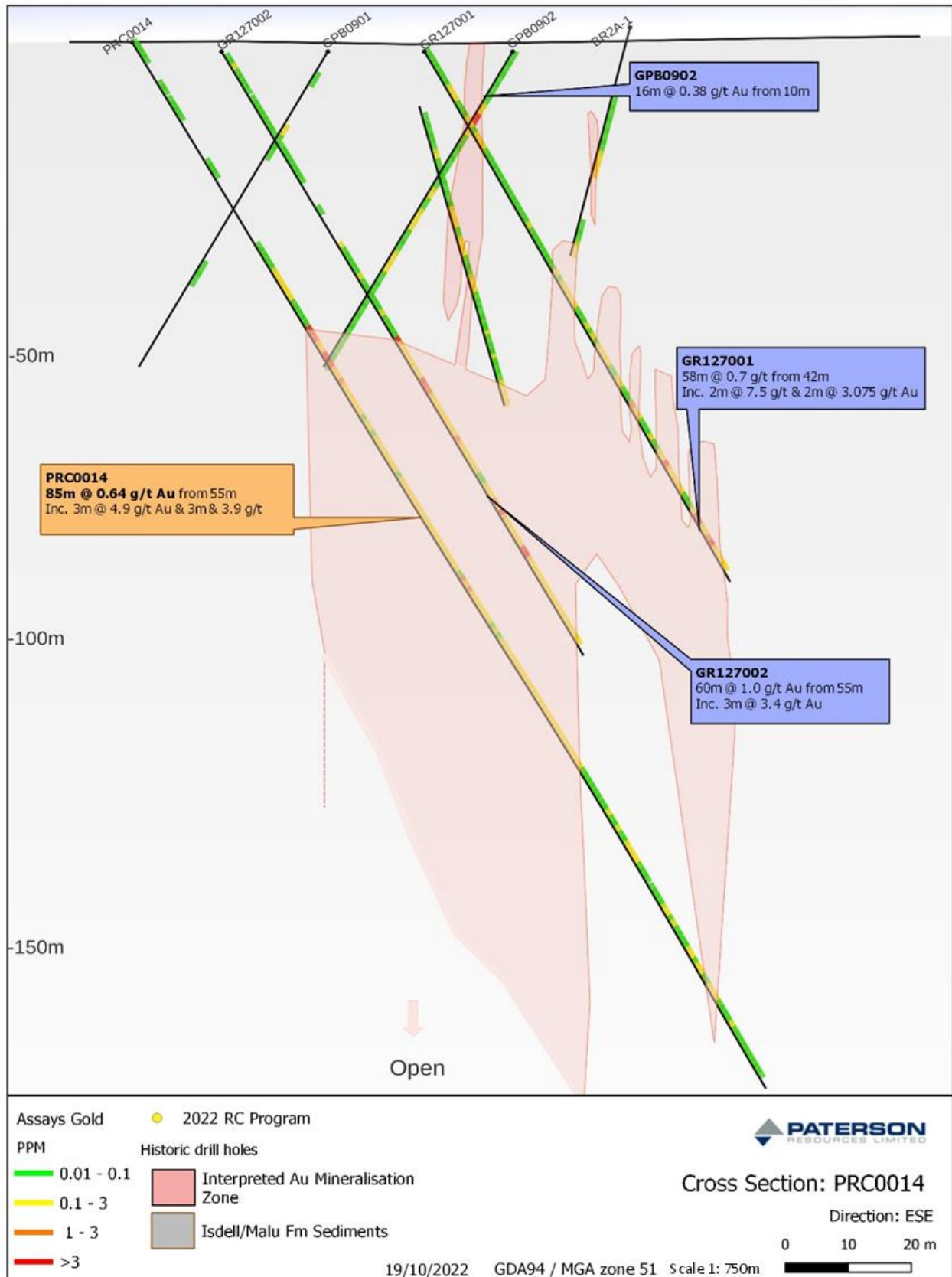


Figure 9. Cross Section with PRC0014 with historic drilling

Directors' Report

REVIEW OF OPERATIONS (Continued)

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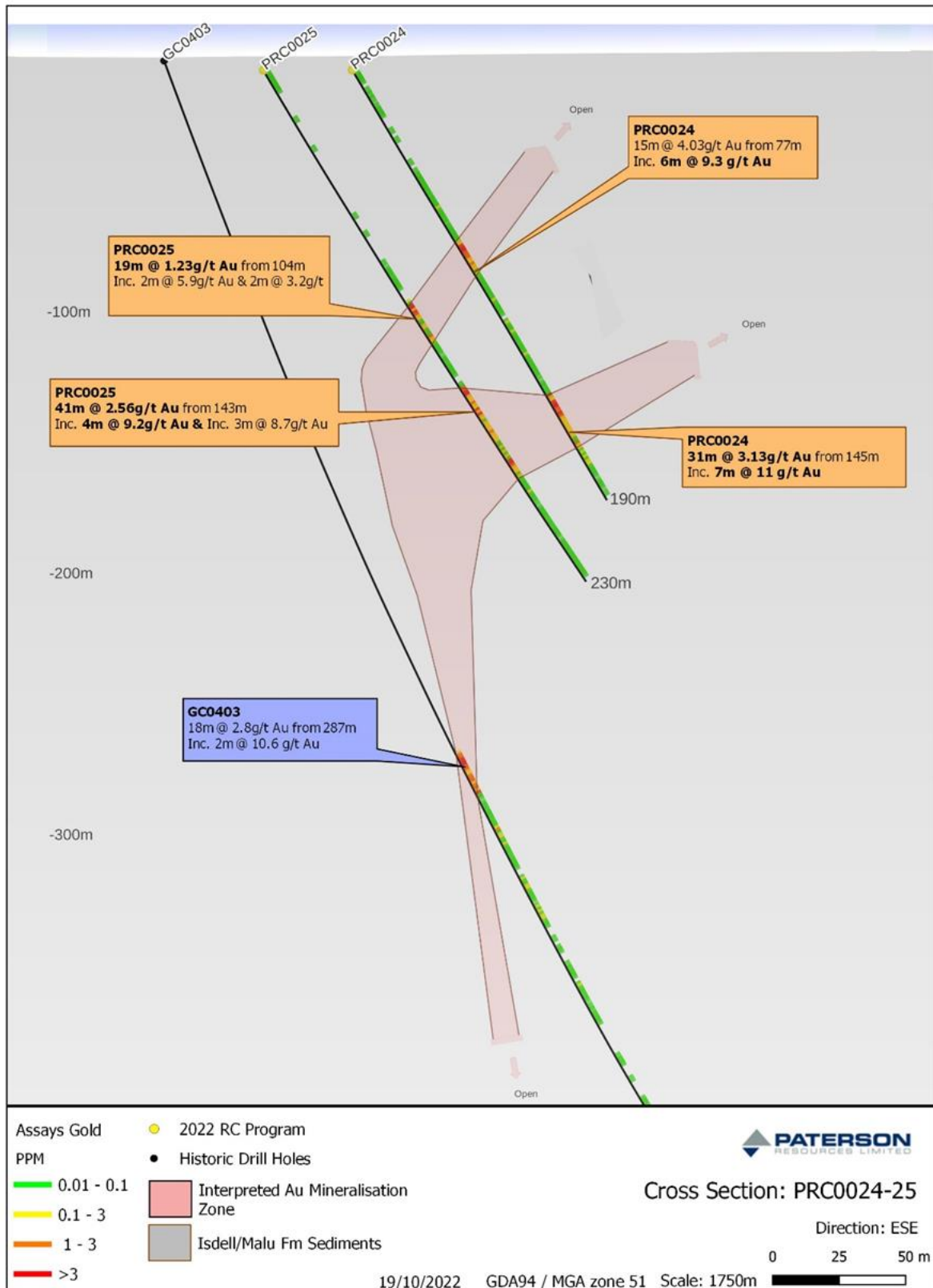


Figure 10. Cross section of PRC0024-25 and historic drill hole GC0403

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.

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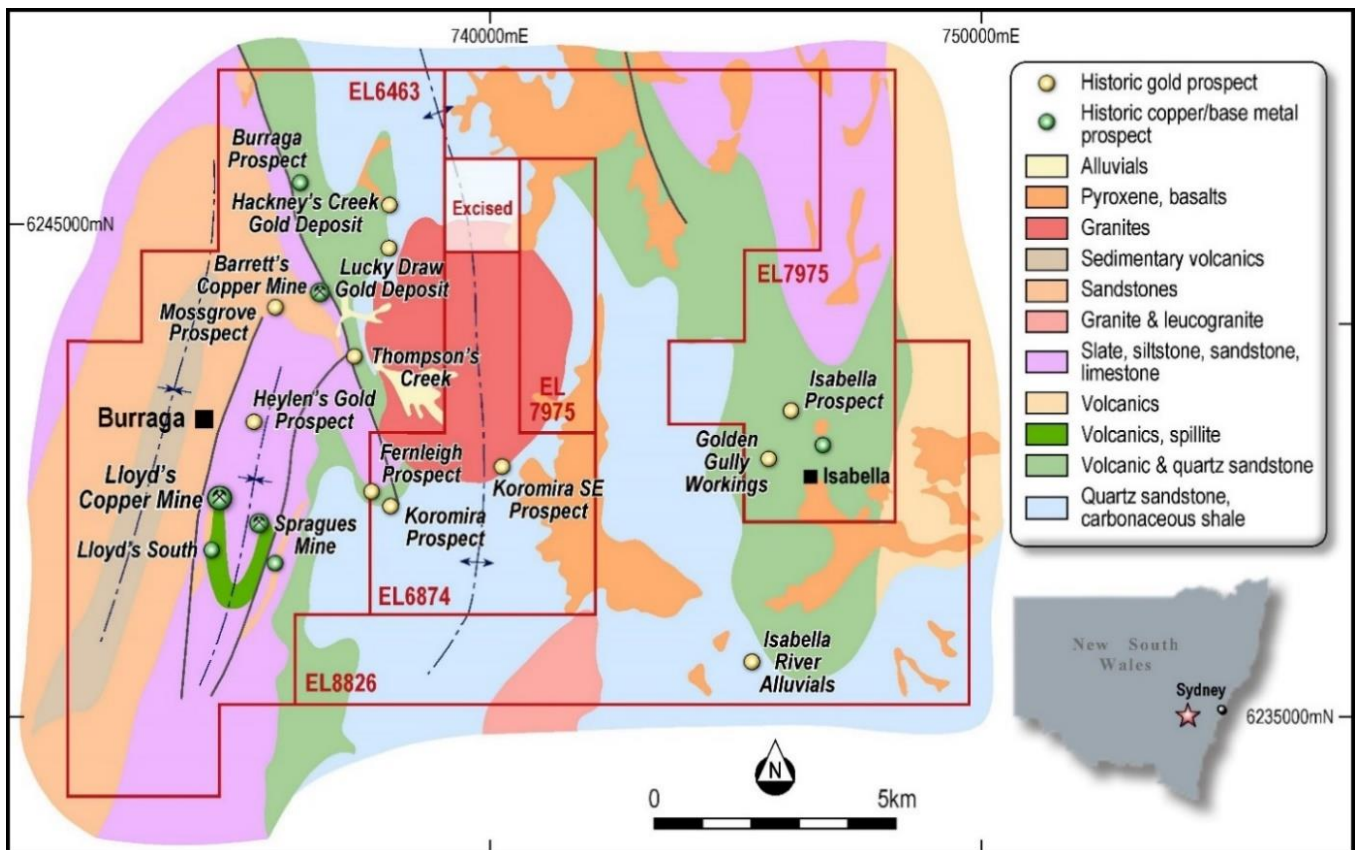


Figure 11: Burraga Project Area

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

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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.

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Directors' Report

REVIEW OF OPERATIONS (Continued)

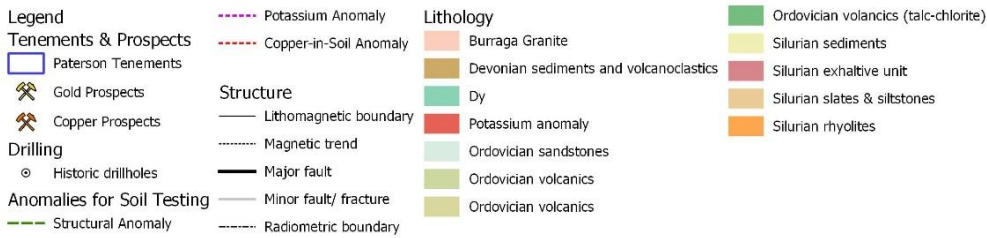
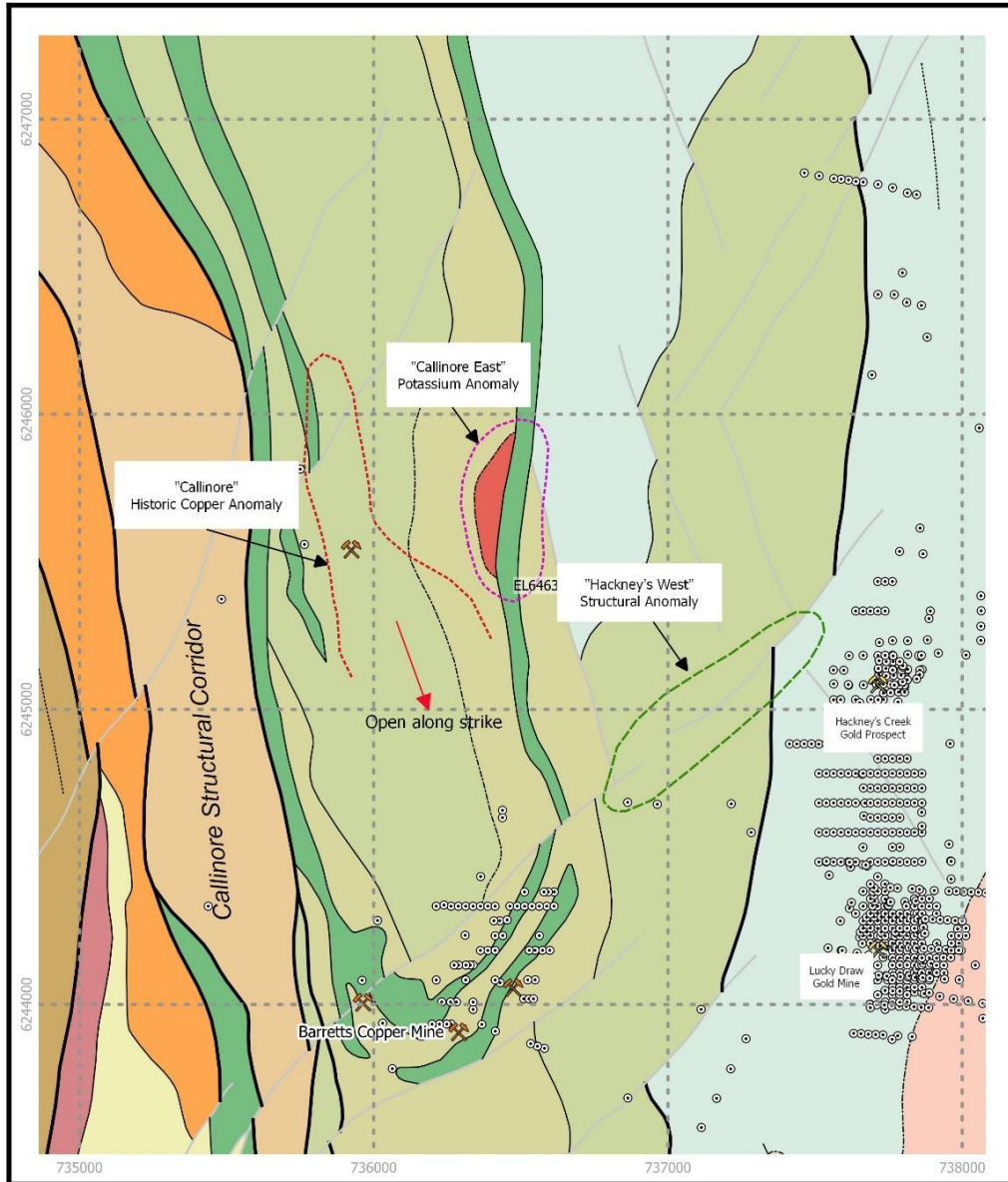


Figure 12: Location of target areas for upcoming soil geochemical surveys

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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

Capital Raising

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 was 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 were 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.

Annual General Meeting

The Annual General Meeting was held on 22 November 2022, with the following resolutions passed by a way of poll:

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

Financial Performance

The financial results of the Group for the year ended 30 June 2023 and 30 June 2022 are:

	30-June-23	30-June-22
	\$	\$
Cash and cash equivalents	586,640	1,378,246
Net Assets	7,120,116	11,107,231
Other Income	6,949	337
Net loss after tax	(5,656,442)	(10,625,807)

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

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.

This remuneration report for the year ended 30 June 2023 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.

REMUNERATION REPORT (AUDITED)

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

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

I	Other Transactions with KMP
J	Additional Information
K	Voting at 2022 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.

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.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 2023 and 30 June 2022.

	30-Jun-23	30-Jun-22
Other Income (\$)	6,949	337
Net loss after tax (\$)	(5,656,442)	(10,625,807)
Loss per share (cents)	(1.58)	(3.17)
Share price (\$)	0.027	0.028

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:

- Fixed Remuneration – base salary
- Variable Short-Term Incentives
- 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:

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

- (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.

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 2023 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 2023						
Directors						
Nick Johansen	90,000	-	-	-	-	90,000
Matthew Bull	150,000	-	-	15,750	44,328 ⁽ⁱ⁾	210,078
Kenneth Banks	60,000	-	-	-	-	60,000
Total	300,000	-	-	15,750	44,328	360,078

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

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 ⁽ⁱ⁾	209,328
Kenneth Banks	60,000	-	-	-	-	60,000
Total	300,000	-	-	15,000	44,328	359,328

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

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 (%)	
	2023	2022	2023	2022	2023	2022
Directors						
Nick Johansen	100%	100%	-	-	-	-
Matthew Bull	79%	79%	-	-	21%	21%
Kenneth Banks	100%	100%	-	-	-	-

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

30 June 2023	Balance at 01/07/2022	On Conversion of Convertible Notes	On Exercise of Options	Net Change – Other	Balance at 30/06/2023
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 2023	Balance at 01/07/2022	Granted as Remuneration	Exercised	Net Change – Other	Balance at 30/06/2023
Directors					
Nick Johansen	-	-	-	-	-
Matthew Bull	-	-	-	-	-
Kenneth Banks	-	-	-	-	-
Total	-	-	-	-	-

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

30 June 2023	Balance at 01/07/2022	On Conversion of Convertible Notes	On Exercise of Options	Net Change – Other	Balance at 30/06/2023
Directors					
Nick Johansen	-	-	-	-	-
Matthew Bull	4,000,000	-	-	-	4,000,000
Kenneth Banks	-	-	-	-	-
Total	4,000,000	-	-	-	4,000,000

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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.

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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 2023 (2022: Nil).

I Other Transactions with KMP

There were no other transactions with KMP during the year ended 30 June 2023.

Use of remuneration consultants

During the financial year ended 30 June 2023, the Company did not engage any remuneration consultants.

J Additional Information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Other Income	6,949	337	786	440	4,416
Loss after income tax	(5,656,442)	(10,625,807)	(903,628)	(570,887)	(2,849,384)
Share Price (\$)	0.027	0.028	0.046	0.003	0.003
Loss per share (cents)	(1.58)	(3.17)	(0.30)	(0.48)	(2.94)
Dividends	-	-	-	-	-

K Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 82.87% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices

[End of Audited Remuneration Report]

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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 2023 and up to the date of this report on the exercise of options or performance rights granted.

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Director's Report

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 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 2023

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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 2023, 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


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 September 2023

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Other income	4	6,949	337
Expenses			
Administrative expenses	5(a)	(219,157)	(337,049)
Compliance and regulatory expenses		(81,068)	(87,336)
Corporate advisory and consulting fees		(55,526)	-
Depreciation		(24,375)	(16,250)
Employee benefit expenses	5(b)	(348,006)	(325,795)
Exploration consulting fees		(23,718)	(31,622)
Impairment expense	10	(4,769,630)	(9,744,027)
Legal fees		(39,267)	(22,142)
Occupancy costs		(5,200)	(7,112)
Loss on disposal of plant and equipment		-	-
Share-based payments expense	16	(44,328)	(44,328)
Other expenses		(53,116)	(10,483)
Loss from continuing operations before income tax		(5,656,442)	(10,625,807)
Income tax expense	6	-	-
Loss from continuing operations after income tax		(5,656,442)	(10,625,807)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to the members of Paterson Resources Ltd		(5,656,442)	(10,625,807)
Loss per share for the year attributable to the members Paterson Resources Ltd			
Basic loss per share (cents)	7	(1.58)	(3.17)
Diluted loss per share (cents)	7	(1.58)	(3.17)

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

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Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	586,640	1,378,246
Trade and other receivables	9	101,194	110,636
Total current assets		687,834	1,488,882
Non-current assets			
Plant and equipment		6,810	31,184
Financial assets at fair value through profit or loss		11,194	11,194
Exploration and evaluation expenditure	10	6,628,186	9,816,751
Total non-current assets		6,646,190	9,859,129
Total assets		7,334,024	11,348,011
LIABILITIES			
Current liabilities			
Trade and other payables	11	213,907	240,780
Total current liabilities		213,907	240,780
Total liabilities		213,907	240,780
Net assets		7,120,117	11,107,231
EQUITY			
Contributed equity	12	35,786,364	34,161,364
Reserves	13	5,785,846	5,741,518
Accumulated losses	21	(34,452,093)	(28,795,651)
Total equity		7,120,117	11,107,231

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

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Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2023

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2022	34,161,364	5,741,518	(28,795,651)	11,107,231
Loss for the year	-	-	(5,656,442)	(5,656,442)
Total comprehensive loss for the year after tax	-	-	(5,656,442)	(5,656,442)
Transactions with owners in their capacity as owners:				
Shares issued during the year (Note 12)	1,625,000	-	-	1,625,000
Share-based payments (Note 16)	-	44,328	-	44,328
At 30 June 2023	35,786,364	5,785,846	(34,452,093)	7,120,117
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

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

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Consolidated Statement of Cash Flows

For the Financial Year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(908,292)	(716,279)
Interest received		6,949	337
Net cash used in operating activities	8(a)	(901,343)	(715,942)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure	10	(1,515,263)	(1,314,261)
Net cash used in investing activities		(1,515,263)	(1,314,261)
Cash flows from financing activities			
Proceeds from issue of shares	12	1,625,000	1,200,000
Net cash from financing activities		1,625,000	1,200,000
Net (decrease) / increase in cash and cash equivalents		(791,606)	(830,203)
Cash and cash equivalents at the beginning of the year		1,378,246	2,208,449
Cash and cash equivalents at the end of the year	8	586,640	1,378,246

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) 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 2023 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 2023.

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 2023. 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.

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Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going Concern

As disclosed in the financial statements, the Group incurred a loss of \$5,656,442, including an exploration impairment expense of \$4,769,630, and had net cash outflows from operating and investing activities of \$901,343 and \$1,515,263 respectively for the year ended 30 June 2023. As at that date, the Group has net current assets of \$473,927, including cash balance of \$586,640. As referred to in note 17, there are current exploration commitments of \$386,072 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 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, 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.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

(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 2023 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.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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Notes to the Consolidated Financial Statements

NOTE 4 OTHER INCOME

	2023 \$	2022 \$
Interest received	6,949	337
	6,949	337

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.

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

	2023 \$	2022 \$
(a) Administrative expenses		
Accounting, audit and company secretarial fees	161,816	153,358
Bad debt expenses	-	129,505
Travel and accommodation expenses	-	1,986
General and administration expenses	57,341	52,200
	219,157	337,049
(b) Employee benefit expenses		
Director fees	295,000	300,000
Superannuation	30,145	25,795
Wages and Salaries	22,861	-
	348,006	325,795

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Notes to the Consolidated Financial Statements

NOTE 6 INCOME TAX

	2023 \$	2022 \$
(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	(5,656,443)	(10,625,807)
Prima facie tax benefit on loss before income tax at 30% (2021: 30%)	(1,696,933)	(3,187,742)
Tax effect of amounts that are not deductible/taxable in calculating taxable income		
Non-deductible expenses	13,298	2,438,563
Tax losses and temporary differences not brought to account	1,683,635	749,179
Income Tax Expense	-	-
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	30,553,472	28,163,343
Unused capital tax losses for which no deferred tax asset has been recognised	256,157	256,157
Potential tax benefit at 30% (2021: 30%)	9,242,889	8,525,850
Unrecognised temporary differences		
Temporary differences for which deferred tax assets/liabilities have not been recognised		
• Investments	(3,358)	(3,358)
• Provisions, accruals and prepayments	(11,765)	(12,301)
• Exploration assets	(1,085,893)	(2,047,997)
• Blackhole expenditure	5,013	5,312
	(1,096,003)	(2,058,344)
Unrecognised deferred tax assets relating to the above tax losses and temporary differences	8,146,886	6,467,506

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.

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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.

	2023 \$	2022 \$
Net loss for the year	<u>(5,656,442)</u>	<u>(10,625,807)</u>
Weighted average number of ordinary shares for basic and diluted loss per share.	357,225,824	334,692,393

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)	(1.58)	(3.17)
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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

	2023	2022
	\$	\$
Cash at bank and in hand	586,640	1,378,246
	586,640	1,378,246

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

	2023	2022
	\$	\$
Loss for the financial year	(5,656,443)	(10,625,807)
<i>Adjustments for:</i>		
Depreciation	24,374	16,250
Bad debt expenses	-	129,505
Share-based payments	16 44,328	44,328
Impairment expense	10 4,769,630	9,744,027
<i>Changes in assets and liabilities</i>		
Trade and other receivables	9 9,442	(21,891)
Trade and other payables	11 (82,674)	(2,354)
Net cash used in operating activities	(901,343)	(715,942)

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

Goods and services tax ("GST") receivable	26,568	35,145
Prepayments	70,763	71,628
Bonds	3,863	3,863
	101,194	110,636

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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 2023 (2022: \$nil).

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 or 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

	2023 \$	2022 \$
Carrying amount of exploration and evaluation expenditure	6,628,185	9,816,751
At the beginning of the year	9,816,751	18,341,473
Exploration and evaluation expenditure incurred	1,581,065	1,219,305
Impairment expense ⁽ⁱ⁾	(4,769,630)	(9,744,027)
At the end of the year	6,628,186	9,816,751

(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.

During the year, the Company surrendered Cheela Plains tenement E08/2880, writing off \$2,613,928. The company also impaired Mt Elsie's tenements E45/5020 and E47/3827, writing off \$6,717 and \$10,077. The management decided substantive expenditure is not budgeted or planned for NSW tenements EL9135, EL6874 (Fernleigh), EL7975 (Isabella),

Notes to the Consolidated Financial Statements

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE (continued)

EL8826 (Gibney's Creek) due to private land access restrictions and limited exploration potential with focus on EL6463 (Lloyds) to develop known copper and gold resources. Assessment over WA tenement E47/3578 (Bellary) is being undertaken. Due to physical access restraints (difficult terrain) further exploration is not anticipated over much of the tenure and this will be partially surrendered, about 30%, in the next 12 months. Thus, the impairment expenses were subsequently recognised on these tenements.

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

	2023	2022
	\$	\$
Trade payables ⁽ⁱ⁾	158,319	189,782
Accrued expenses	24,700	26,875
Other payables	30,888	24,123
	213,907	240,780

(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

	2023		2022	
	No.	\$	No.	\$
Ordinary shares	397,294,317	35,786,364	339,258,603	34,161,364

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 2022	Opening Balance		339,258,603	34,161,364
9/03/2023	Placement	0.028	58,035,714	\$1,625,000
At 30 June 2023	Closing Balance		<u>397,294,317</u>	<u>35,786,364</u>
At 1 July 2021	Opening Balance		317,036,381	32,961,364
14 September 2021	Placement	0.054	22,222,222	1,200,000
At 30 June 2022	Closing Balance		<u>339,258,603</u>	<u>34,161,364</u>

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

	2023 \$	2022 \$
Share-based payments reserves	5,785,846	5,741,518
	-	5,741,518
Movement reconciliation		
Balance at the beginning of the year	5,741,518	5,697,190
Share based payment expense recognised during the year	44,328	44,328
Balance at the end of the year	<u>5,785,846</u>	<u>5,741,518</u>

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.

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Notes to the Consolidated Financial Statements

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:

	2023 \$	2022 \$
Financial Assets		
Cash and cash equivalents	586,640	1,378,246
Trade and other receivables	101,194	110,636
Financial assets at fair value through profit or loss	11,194	11,194
	699,028	1,500,076
Financial Liabilities		
Trade and other payables	213,907	240,780
	213,907	240,780

(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:

	2023		2022	
	Weighted average interest rate ⁽ⁱ⁾	Balance \$	Weighted average interest rate	Balance \$
Cash and cash equivalents	1.54%	586,640	0.00%	1,378,246

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

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.

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Notes to the Consolidated Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

At 30 June 2023, 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:

<i>Judgements of reasonably possible movements:</i>	Profit higher/(lower)	
	2023	2022
	\$	\$
+ 1.0% (100 basis points)	5,866	13,782
- 1.0% (100 basis points)	(5,866)	(13,782)

(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
	\$	\$	\$	\$	\$
2023					
Trade and other payables	213,907	-	-	-	213,907
2022					
Trade and other payables	240,780	-	-	-	240,780

(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.

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").

Notes to the Consolidated Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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, its 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.

NOTE 15 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

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

	2023 \$	2022 \$
Short-term benefits	300,000	300,000
Post-employment benefits	15,750	15,000
Share-based payments	44,328	44,328
	360,078	359,328

Notes to the Consolidated Financial Statements

NOTE 15 RELATED PARTY DISCLOSURE (continued)

(b) Transactions with related parties

During the year, the Group incurred geological consulting fees, payable to Harkiss Mineral Discovery Pty Ltd (a company of which Nick Johansen is a Director) and Trilogy Exploration Pty Ltd (a company of which Matthew Bull is a Director).

	2023 \$	2022 \$
Harkiss Mineral Discovery Pty Ltd	99,000.00	-
Trilogy Exploration Pty Ltd	145,121.19	-
Total	244,121.19	-

On 30 June 2023, there is \$8,250.00 consulting fee remained unpaid to (Harkiss Mineral Discovery Pty Ltd) Nick Johansen. All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with KMP during the year ended 30 June 2023.

NOTE 16 SHARE-BASED PAYMENTS

	2023 \$	2022 \$
(a) Recognised share-based payment transactions		
Performance rights issued in the prior year	44,328	44,328
	44,328	44,328
Reconciliation:		
Recognised as share-based payment expenses in Statement of Profit or Loss and Other Comprehensive Income	44,328	44,328
	44,328	44,328

(b) Summary of options during the year:

2023							
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	-	-	-	22,222,222
			65,224,729	-	-	-	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 0.25 years (2022: 1.25 years).

There are no share-based options issued during the financial year 2023.

Notes to the Consolidated Financial Statements

NOTE 16 SHARE-BASED PAYMENTS (Continued)

(c) Summary of options in the prior 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.

(d) Summary of performance rights during the year:

2023							
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

(e) Summary of performance rights in the prior 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

* 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:

- 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
- 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.

Notes to the Consolidated Financial Statements

NOTE 16 SHARE-BASED PAYMENTS (Continued)

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

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

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:

	2023	2022
	\$	\$
- Within one year	386,072	363,838
- Later than one but not later than five years	557,929	1,299,760
	944,001	1,663,598

NOTE 18 CONTINGENCIES

Contingent liabilities

There are no contingent liabilities as at 30 June 2023 and 30 June 2022.

Contingent assets

There are no contingent assets as at 30 June 2023 (2022: Nil).

NOTE 19 AUDITOR'S REMUNERATION

	2023	2022
	\$	\$
Amounts received or due and receivable by RSM Australia Partners for:		
Audit or review of the financial statements	39,200	40,375
	39,200	40,375

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Notes to the Consolidated Financial Statements

NOTE 20 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest	
			2023	2022
			%	%
Orange Hills Resources Limited	Exploration	Australia	100	100
Burruga 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

NOTE 21 ACCUMULATED LOSSES

	2023	2022
	\$	\$
Balance at beginning of the year	(28,795,651)	(18,169,884)
Loss after income tax for the year	(5,656,442)	(10,265,807)
Balance at end of the year	(34,452,093)	(28,795,651)

There are no dividends declared for the year ended 30 June 2023 (2022: Nil)

NOTE 22 PARENT ENTITY

Assets

Current assets	694,976	1,494,908
Non-current assets	6,572,395	9,852,254
Total assets	7,267,371	11,347,162

Liabilities

Current liabilities	(147,254)	(239,931)
Total liabilities	(147,254)	(239,931)

Equity

Contributed equity	50,640,183	49,015,183
Reserves	5,911,726	5,867,398
Accumulated losses	(49,431,792)	(43,775,350)
Total equity	7,120,117	11,107,231

Loss for the year	(5,656,442)	(10,625,807)
Total comprehensive loss	(5,656,442)	(10,625,807)

Contingent assets

The parent entity has no contingent assets at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity has no contingent liabilities at 30 June 2023 and 30 June 2022.

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Notes to the Consolidated Financial Statements

NOTE 21 ACCUMULATED LOSSES (Continued)

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment as at 30 June 2023 and 30 June 2022.

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.

NOTE 23 EVENTS AFTER THE REPORTING DATE

There has been no 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 2023 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 2023

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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 2023, 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 2023 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.

**THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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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 \$5,656,443 and had net cash outflows from operating and investing activities of \$901,343 and \$1,515,263 respectively during the year ended 30 June 2023. These conditions, 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
<p>Exploration and Evaluation Expenditure Refer to Note 10 in the financial statements</p>	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$6,628,186 as at 30 June 2023.</p> <p>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:</p> <ul style="list-style-type: none"> • 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; • Assessing the risk of impairment of assets and the measurement of the \$4,769,630 impairment charge to exploration and evaluation expenditure; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Assessing whether the Group's right to tenure of each relevant area of interest are current; • Agreeing, on a sample basis, additions of capitalised exploration and evaluation expenditure to supporting documentation, including assessing whether amounts are capital in nature and relate to the relevant area of interest; • Assessing the appropriateness of the Group's impairment charge; • 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; • Assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined; • Enquiring with management and reading budgets and other supporting documentation to corroborate that active and significant operations in, or relation to, each relevant area of interest will be continued in the future; and • Assessing the appropriateness of the disclosures in the 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 2023, 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 2023.

In our opinion, the Remuneration Report of Paterson Resources Limited, for the year ended 30 June 2023, 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

A handwritten signature in black ink that reads "A Whyte".

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 September 2023

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.

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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 2023.

1. Fully paid ordinary shares

- There is a total of 397,294,317 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 1,504.
- 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	82	17,664	0.00
1,001 - 5,000	77	198,471	0.05
5,001 - 125,000	1,031	35,526,895	8.94
125,001 Over	314	361,551,287	91.00
Total	1,504	397,294,317	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 483 shareholders who hold less than a marketable parcel of shares, amount to 0.95% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	37,991,905	9.56

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 2023.

9. Unlisted Performance Rights

As at 29 September 2023, 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.

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ASX Additional Information

10. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 48.94% of the securities in this class and are listed below:

Rank	Holder Name	Number Held	Percentage %
1	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	37,991,905	9.56
2	RAE CHEAH MONG	17,857,143	4.49
3	MS FENGMEI SHEN	16,157,394	4.07
4	MR GEORGE CZYDEL	11,604,409	2.92
5	MR DAVID OLIVER BULL	10,714,285	2.70
6	MR MATTHEW NORMAN BULL	10,000,001	2.52
7	CITICORP NOMINEES PTY LIMITED	8,468,240	2.13
8	MR NICHOLAS EDWARD BULL	7,147,922	1.80
9	98 INVESTMENTS PTY LTD <98 INVESTMENT A/C>	7,095,715	1.79
10	CUTTING EDGE DEVELOPMENTS PTY LTD <BUSTIN FAMILY A/C>	7,060,000	1.78
11	MR RAMIN AFNANI	7,057,000	1.78
12	MISS GAY VIVIAN CAIN	7,000,000	1.76
13	MS ZUOJIA DU	6,904,762	1.74
14	HARKISS MINERAL DISCOVERY PTY LTD	6,666,667	1.68
15	MOVERLY SUPERANNUATION PTY LTD <MOVERLY SUPER FUND A/C>	6,200,000	1.56
16	MR JEFFORY JOSEPH COLLINS	5,860,179	1.48
17	MR JOKO SUSASTRO	5,821,710	1.47
17	MR JEFFREY JOSEPH COLLINS	5,357,143	1.35
19	DR ANNE PATRICIA CZYDEL	5,197,730	1.31
20	SARWELL PTY LTD <ARM CONSTRUCT EMP S/F A/C>	4,293,000	1.08
Total: Top 20 holders of ORDINARY FULLY PAID SHARES		194,455,205	48.94

11. Listed Options

There is a total of 65,224,729 listed options on issue as at 29 September 2023. The number of holders of listed options is 155.

Rank	Holder Name	Number Held	Percentage %
1	MS FENGMEI SHEN	5,428,571	8.32
2	MR DAVID ARITI	4,928,943	7.56
3	98 INVESTMENTS PTY LTD <98 INVESTMENT A/C>	3,685,185	5.65
4	MOVERLY SUPERANNUATION PTY LTD <MOVERLY SUPER FUND A/C>	3,000,000	4.60
5	MR NICHOLAS EDWARD BULL	2,857,144	4.38
6	MISS GAY VIVIAN CAIN	2,478,096	3.80
7	MR DAVID OLIVER BULL	2,388,889	3.66
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 HUY THAI NGUYEN	1,100,000	1.69
14	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>	1,000,000	1.53
15	MACQUARIE ANIMAL GROUP PTY LTD <MAG 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	MR BENJAMIN JAMES WILLIAMS <ARTHUR RADEN WILLIAMS A/C>	1,000,000	1.53
18	MR JEFFORY JOSEPH COLLINS	888,859	1.36
19	BRUCE INTERNATIONAL PTY LTD	874,815	1.34
20	GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	761,905	1.17
Total: Top 20 holders of LISTED OPTIONS EXPIRING 30 SEPTEMBER 2023 @ \$0.105		41,107,701	63.02

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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 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%
Grace	WA	E45/4524	100%
Grace	WA	P45/2905	100%
Grace	WA	P45/2906	100%
Grace	WA	P45/2907	100%
Grace	WA	P45/2908	100%
Grace	WA	P45/2909	100%
Grace	WA	E45/5130	100%
Burruga	NSW	EL6463	100%
Burruga	NSW	EL6874	100%
Burruga	NSW	EL7975	100%
Burruga	NSW	EL8826	100%
Burruga	NSW	EL9135	100%

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