

QUARTERLY ACTIVITIES REPORT FOR QUARTER ENDED 30 SEPTEMBER 2022

Nelson Resources (“Nelson” or “the Company”) is pleased to provide shareholders its Activities Report for the quarter ended 30 September 2022.

Highlights:

- ① Aircore drilling was completed at Woodline and Tempest with 187 holes drilled for 7431m.
- ① At Woodline, numerous anomalous aircore drilling results have confirmed and identified extensions to the existing zones of interest.
 - The results from the Socrates prospect require follow-up aircore drilling to further define targets for future RC drilling.
 - At the Grindall and Redmill prospects, several existing zones of anomalous gold in weathered basement have been confirmed.
 - Resampling of anomalous intervals has been completed and results are awaited.
- ① At Tempest, first-pass drilling returned anomalous gold results interpreted to be an extension to the gold system identified at the Pion project (IGO/Rumble Resources) located immediately to the south and adjoining the Tempest project. These results will require follow-up aircore drilling.
- ① Appointment of Daniel Smith as non-executive director
- ① Lodgement of partially underwritten non-renounceable rights issue to raise ~\$1.5 million (before costs).

CAPITAL STRUCTURE

ORDINARY SHARES
Issued 294,297,164

OPTIONS

Listed options 79,198,858
Unlisted options 10,152,539

BOARD

Non-Executive Chairman – Jonathan Shellabear
Non-Executive Director - Stephen Brockhurst
Non-Executive Director – Daniel Smith
Company Secretary - Stephen Brockhurst

NELSON PROJECT PORTFOLIO

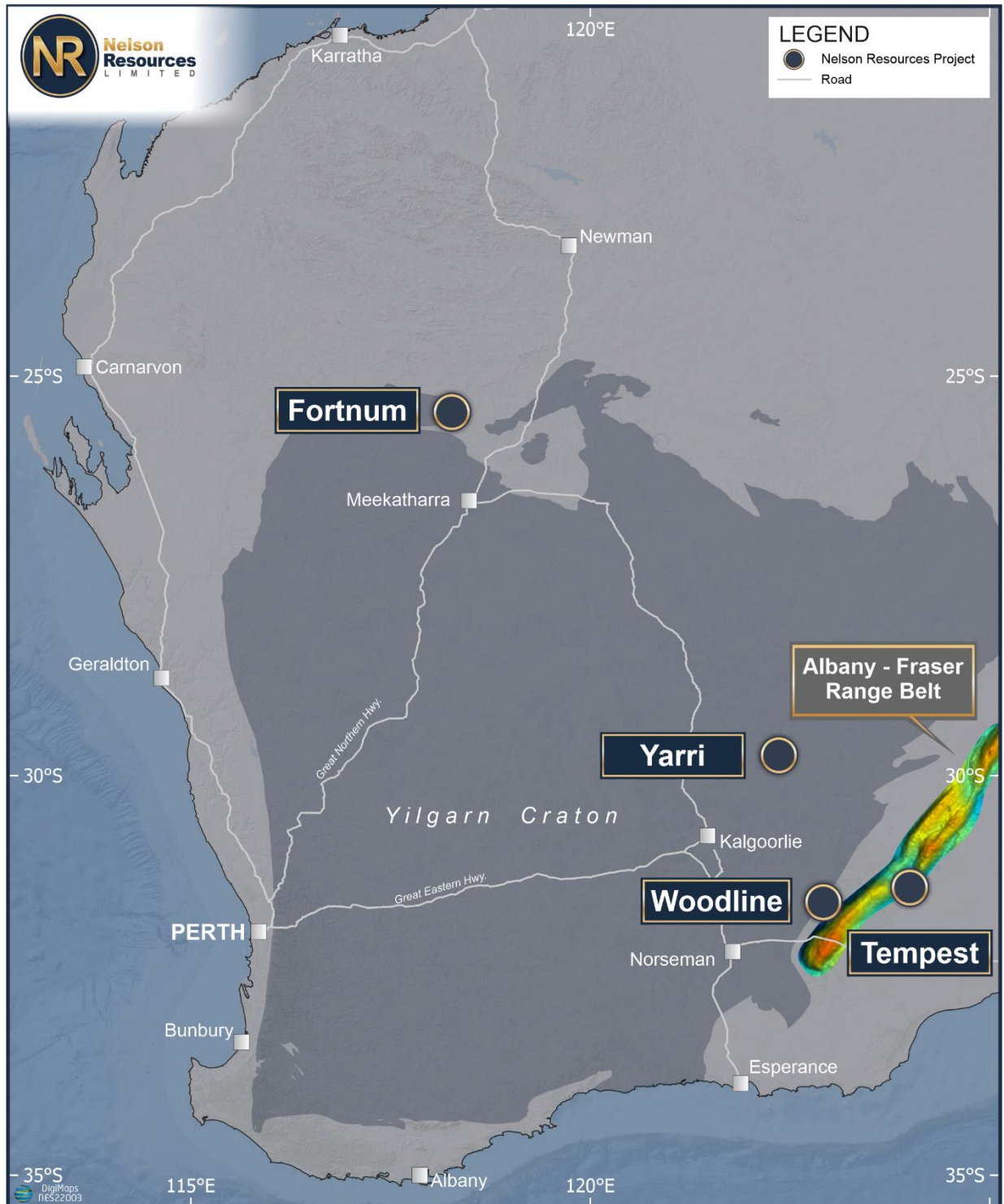


Figure 1: Project Locations.



PROJECT ACTIVITY

Woodline Project

At Woodline, a total of 173 aircore holes were drilled for 5824m. The location of the drilling, in relation to previous drilling and regional geology (GSWA, 2019), is shown on Figure 2.

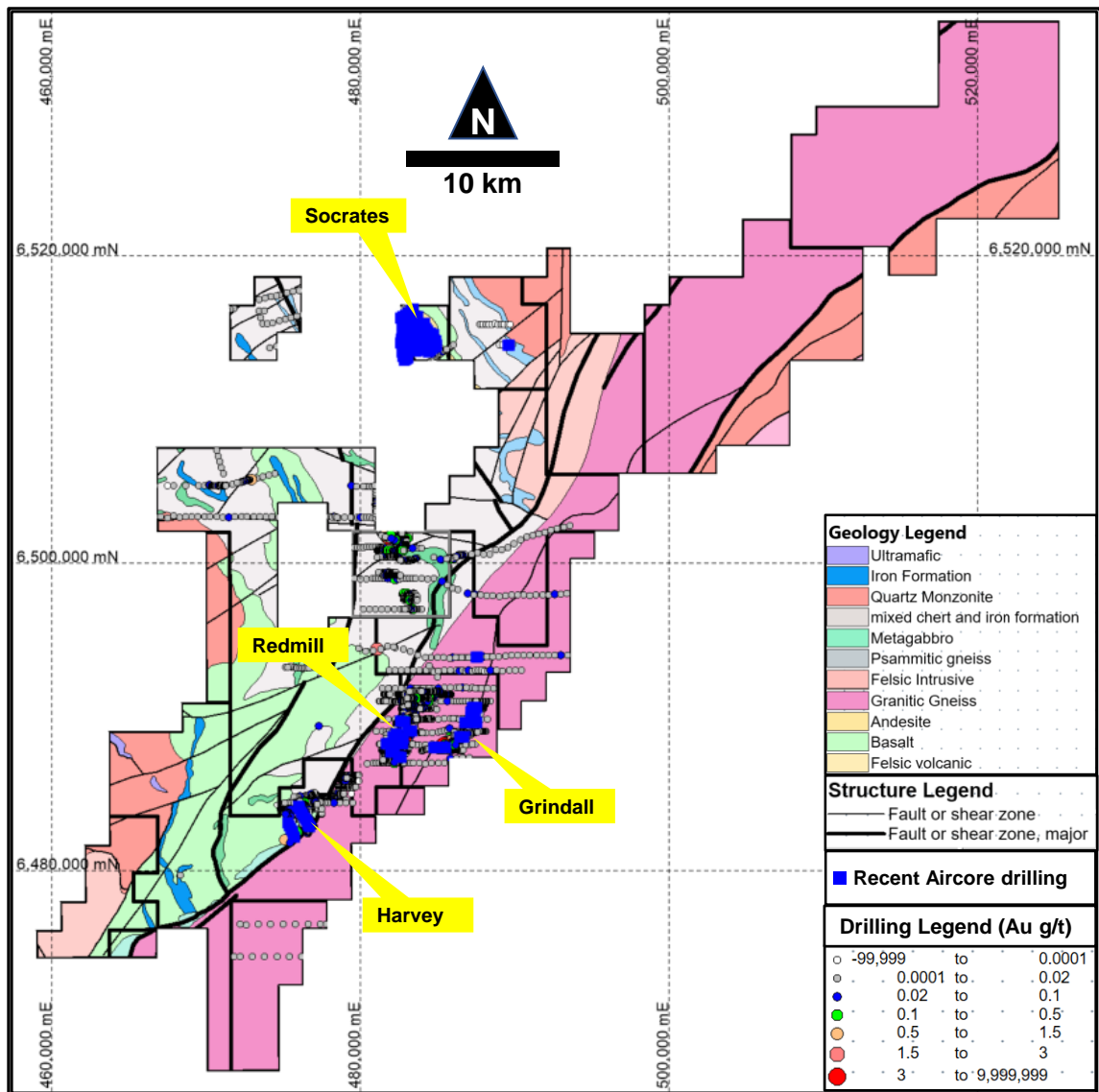


Figure 2: Location of completed aircore drilling over the Woodline Project.

The principal objective of this wide-spaced (100m) aircore drilling program was to generate targets for future RC drilling by:

- Confirming the gold distribution at existing targets.
- Drill testing gold-in-soil anomalies that were untested or poorly tested.
- Extending the defined mineralisation over existing targets to expand the footprint of existing RC drilling targets.



The drilling was to blade-refusal over the whole project and encountered similar lithologies to those intersected previously.

At Socrates, drill holes, that were planned to intersect supergene zones missed by historical drilling, produced a small number of anomalous intersections (Figure 3).

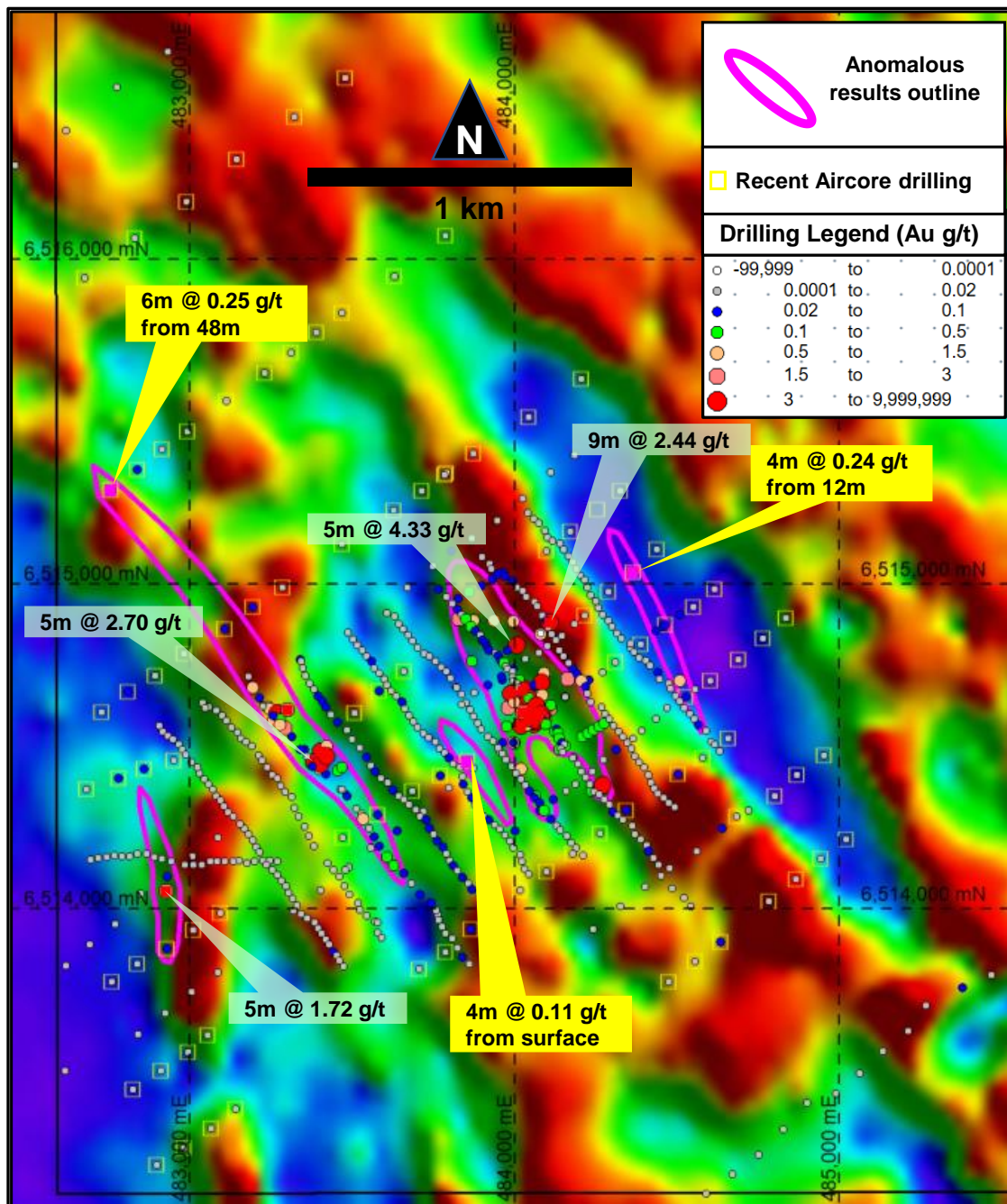


Figure 3: Intersections at Socrates from recent aircore and earlier RC drilling (on Hoistem).



Although the results from this program do not define RC drilling targets, confidence in previous results is improved and therefore the justification for targeting of future RC drilling.

At Grindall and Redmill, the objectives were similar to those at Socrates, albeit over a larger area returning several anomalous intersections (Figure 4).

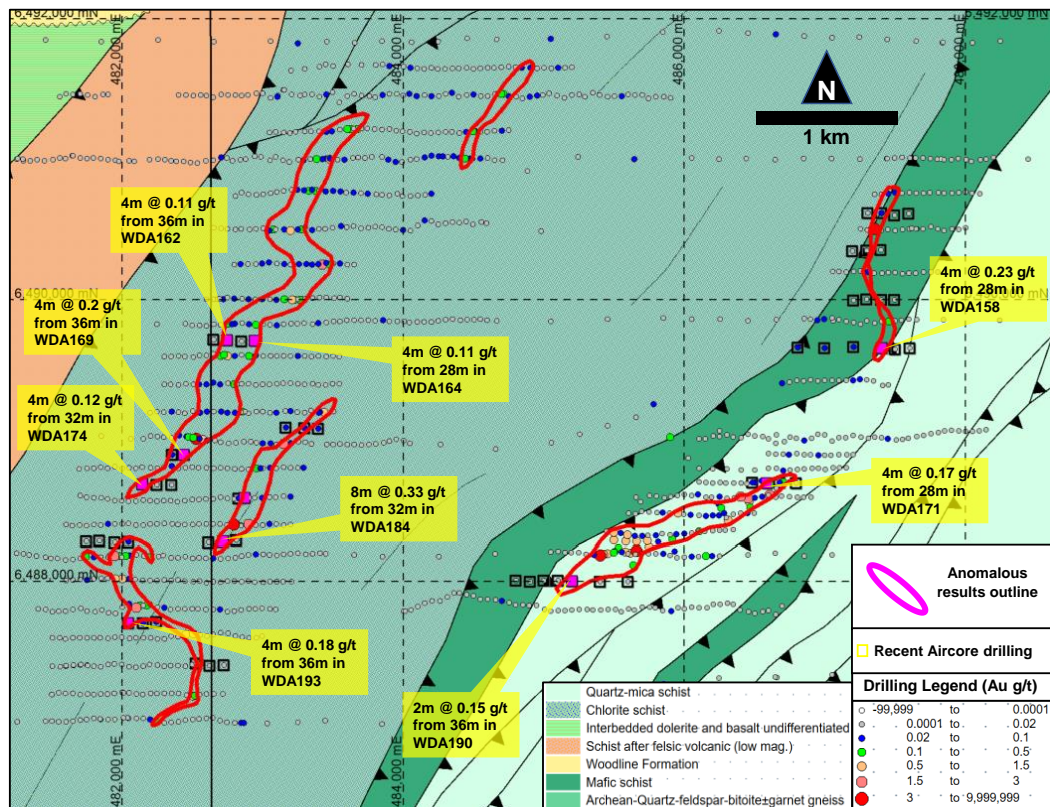


Figure 4: Intersections at Grindall and Redmill on local geology (Sipa Resources. 2010).

The drilling, at both Redmill and Grindall, sought to extend the anomalous zones as well as confirm continuity between wider-spaced historical drilling. To this end, the drilling results demonstrate that the four main anomalous zones are continuous and potentially represent mineralised zones at depth which are incompletely tested.

Tempest Project

At Tempest, a total of 14 aircore drill holes were completed for 1607m, along strike from mineralisation identified at the IGO/Rumble Resources JV at the Pion prospect.

This was Nelson's first drilling program at Tempest and returned an anomalous intersection in a position interpreted to be along strike from anomalous intersections reported by the IGO-Rumble JV (Figure 5).



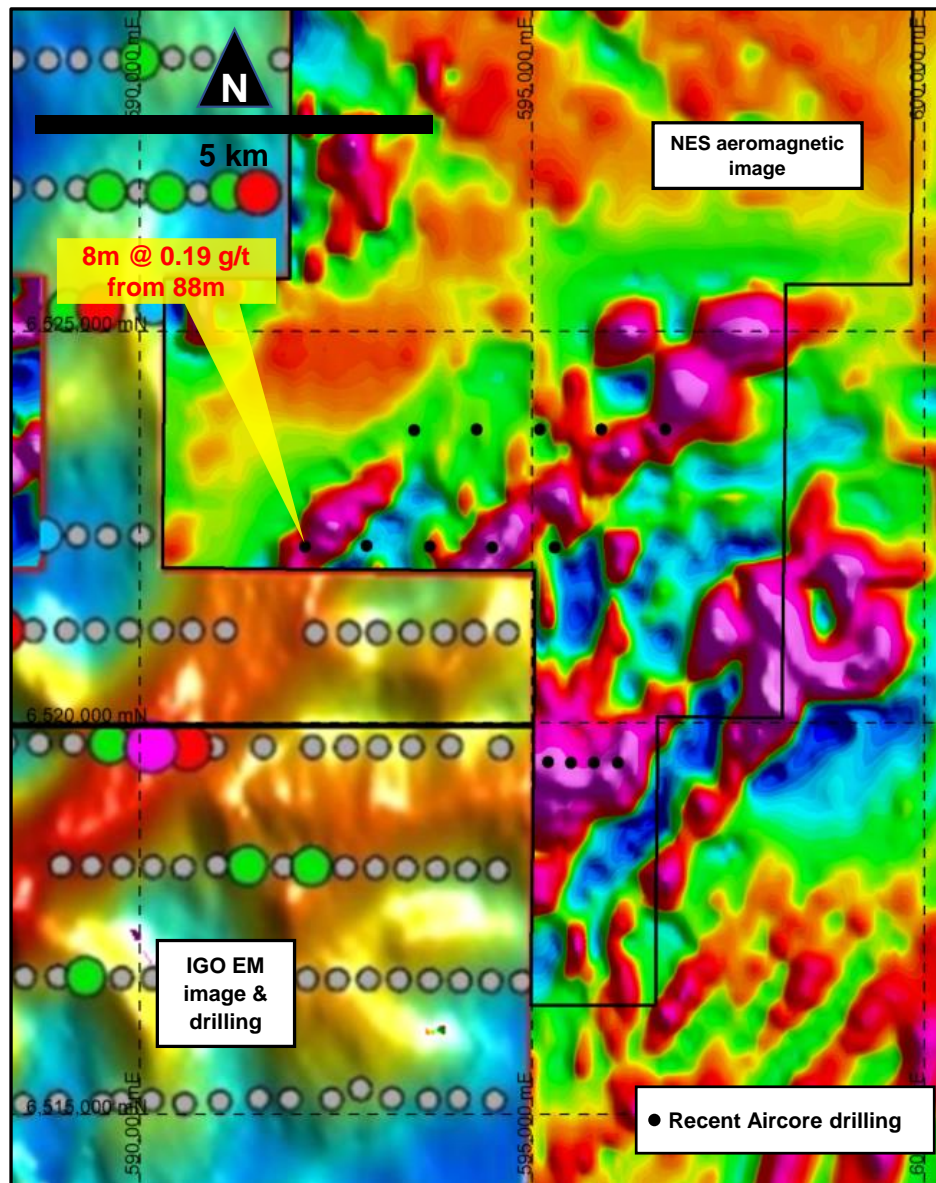


Figure 5: Anomalous results at Tempest relative to work by the IGO/Rumble JV.

This outcome demonstrates the gold potential of Tempest and a need for further work, most likely an additional aircore program with a larger capacity rig, to properly identify the zones mineralisation within the project.

Fortnum Project

Work continued on evaluation of the Fortnum project during Q3. Negotiations are continuing with the traditional owners to gain access to the project for drilling.



Yarri Project

During the quarter, the Company continued reviewing the Yarri Project with a view to determining what future work can be done to add value to this project.

Happy Jack

The Company has a retained 1% NSR on any future gold production on this tenement.

New project opportunities

The Company has allocated part of its working capital budget to the identification and evaluation of new mineral resource opportunities in Australia and overseas, undertaking a review of a range of opportunities during the September quarter. No decision to invest in any of the projects currently being reviewed has been made at this stage.

Corporate and Finance

On 15 August 2022 Adam Schofield resigned as Executive Director and Daniel Smith was appointed as Non-Executive Director.

On 16 August 2022 the Company cancelled 2,000,000 performance rights expiring 14 September 2023

Following quarter end, on 21 October the Company announced its intention to raise up to ~\$1.5 million (before costs) by way of a partially underwritten non-renounceable rights issue (Offer). The Offer will be for the issue of up to 294,297,164 shares at a price of 0.5 cents per share.

Financial commentary

The Appendix 5B for the quarter ended 30 September 2022 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$513K and plant and equipment expenditure for the quarter was \$62K. Corporate and other expenditure for the quarter was \$107K. The total amount paid to Directors of the Company, their associates and other related parties was \$131K and includes salary and fees. The Company ended the quarter with \$172K in cash.



ABOUT NELSON RESOURCES

Nelson Resources is an exploration Company with a significant and highly prospective 1488km² tenure holding (Granted and Pending). The key focus for the Company is its 1220km² Woodline Project (Granted and Pending).

The Woodline Project lies on the boundary of the Albany Fraser Oregon and the Norseman - Wiluna Greenstone belt in Western Australia.

The Woodline Project contains:

- ① 65km of the Cundeelee Shear Zone which already consists of a known +20km Gold Geochemical and bedrock anomaly, hosted in the same geological structural setting 2 as the 7.7 million ounce Tropicana Gold mine³.
- ① 30km of significantly unexplored greenstones along the Norseman-Wiluna greenstone belt.
- ① A significant and unique holding within the confluence of the Keith-Kilkenny Fault / the Claypan Shear Zone and the Cundeelee Shear Zone. These three Shears have hosted many of the largest gold projects in Western Australia.
- ① Historical exploration of \$18 million by the Company, Sipa Resources, Newmont and MRG.

Fortnum presents a significant Gold exploration opportunity for the Company. The project is located in a poorly explored section of greenstone belt and based on historical exploration the project should deliver an effective return at a low cost to the Company.

Nelson Resources confirms that it is not aware of any new information or data that materially affects the exploration results included in this announcement. This ASX Announcement has been approved for release by the Board.

For further information please contact:

Jonathan Shellabear
Non-Executive Chairman

Previous ASX Announcements and report references

¹ <https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Korsch-presentations-0012.pdf>

² https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Spaggiari_2-presentations-0004.pdf

³ <http://www.tropicanaajv.com.au/irm/content/reserves-resource-statement1.aspx?RID=284>

⁴ <http://www.tropicanaajv.com.au/irm/content/fact-sheet.aspx?RID=318>

⁵ <https://securereservercdn.net/198.71.233.9/eb2.ffb.myftpupload.com/wp-content/uploads/2018/09/02022900.pdf>

⁶ <https://securereservercdn.net/198.71.233.9/eb2.ffb.myftpupload.com/wp-content/uploads/2020/09/02282936.pdf>

⁷ [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02453051-](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02453051-6A1063133?access_token=83ff96335c2d45a094df02a206a39ff4)

[6A1063133?access_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02453051-6A1063133?access_token=83ff96335c2d45a094df02a206a39ff4)

⁸ <https://www.dmp.wa.gov.au/WAMEX-Minerals-Exploration-1476.aspx> (Report A119961)



Schedule of Exploration Tenements

Project Name	Tenement	Granted or Pending or Withdrawn	Interest: 30/06/22	Interests in mining tenements and petroleum tenements acquired or increased	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Interest: 30/09/22
Socrates	E 28/2633	G	100%	-	-	100%
Grindall North	E 28/2769	G	100%	-	-	100%
Socrates - South	E 28/2873	G	100%	-	-	100%
Socrates – East	E 28/2993	G	100%	-	-	100%
Socrates - East	E 28/2953	G	100%	-	-	100%
Morris	E 28/2941	G	100%	-	-	100%
Grindall	E 28/2679	G	100%	-	-	100%
Grindall South	E 28/2768	G	100%	-	-	100%
Redmill	E 28/2874	G	100%	-	-	100%
Redmill West	E 28/2987	G	100%	-	-	100%
Tyler	E 28/3210	P	100%	-	-	100%
Harvey South	E 63/1971	G	100%	-	-	100%
Harvey	E 28/2923	G	100%	-	-	100%
Harvey West	E 28/2986	G	100%	-	-	100%
Harvey West	E 28/3081	P	-	-	-	-
Hope West	E 28/3127	P	-	-	-	-
Hope East	E 28/3130	P	-	-	-	-
Orion North	E 28/3128	P	-	-	-	-
Orion South	E 28/3129	P	-	-	-	-
Tempest	E 28/2805	G	100%	-	-	100%
Yarri - Wallaby	P 31/2085	G	100%	-	-	100%
Yarri - Gibberts	P 31/2086	G	100%	-	-	100%
Yarri - Gt Banjo	P 31/2087	G	100%	-	-	100%
Fortnum	E 52/3695	G	100%	-	-	100%

There were no changes to tenure during the quarter.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Nelson Resources Limited

ABN

83 127 620 482

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(190)	(190)
	(e) administration and corporate costs	(107)	(107)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(298)	(298)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(62)	(62)
	(d) exploration & evaluation	(513)	(513)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(575)	(575)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(12)	(12)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(12)	(12)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,057	1,057
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(298)	(298)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(575)	(575)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	(12)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	172	172

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	172	1,057
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	172	1,057

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	131
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Includes Directors' salaries and fees (inclusive of GST).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(298)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(513)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(811)
8.4	Cash and cash equivalents at quarter end (item 4.6)	172
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	172
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.2
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: No. The Company completed its drilling program and incurred some on-off expenses in the September quarter. As such, the Company anticipates a lower level of spending for the next two quarters.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes. On 21 October the Company announced a partially underwritten (\$1m) non-renounceable rights entitlement issue to raise up to \$1.47m (before costs).	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, given the capital raising initiatives in 8.8.2 above, the Company expects to continue its operations and meet its business objectives.

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2022

Authorised by: By the Board of Nelson Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.