

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 31 DECEMBER 2020

Nelson Resources (“Nelson” or “the Company”) is pleased to provide shareholders its Activities Report for the three-month period ending 31 December 2020.

Highlights:

- Loupe ground electromagnetic surveys completed at Redmill, Grindall, Socrates, Socrates West and Morris nickel prospect with clearly identifiable geological structures. At Redmill and Grindmall these structures coincide with the >20Km identified geochemical anomaly and limited historical gold drill intercepts. Final modelling is due in February.
- First ever diamond drilling programs commenced at Redmill, Grindall and Socrates with 1500m program due for completion in February.
- New Nickel targets identified at Morris.
- Socrates apparent strike increased to over 2km and confirmation of Socrates East and West structures with new targets identified for RC drilling program to coming shortly.
- Company established an inhouse drilling capability with the acquisition of a dedicated diamond drilling rig, dedicated RC drilling rig and associated equipment providing the company the ability to drill in a more timely and cost effective manner.

COVID-19:

- The Company continues to follow all State Government directives in respect to COVID-19 and the Company’s operations. The Company has experienced minor delays with relocating drillers into WA due to the recent border closure.

Corporate and Finance:

- Post the quarter the company completed a successful placement to raise \$2,152,540 before costs from existing and new high-quality sophisticated investors:
28,700,535 new shares are to be issued at \$0.075 per share.
- Addition of several drilling and support personnel to the Company’s drilling team

CAPITAL STRUCTURE

ORDINARY SHARES

Issued 114,802,142

OPTIONS

Listed options 33,345,410
Unlisted options 15,614,458

BOARD

Executive Director - Adam Schofield

Non-Executive Chairman - Warren Hallam

Non-Executive Director - Stephen Brockhurst

Company Secretary - Stephen Brockhurst

LAST CAPITAL RAISE

January 2021

Entitlements Offer & Placement

\$2.15m @ 7.5c



Existing Projects Summary:

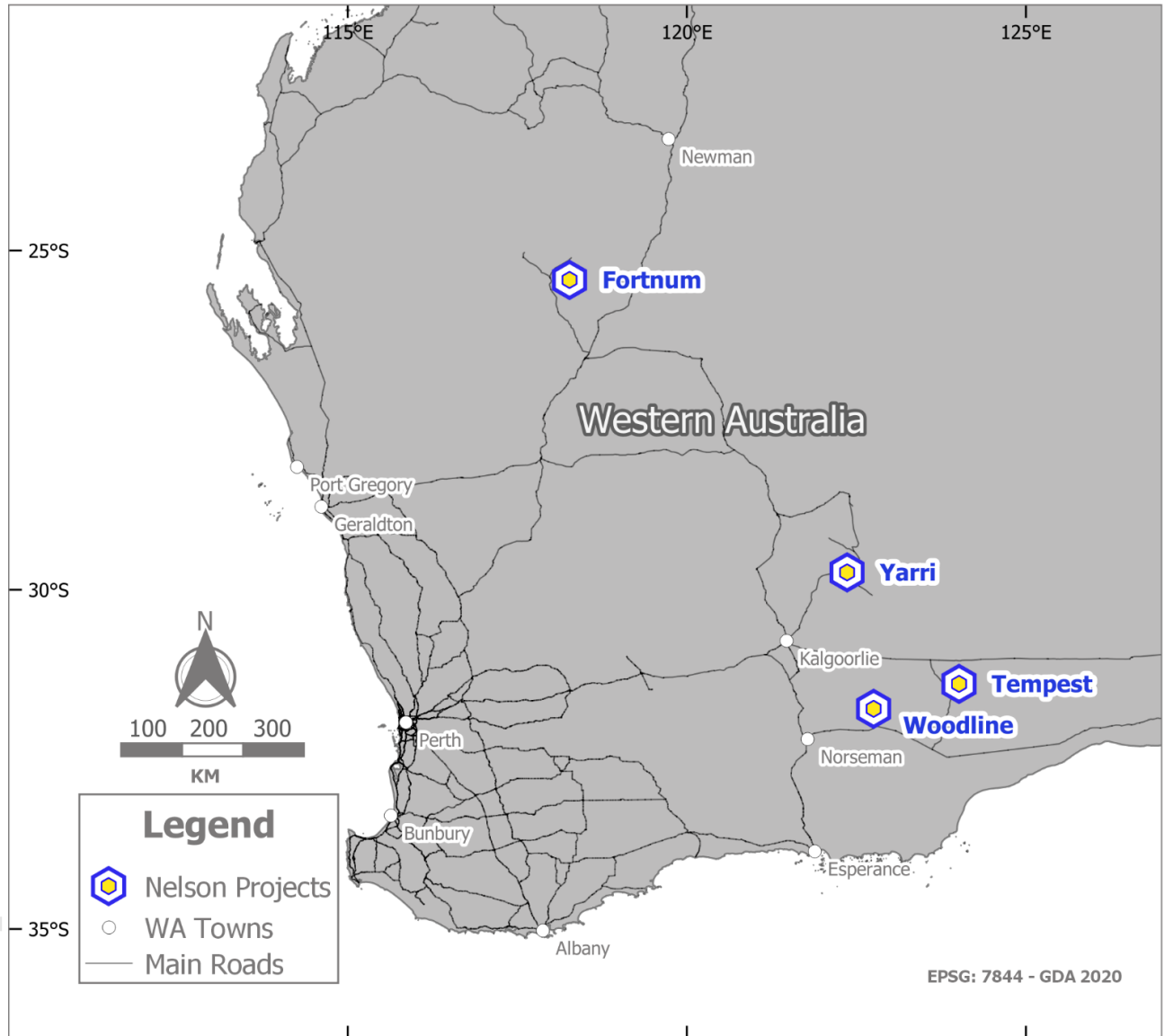


Figure 1 – Project Locations





Woodline Projects Summary:

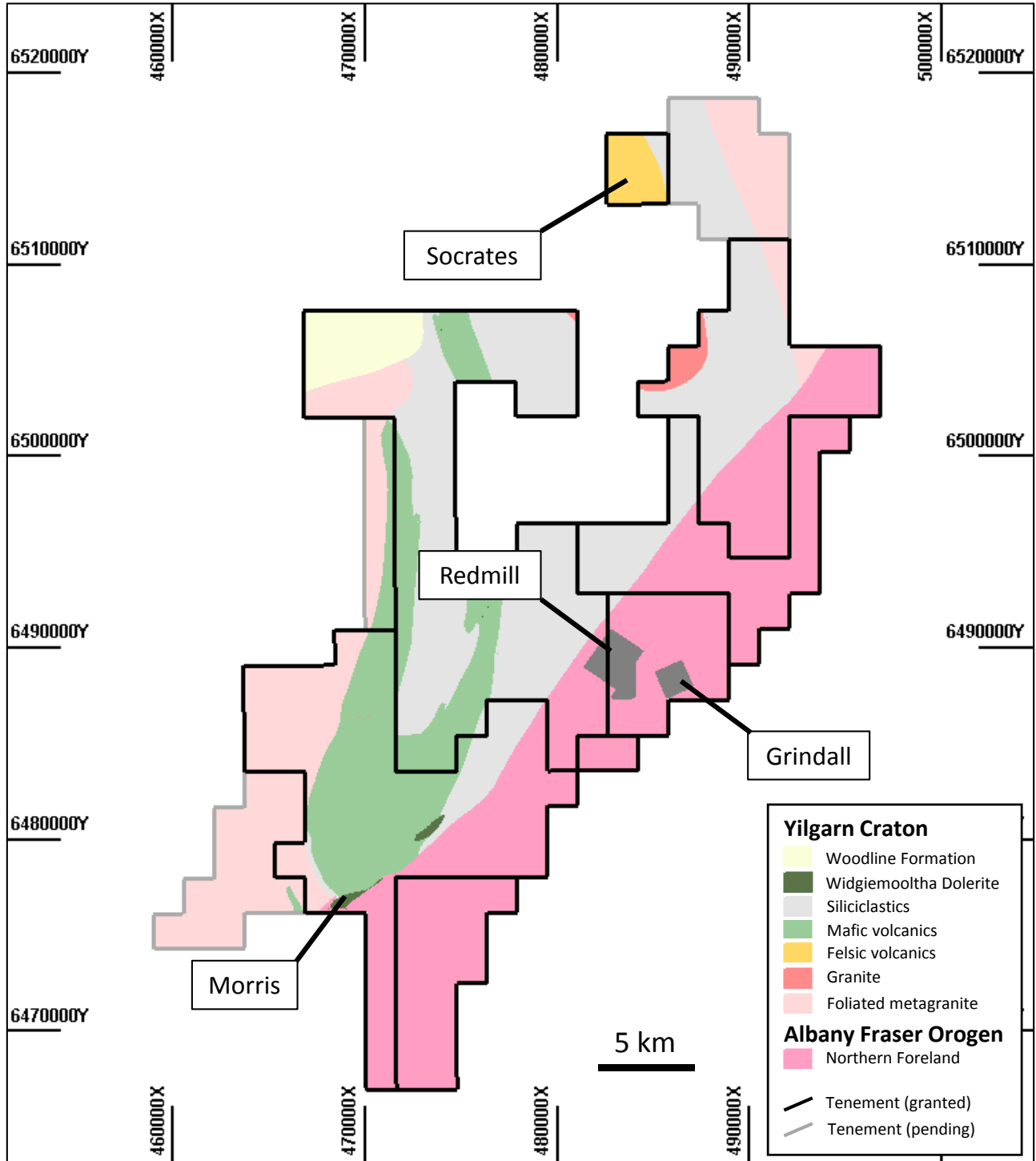


Figure 2 – Woodline Project Geology with locations of the Grindall, Redmill, Socrates and Morris Projects shown.





Woodline Projects

Grindall-Redmill-Harvey, Socrates & Morris

The Woodline Project (Figure 8) lies 140km South East of Kalgoorlie and is halfway between the Trans Australia Rail line and the Eyre Highway. The Woodline Project is made up of the Grindall, Redmill, Harvey, Socrates & Morris Projects which make up 828km² of prime exploration tenure. The Project lies across the boundary of the Archaean Yilgarn Craton and the Proterozoic Northern Foreland of the Albany-Fraser Orogen.

Work carried out by Nelson at Socrates has returned several significant gold intersections, suggestive of a large gold system. The Company believes that Grindall, Redmill, and Harvey each have the potential to host a Tropicana scale gold deposit.

The Woodline Project has:

- 45km of the Cundeelee fault within its tenure and contains an identified >20km gold geochemical and bedrock anomaly which is in the same geological structural setting² as the 7.7 million ounce Tropicana Gold Mine³, and
- 30km of significantly unexplored greenstones within the Norseman-Wiluna greenstone belt, and
- 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.

Grindall-Redmill-Harvey

The Grindall, Redmill & Harvey prospects are associated with sub-parallel curvilinear structures that dip moderately to the east. The structures are interpreted to form in the hanging wall of the (deep seated / crustal scale) Cundeelee Fault which is the boundary between the Yilgarn Craton and the Albany-Fraser Orogen.

Anomalous Au, Te, Bi and Cu present in the bedrock can be used to identify structurally controlled gold mineralisation and has been identified over a strike length of 12 km on the Redmill-Harvey trend and over 5 km at Grindall.

Socrates

The Socrates project (12km²) is hosted within a mafic unit that is bounded to the west by andesitic and rhyolitic volcanics and sediments to the east. This mafic unit is located within the Claypan Fault. The project is the Company's original project and has had approximately 8400 meters of RC drilling completed. The bulk of this drilling is on a mineralised zone that currently extends for approximately 450m and is open on strike and down dip.

The best gold intercepts are currently:

- 1m @ 142 g/t Au
- 192m @ 0.5 g/t Au
- 8m @ 3.53 g/t Au
- 25m @ 2.06 g/t Au



Morris

The Morris nickel prospect is located in the south of the Woodline Project area, where mafic and ultramafic rocks of the Yilgarn Craton are intruded by the Jimberlana Dyke and are in faulted contact with the Northern Foreland of the Albany Fraser Orogen.

The concept for a nickel target at Morris was originally described by Western Mining Services' renowned geologist Dr Jon Hronsky OAM as part of a review of the magmatic nickel sulphide potential of the Jimberlana Dyke. The review identified the intersection of the Keith-Kilkenny, Jerdacuttup and Cundeelee Faults as a possible magmatic foci¹.

Tempest Project

The Tempest nickel gold project is located 250km ESE of Kalgoorlie and 90km NE from Nova-Bollinger Mine. It has an area of 105 km² and borders the IGO / Rumble Thunderstorm JV project (Figure 8). Drilling at the Thunderstorm JV includes an exceptional intercept of 25m @2.42g/t Au at the Themis Prospect and 4m @ 3.8g/t Au at the Pion Prospect⁵. More recent drilling includes an equally exceptional intercept of 16m @ 6.69 g/t Au from 42m (including 4m @ 22.2 g/t Au from 50m)⁶.

The project is located in the Fraser Complex of the Proterozoic Albany-Fraser Orogen and is east of the Archean Yilgarn Craton. Tertiary fluvio-marine sediments associated with the Eucla Basin cover much of the region. The Proterozoic geology is characterized by granulite facies, felsic to mafic gneisses and felsic and mafic schists and intruded granites.

The project has the potential to host both nickel and gold resources and historical exploration is both limited and early stage. Historical work done is unrelated to the anticipated nickel potential or the potential gold bearing extension of the paleochannel identified at the neighbouring Thunderstorm project.

Yarri

The Yarri Project lies 160km North East of Kalgoorlie on Edjudina Station and is 30km North of Saracens Carosue Dam Mine and 7.5km East of the Porphyry Mine. Nelson's Yarri project consists of three prospects to the North and East of the historic Yarri State Battery site. The Company's focus has been on the Wallaby line of workings immediately to the East of Yarri, where drilling by the Company has returned a number of high-grade gold drilling intersections.

The Wallaby lodes were mined from 1902 to 1914 and from 1934 to 1940 producing 22,000 ounces of gold. The maximum depth of the old workings was to a shallow 35 metres below surface.

The Great Banjo lodes were mined between 1903 and 1905 producing 84.2 ounces of gold from 129 tonnes of ore at an average grade of 20.3g/t.

The Gibberts lodes were also mined between 1903 and 1905 and produced 37.5 ounces from 64.5 tonnes at an average grade of 18.1g/t. No production is documented since this time.

In the region, the Porphyry Mine is located approximately 7.5 kilometres to the West in similar host





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rocks. It has amassed a resource of approximately 880,000 ounces of gold (production plus defined resource estimates obtained from available literature).

Fortnum

The Fortnum project tenement number E52/3695 totals 21km². The Project is located within the Peak Hill Mineral Field, 140km north-west of Meekatharra and approximately 14km southwest of the Fortnum Mining centre, in the locality of Billara Bore. The geology of the tenure consists of a fault bounded package of schists derived from the Narracoota and Labouchere Formation constrained by the Despair Granite to the east and Yarlalweelor Gneiss complex to the West. Thin surficial cover extends over the area, with strong insitu regolith development in the eastern parts of the schist, adjacent to the Despair Granite.

There are four gold mineralisation prospects on the tenure. Billara A, Billara North and Billara South are associated with quartz veining in highly sheared mafic schist adjacent to the contact with the Despair Granite. Billara D is associated with quartz veins in a NNE-trending, biotiterich schist, the Despair Granite, analogous to the Wilthorpe gold mine, 9km to the south.



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Project Activity:

Nelson Resources has completed the following work at each of its projects during the quarter:

Woodline

Grindall-Redmill-Harvey

Using the LOUPE electromagnetic ground survey system the Company has successfully completed a 26.5 line kilometre survey at Grindall and a 55.6 line kilometre survey at Redmill both conducted on 20 meter line spacings. The company is awaiting final interpretation results for these surveys which appear to clearly identify plate conductors that match the company's exploration targeting model.

Previous works have identified a 20km gold geochemical anomaly where limited drilling intersected mineralisation in the host bedrock. A 400 line kilometre ground magnetics program completed in the previous quarter clearly identify a number of target geological units which are interpreted to host small portions of the gold anomalism. The LOUPE survey has followed up on this magnetics program and mineralisation that was intersected in previous Sipa/Newmont drilling, which returned 10m @ 1.29g/t Au from 64m, including 1m @ 7.80g/t Au from 71m (TFC010) and 12m @ 0.76g/t Au from 64m, including 1m @ 9.14g/t Au from 64m (HEC001).

The current 1500m diamond drilling program at Grindall-Redmill and Socrates is anticipated to be completed in February with initial results being announced shortly thereafter pending laboratory turnaround.

The Company has planned an RC drilling program to coincide with the Diamond program and has 19 RC drill holes for 2530m planned at Grindall (Figure 3) and 7 RC drill holes for 760m planned at Redmill (Figure 4).

This drilling is to follow up on the significant gold identified in previous drilling by Sipa/Newmont drilling at Grindall and Redmill as outlined above and is intended to demonstrate the presence of a larger gold system within the bedrock of the 20km geochemical anomaly and the potential for a large discovery.

Socrates

Using the LOUPE electromagnetic ground survey system the Company has successfully completed a 32.1 line kilometre survey at Socrates and a 16.8 line kilometre survey at Socrates West both conducted on 20 meter line spacings. The company is awaiting final interpretation results for these surveys with early interpretation of the survey result at Socrates appearing to increase the potential strike to over 2km. It has also enabled the development of new drill targets to the north and south of the Socrates mineralisation that has been defined by past exploration.

The current 1500m diamond drilling program at Grindall-Redmill and Socrates will be completed in mid February with initial results being announced in late February.

The Company has planned an RC drilling program to coincide with the Diamond program and has planned: 24 RC drill holes for 1278m (Image 5) at Socrates, 14 RC drill holes for 1020m planned (Image 6) at Socrates West and 4 RC drill holes for 480m planned (Image 6) at Socrates East.



Mineralisation at Socrates is open along strike and at depth and remains untested by the existing drilling. The company believes it could potentially declare a resource at Socrates in 2021.

Morris:

Using the LOUPE electromagnetic ground survey system the Company has successfully completed a 5.8 line kilometre survey at Morris conducted on 20 meter line spacings. The company is awaiting final interpretation results for this survey with early interpretation of the survey result at Morris identifying a relatively weak, but near surface conductor (Figure 7). The Company is encouraged by the result, as the rocks in the survey area are likely to be oxidised or partly oxidised, and any near surface sulphide response is expected to be muted.

The location of the survey was based on the Western Mining Service review¹ as well as the latest 1:500,000 geological map released Geological Survey of Western Australia 1:500,000 this year.

Follow-up surface geochemistry, geophysics and drilling is planned for Morris in 2021.

Tempest Project

During the quarter the Company conducted site visits and prepared for upcoming works programs. In the next quarter the company intends to conduct:

- 24 km² Photogrammetry Surveys for Centimetre level accurate DEM data;
- 24 km² Ultra High-Resolution Ground Magnetic Surveys for structural data;
- 24 km² Passive Seismic Surveys for cover mapping and structural data;
- IP and EM Surveys to identify potential nickel and gold bearing sulphides.

This work is intended to map the extent of the paleochannel and potential parallel intrusive structures to define RC drill targets for Q2 2021. IGO has recently conducted a large Moving Loop EM program at the Thunderstorm project adjacent to the Tempest project.

Yarri Project

Nelson is continuing to pursue several development / sales options for the project and is reviewing the potential for deeper extensions of the high grade loads.

Fortnum Project

During the Quarter, the Company continued discussions regarding a potential Joint Venture on the Fortnum Project.

Happy Jack

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

Corporate

Nelson has recruited a number of full time and part time drillers to its drilling team during the quarter.

Financial commentary

The Appendix 5B for the quarter ended 31 December 2020 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$247K and plant and equipment expenditure for the quarter was \$318K. Corporate and other expenditure for the quarter was \$179K. The total amount paid to Directors of the Company, their associates and other related parties was \$90K and includes salary, fees and superannuation.





Grindall Drilling

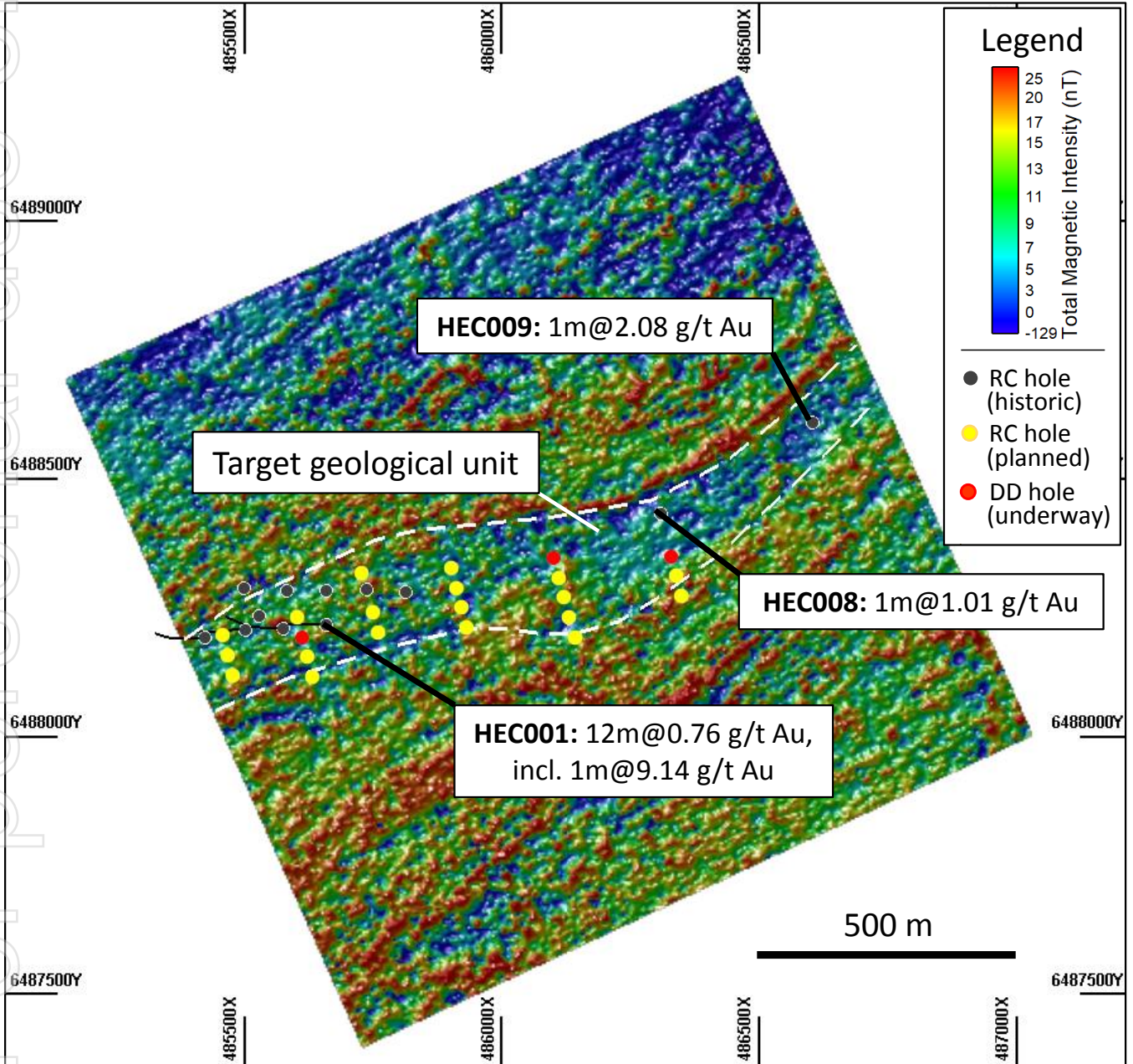


Figure 3: Grindall Total Magnetic Intensity showing target geological unit and historic RC drill holes⁷, planned RC drill holes and diamond (DD) drill holes which are part of the program which is currently underway.





Redmill Drilling

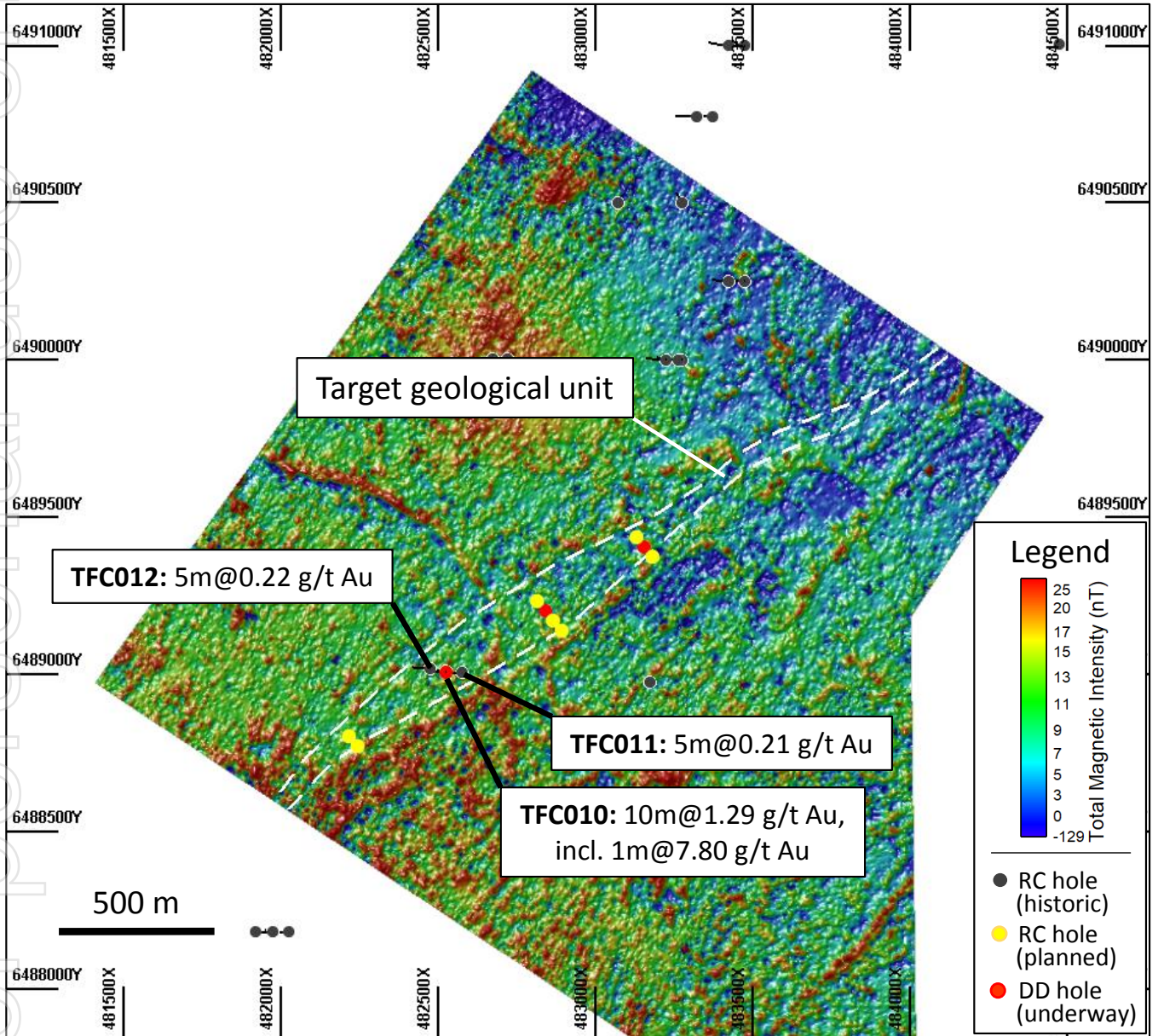


Figure 4: Redmill Total Magnetic Intensity showing target geological unit and historic RC drill holes⁸, planned RC drill holes and diamond (DD) drill holes which are part of the program which is currently underway.





Socrates Drilling

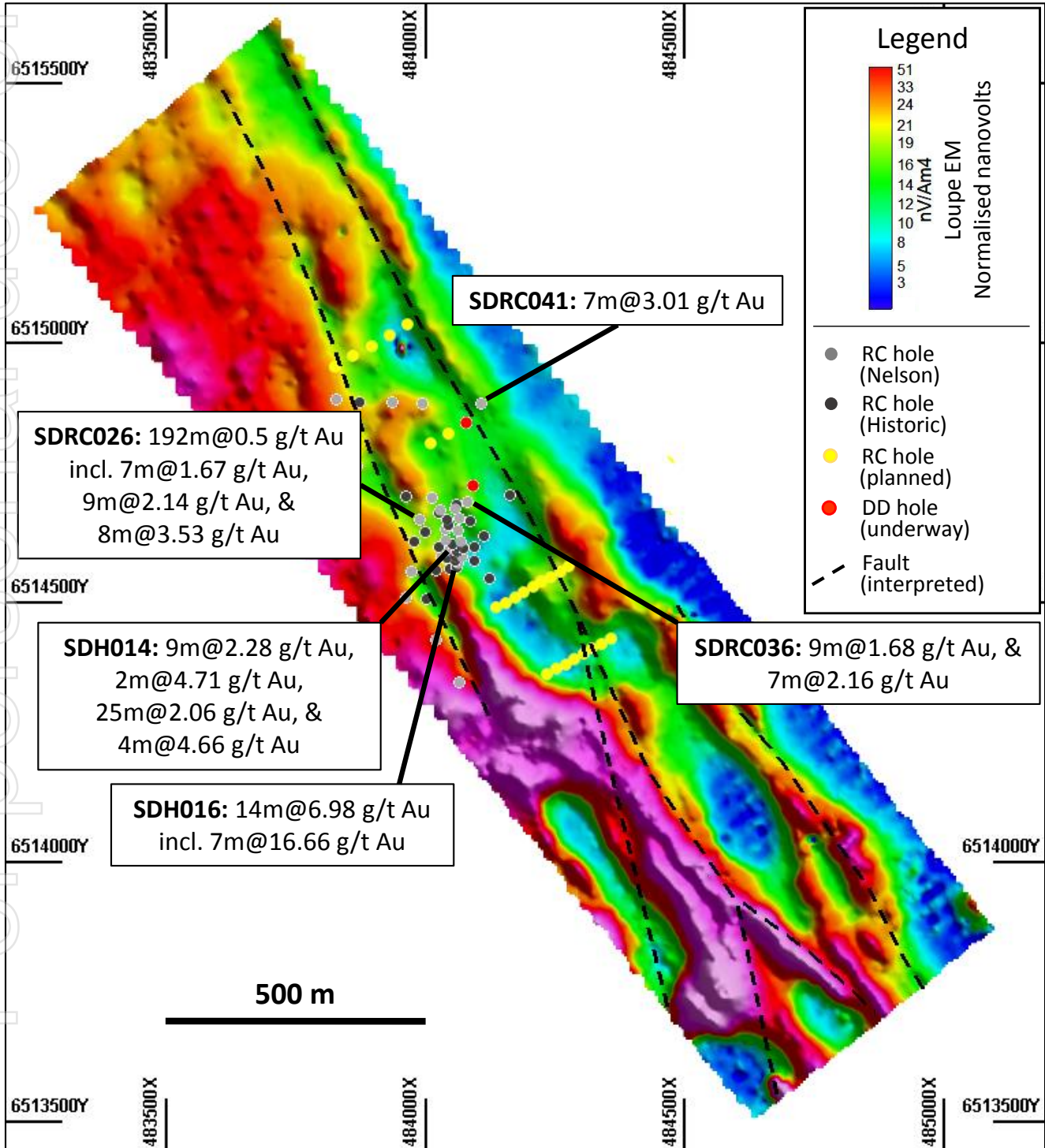


Figure 5: Socrates Loupe electromagnetic survey showing interpreted target structures, planned RC drill holes, results from previous drill holes as reported by NES⁹ and diamond (DD) drill holes which are part of the program which is currently underway.





Socrates, Socrates West and Socrates East Drilling

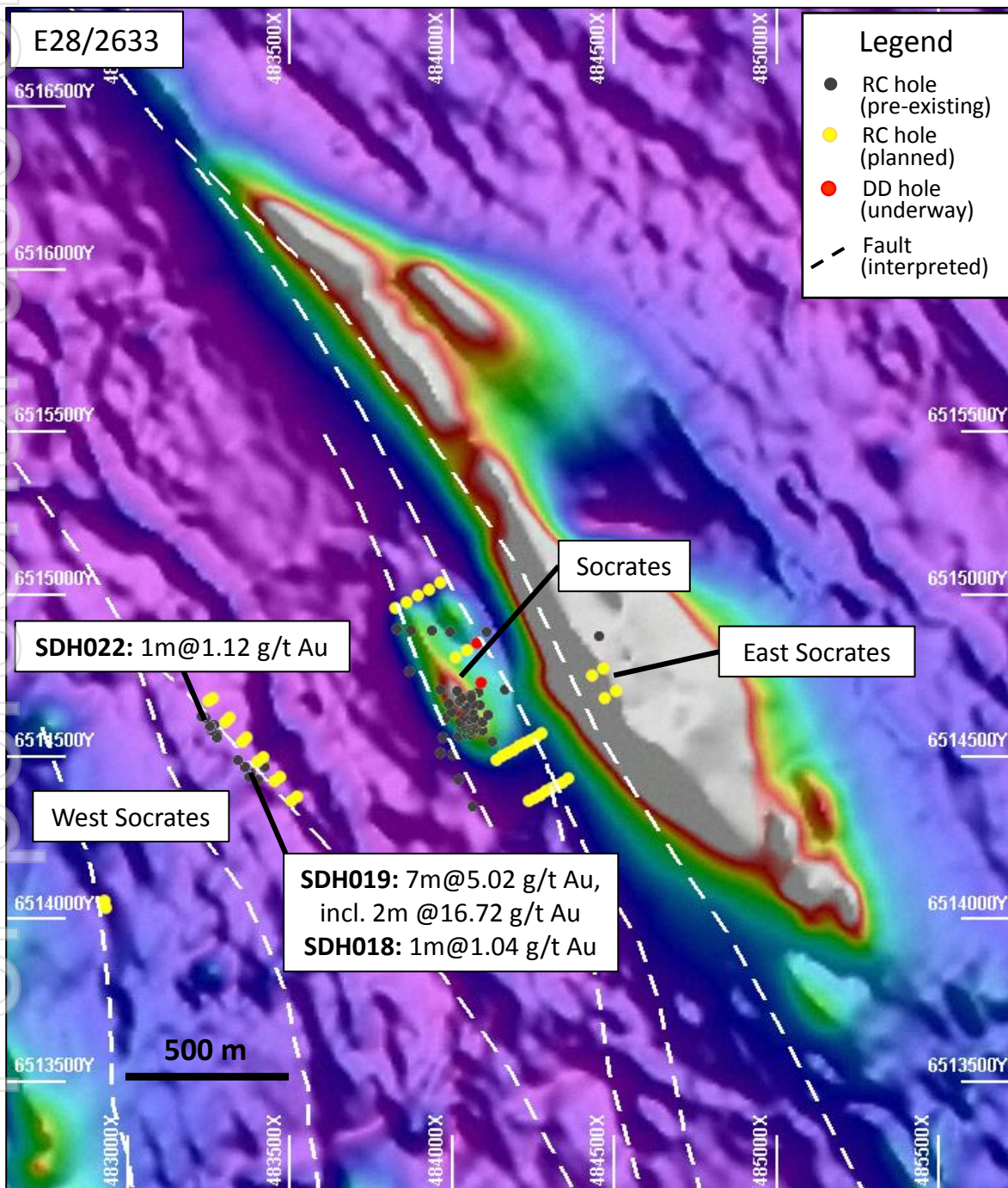


Figure 6: Total Magnetic Intensity showing interpreted target structures, planned RC drill holes at Socrates, West Socrates and East Socrates, results from previous drill holes as reported by NES⁹ and diamond (DD) drill holes which are part of the program which is currently underway.





Morris

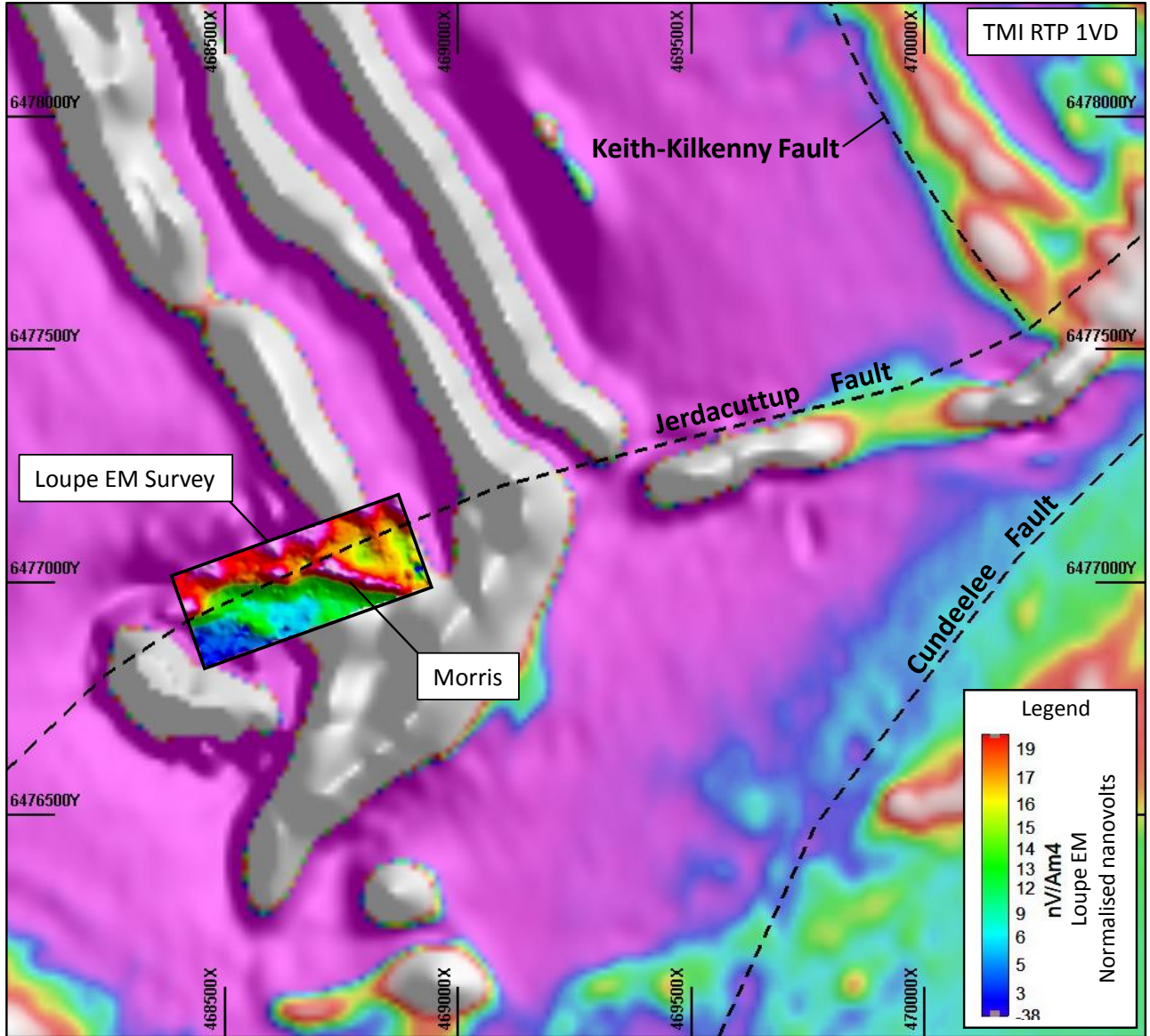


Figure 7: Loupe electromagnetic survey showing the conductor identified at the Morris Prospect as well as the regional total magnetic intensity, reduced to pole, first vertical derivative.





Tempest project

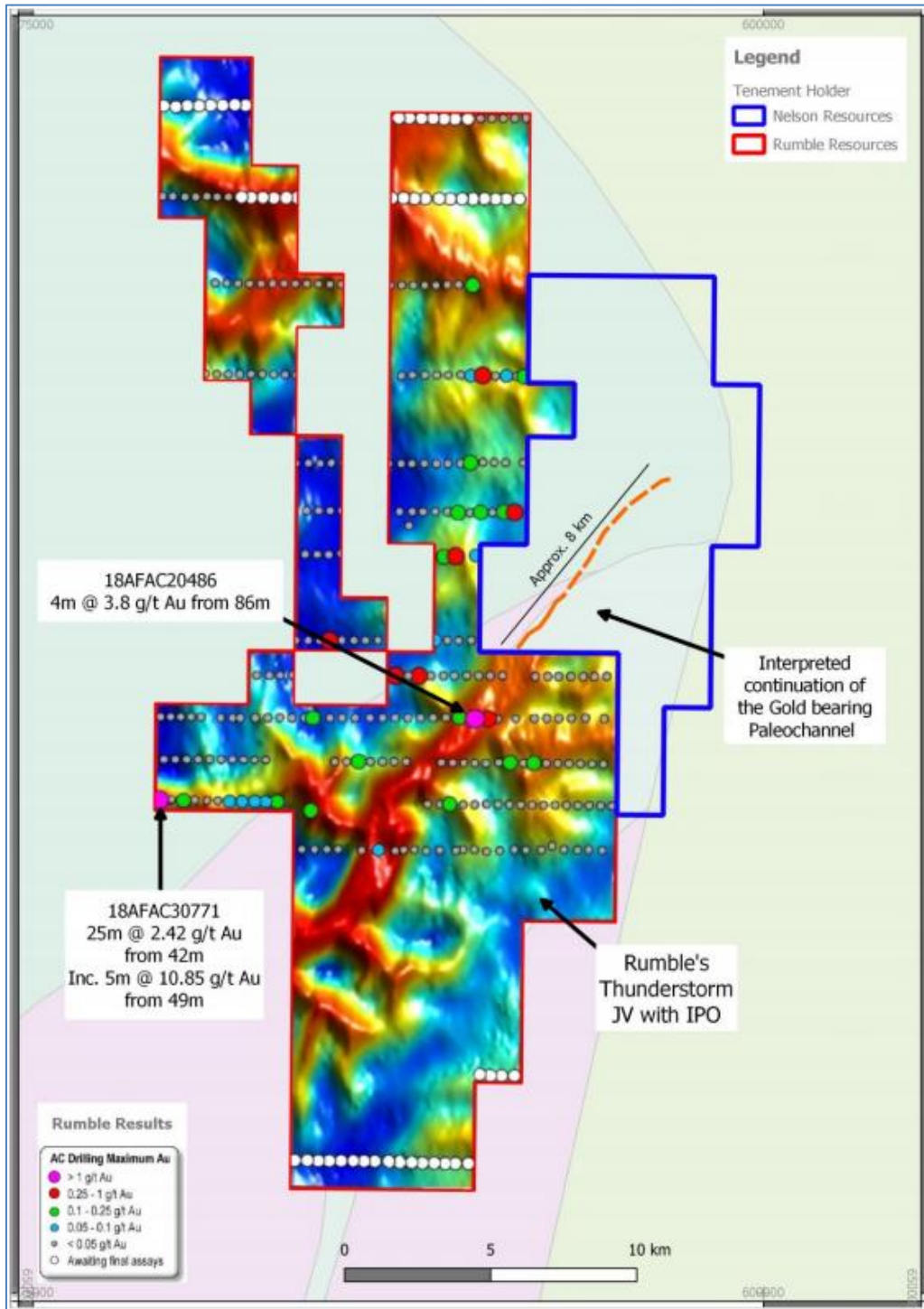


Figure 8. Tempest in relation to Rumble's Thunderstorm JV with IGO





Woodline 20km Gold Geochem Anomaly

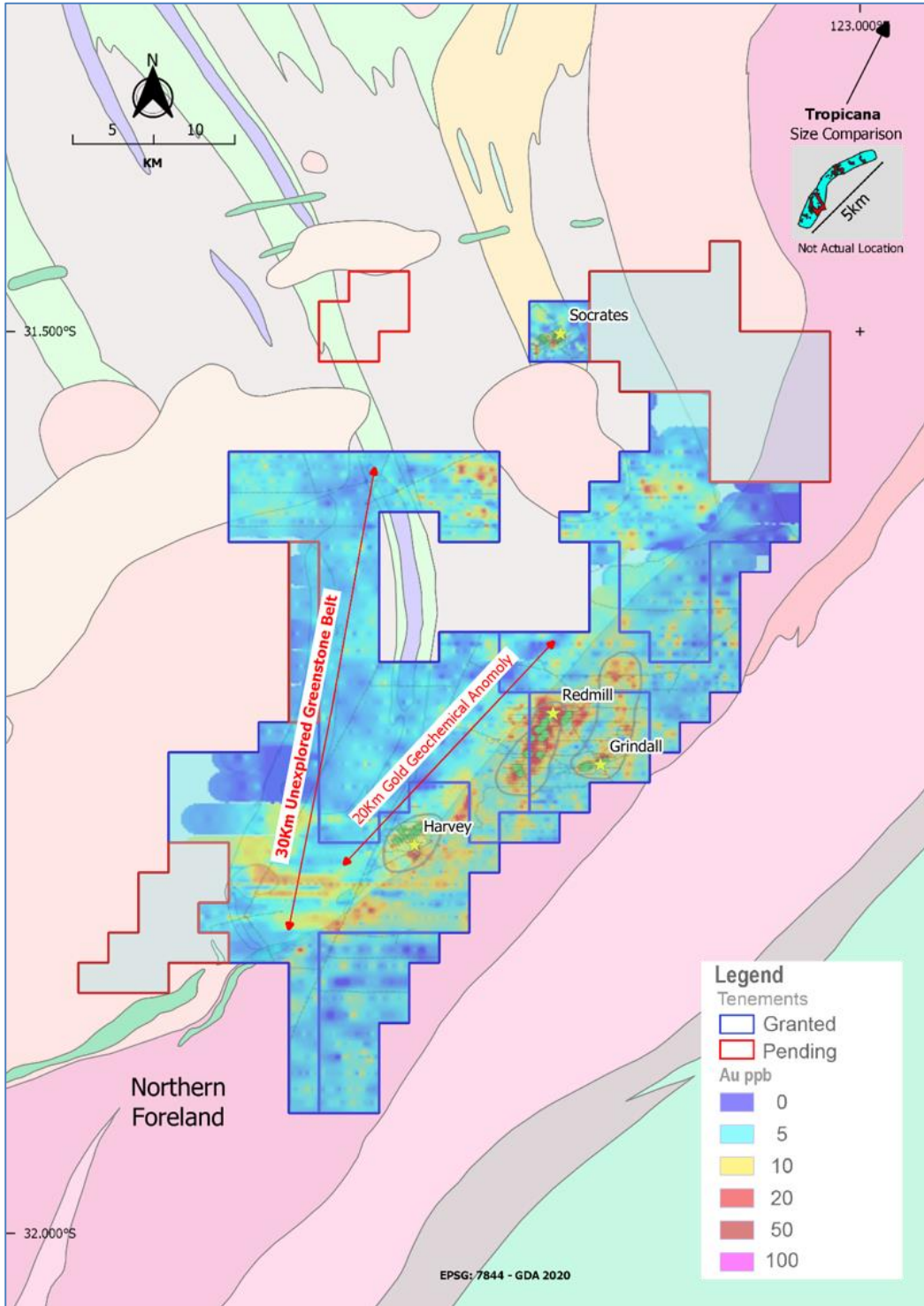


Figure 9. >20km Gold Geochemical Anomaly with Woodline tenure shown (Granted & Pending)





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Diamond Drill Rig (WOC1)



Image 1: Company's Desco SP7000S diamond drill rig over first Grindall diamond hole.

The Company's first diamond drill rig shown drilling in December 2020 at Grindall as part of the planned 1500m program anticipated to be completed in February 2021. This drilling program is expected to deliver notable gold results, structural controls for future drilling and petrophysics information.





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RC Drill Rig (WOC2)



Image 2: Company's Schram 450 RC drill rig awaiting deployment.

The Company's first RC drilling rig is due to commence a planned 68 hole 6068m RC drilling program in February and is designed to infill the current Diamond drilling programs at Grindall, Redmill and Socrates (Figures 3,4,5,6).





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Future and current Exploration Programs

Nelsons fieldwork programs for 2021 include:

- Completion of the current diamond drilling program that is already underway at Grindall and Redmill and Socrates followed by planning of an enlarged diamond drilling program.
- Commencement of the planned RC drilling program at Grindall and Redmill and Socrates followed by planning of an enlarged RC drilling program.
- Induced Polarisation and electromagnetic geophysical surveys to map the disseminated sulphides at West Socrates to assist with definition of additional drill targets.
- Follow-up surface geochemistry, geophysics and drilling at the Morris nickel prospect.
- Initial geophysics programs to be conducted at the Tempest nickel and gold project to include: Photogrammetry Surveys, Ultra High-Resolution Magnetic Surveys, Passive Seismic Surveys and IP and EM Surveys. This will be followed by yet to be determined Diamond and RC drilling programs.





ABOUT NELSON RESOURCES

Nelson Resources is an exploration company with a highly prospective 956km² tenure holding. The key focus for the Company is its 828 km² Woodline Project.

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:

- 45km 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 mine ³.
- 30km of significantly unexplored greenstones along the Norseman-Wiluna greenstone belt.
- 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.

Historical exploration of \$14 million by the Company, Sipa Resources, Newmont and MRG.

Nelson Resources confirms that it is not aware of any new information or data that materially affects the exploration results included in this announcement.

For further information please contact:

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0412 036 231

Previous ASX Announcements and report references

¹ WAMEX open file report a096135.

² <https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Korsch-presentations-0012.pdf>

³ https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Spaggiari_2-presentations-0004.pdf

⁴ <http://www.tropicanaajv.com.au/irm/content/reserves-resource-statement1.aspx?RID=284>

⁵ <http://www.tropicanaajv.com.au/irm/content/fact-sheet.aspx?RID=318>

⁶ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02119099-6A935211?access_token=83ff96335c2d45a094df02a206a39ff4

⁷ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02290080-6A999690?access_token=83ff96335c2d45a094df02a206a39ff4

⁸ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-01038806-6A480928?access_token=83ff96335c2d45a094df02a206a39ff4

⁹ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-01183807-6A543075?access_token=83ff96335c2d45a094df02a206a39ff4





Schedule of Exploration Tenements

Project Name	Tenement	Interest Held: 30-Sep-20	Interests in mining tenements and petroleum tenements acquired or increased	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Interest Held: 31- Dec-20
Socrates	E28/2633	100%	-	-	100%
Socrates East - Application	E28/2993	-	-	-	-
Grindall	E28/2679	100%	-	-	100%
Grindall North	E28/2768	100%	-	-	100%
Grindall South	E28/2769	100%	-	-	100%
Redmill	E28/2873	100%	-	-	100%
Redmill	E28/2874	100%	-	-	100%
Redmill West - Application	E28/2987	-	-	-	-
Yarri (Wallaby)	P31/2085	100%	-	-	100%
Yarri (Gibberts)	P31/2086	100%	-	-	100%
Yarri (Great Banjo)	P31/2087	100%	-	-	100%
Bullen West	E52/3695	100%	-	-	100%
Harvey	E63/1971	100%	-	-	100%
Harvey	E28/2923	100%	-	-	100%
Harvey West - Application	E28/2986	-	-	-	-
Morris – Application	E28/2941	-	-	-	-
Tempest	E28/2805	100%	-	-	100%

