Nelson Resources LIMITED

And Controlled Entities

ABN: 83 127 620 482

HALF YEAR REPORT

For the Period Ended 31 December 2020

CONTENTS

DIRECTORS

Warren Hallam	Non-Executive Chairman
Adam Schofield	Executive Director
Stephen Brockhurst	Non-Executive Director

SECRETARY
Stephen Brockhurst

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Australian Securities Exchange
ASX Share Code: **NES**; ASX Listed Options: **NESOA**

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Perth WA 600

Your Directors submit the financial report of the Consolidated Entity for the 6 month period ended 31 December 2020.

DIRECTORS

The names of Directors who held office during or since the end of the period:

Director	Details
Warren Hallam	Independent Non-Executive Chairman
Adam Schofield	Executive Director
Stephen Brockhurst	Independent Non-Executive Director

COMPANY SECRETARY

Stephen Brockhurst Company Secretary

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the period were the exploration and development of natural resources. There have been no other significant changes in the activities of the Consolidated Entity during the period other than matters noted in this report.

REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2020 was $1,059,140 (2019: $429,941).

CORPORATE

The Company's cash balance at 31 December 2020 was $723,538.

Funding

On 9 June 2020 the Company announced a renounceable entitlements issue for the offer of one new share (at a price of $0.038 each) for every one existing share held on 12 June 2020, with one attaching quoted option, exercisable at $0.08 and expiring 24 months from issue, for every two new shares subscribed. On 3 July 2020 the Company announced that the offer had closed, raising $2,007,226. On 7 July 2020 the Company announced that 52,821,762 shares along with 26,410,881 free attaching options exercisable at $0.08 expiring 7 July 2022 had been issued. On 7 July 2020 the Company announced that a placement had been undertaken raising $348,027 from the issue of 9,158,618 shares along with 4,579,275 free attaching options exercisable at $0.08 expiring 7 July 2022. On 22 January 2021 the Company announced a capital raising and on 29 January 2021 28,700,535 shares were issued at $0.075 each, raising $2,152,540 before costs. On 29 January 2021 430,131 options were exercised at $0.08 each, raising $34,410 and in addition 500,000 performance rights were exercised having met the required vesting criteria.

COVID-19 Impacts

The impact of COVID-19 on the Consolidated Entity's operations was minor for the period. The Company continues to follow all State Government directives in respect to COVID-19 and the Company's operations.

OPERATIONS

Woodline Project (Grindall, Redmill, Harvey, Socrates, Socrates West & Morris)

During the last 6 months the Company completed a number of geophysics programs and commenced drilling at its 875 km^2 Woodline Project in the Albany-Fraser Range.

The Woodline Project was previously explored by Sipa Resources / Newmont and MRG Metals

The Woodline Project (Image 1) lies 140km South East of Kalgoorlie and is halfway between the Trans Australia Rail line and the Eyre Highway.

The Project lies across the boundary of the Archaean Yilgarn Craton and the Proterozoic Northern Foreland of the Albany-Fraser Orogen. The Project also features the confluence of 3 major gold bearing faults and the Jimberlana Dyke (Ni-Cu).

Work carried out by Nelson at Socrates has returned several significant gold intersections demonstrating a minimum of 400m of strike and are suggestive of a much larger gold system.

The Company believes that Grindall, Redmill, and Harvey each have the potential to host a Tropicana scale gold deposit as indicated by a large 20km long geochemical anomaly (Image 2).

Historical expenditure by the previous explorers and the Company within the Woodline Tenure is approximately $15 million.

Woodline Highlights:

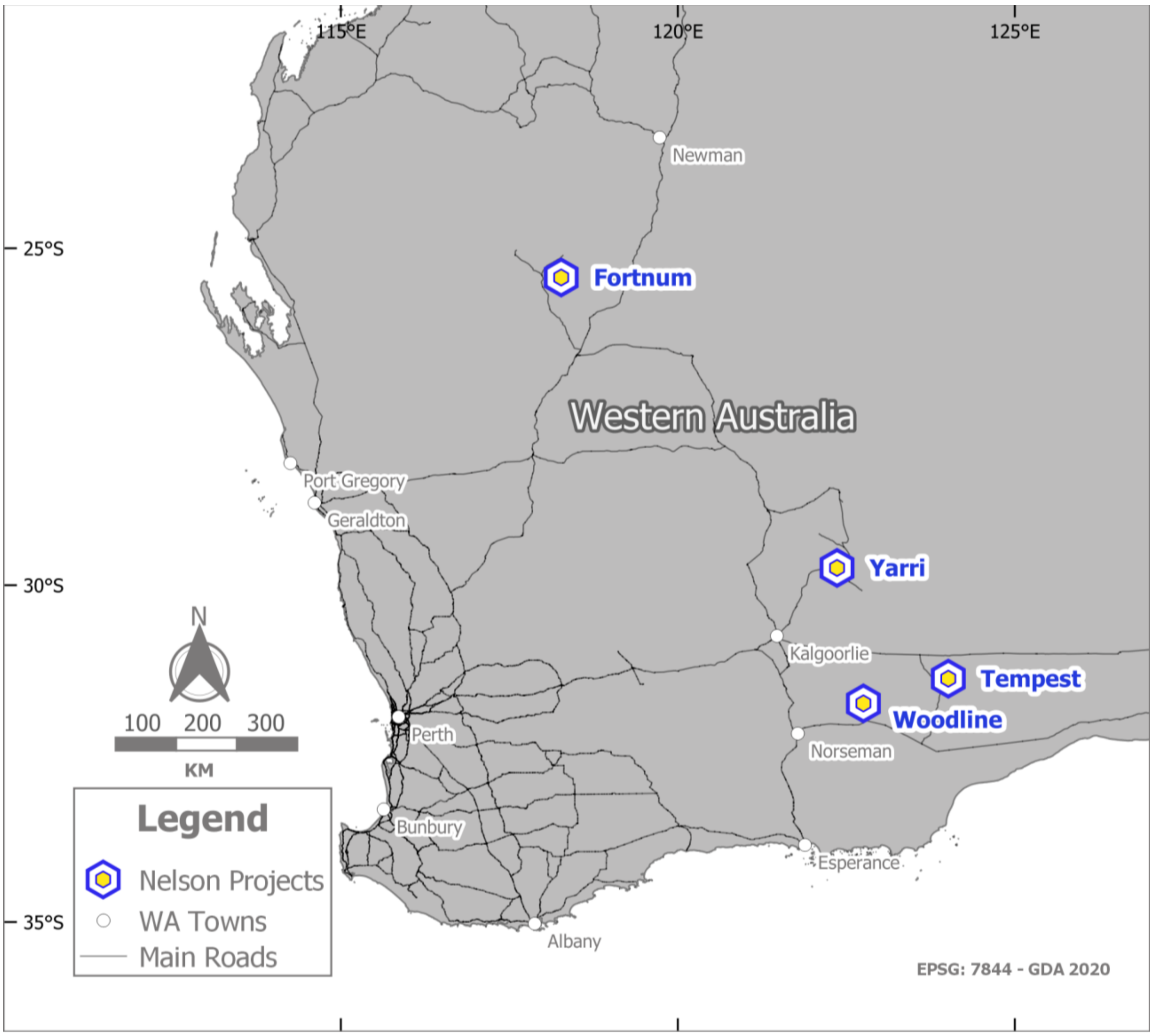
- 45km of the Cundeelee fault within its tenure and contains an identified >20km gold geochemical and bedrock anomaly, and
- 30km of significantly unexplored greenstones within the Norseman-Wiluna greenstone belt, and
- A significant and unique holding within the confluence of the Keith-Kilkenny Fault, the Claypan Shear Zone and the Cundeelee Shear Zone. These three Shears have hosted many of the largest gold projects in Western Australia.

During the period the Company set about developing an inhouse drilling and geophysics capability intended to reduce its reliance on external contractors. This included the acquisition of both a Diamond Drill Rig and a Reverse Circulation Drill Rig, and a high powered Induced Polarisation geophysics system.

The Company aims to continue its drilling and geophysics activities over the next period.

Existing Projects Summary:

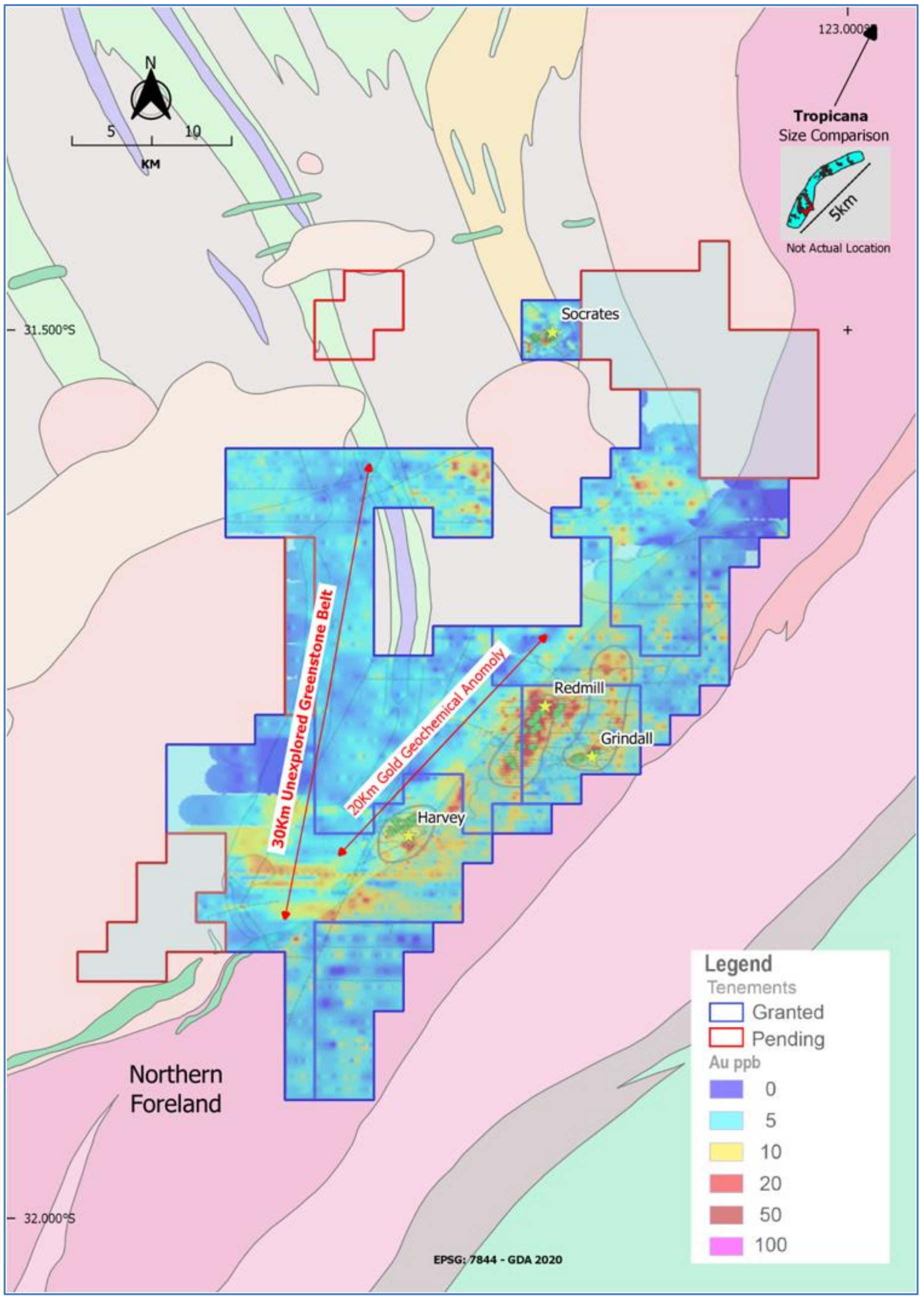
Image 1 – Project Locations



During the period the Company conducted the following activities at its Woodline project:

- 30 km² of digital elevation photogrammetry surveys, and
- 16 km² of passive seismic surveys, and
- 400 line km of Ultra-High-Resolution Magnetics, and
- 137 line km of electromagnetic surveys using the LOUPE system, and
- Commenced 1500m of Diamond drilling and planned a 6000m RC drilling program.

Image 2. 20 Km Geochemical Gold Anomaly with Woodline projects and tenure shown



Tempest Project

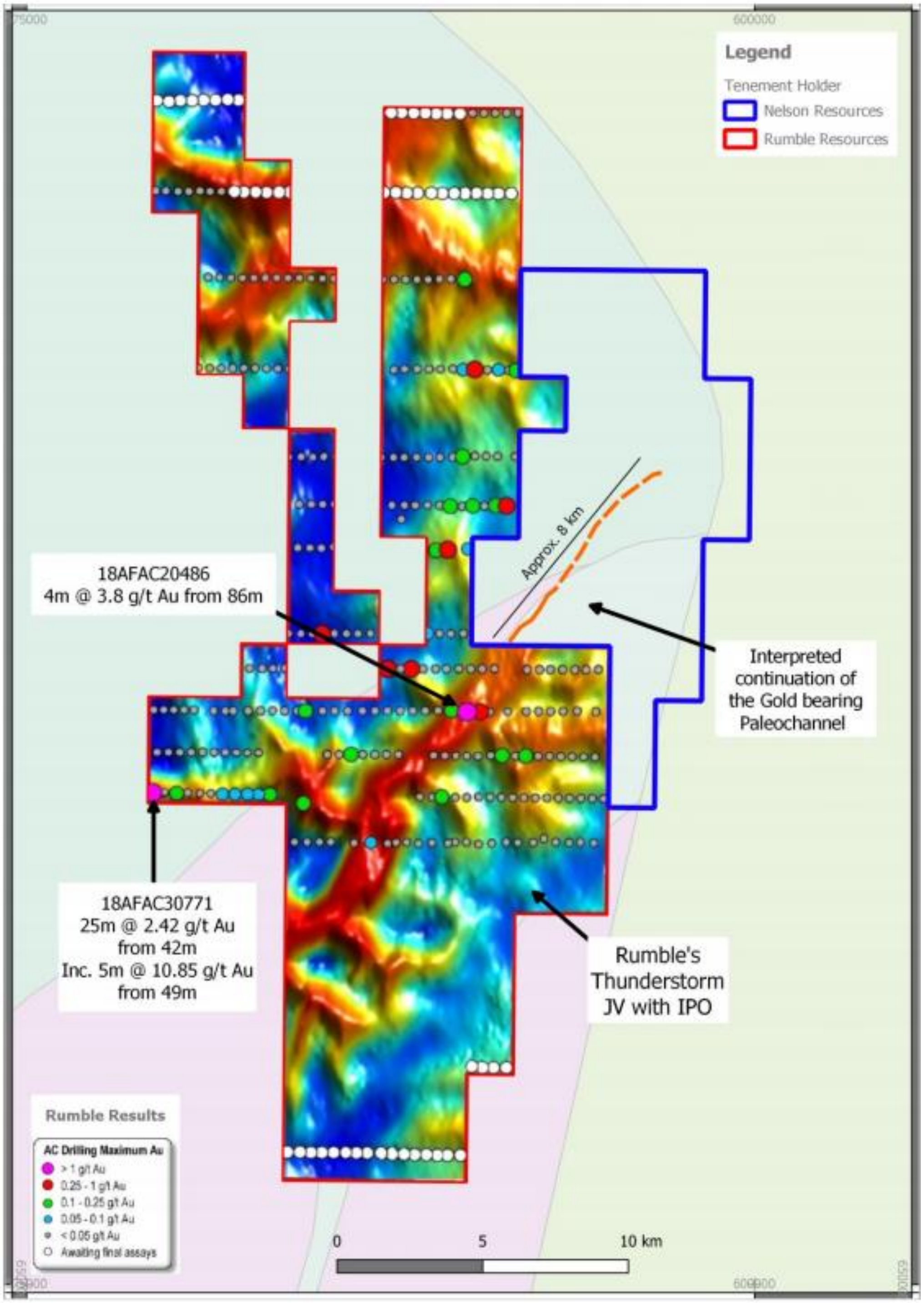
The Company's Tempest project (Image 1) is located 250km ESE of Kalgoorlie and 90km NE from Nova-Bollinger Mine. It has an area of 105 km2 and borders the IGO / Rumble Thunderstorm JV project (Image 3). Recent drilling at the Thunderstorm JV includes an exceptional intercept of 25m @2.42g/t Au at the Themis Prospect and 4m @ 3.8g/t Au at the Pion Prospect (ASX Announcement Rumble Resources 1 July 2019).

The project is located in the Fraser Complex of the Proterozoic Albany-Fraser Belt on the 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.

During the period the Company conducted the following activities at its Tempest project:

- The Company conducted a number of site visits in preparation for planned geophysics including passive seismic and IP surveys.

Image 3. Tempest project in relation to Rumble's Thunderstorm JV with IGO



Yarri

The Yarri Project lies (Image 1) 160km North East of Kalgoorlie on Edjudina Station, 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 main focus is on the Wallaby line of workings immediately to the East of Yarri, where hitorical drilling by the Company returned a number of high grade encouraging drill 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 (100 feet) 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 rocks. It has amassed a resource of approximately 880,000 ounces of gold (production plus defined resource estimates obtained from available literature).

During the period the Company conducted the following activities at its Yarri project:

- Reviewed a number of sale and JV opportunities.
- Conducted reviews of the companies drilling data to determine a potential future drilling program.

Fortnum

The Fortnum project (Image 1) is located within the Peak Hill Mineral Field, 140km north-west of Meekatharra and approximately 14km southwest of the Fortnum Mining center, 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 Yarlarweelor 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.

During the period the Company conducted the following activities at its Fortnum project:

- Reviewed a potential JV opportunity.
- Desktop reviews of the histrical drill data to determine a future surface mapping and drilling program.

Happy Jack
The Company has a retained 1% net smelter royalty on any future gold production on this tenement.

Competent Person Statement
The information in this announcement that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Mr James Farrell who is an employee of Nelson Resources Limited. Mr Farrell is a member of the Australasian Institute of Mining and Metallurgy. Mr Farrell has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Farrell consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Climate Risk

The Company acknowledges that climate change issues could constitute a risk to its operations but has assessed the risks to be low. The largest concern for the Company is water management during its exploration activities. Most of the Company's operations occur in areas with scarce access to water and the Company believes that climate change could exacerbate this issue as weather patterns potentially become less predictable. The Company's approach is to be flexible and adaptive in its response to manage this potential issue.

Key potential vulnerabilities

- Extreme weather events (floods, cyclonic activity, storm activity and bushfires) which could impede exploration ability; affect occupational health and safety; impact supply chains; damage infrastructure; and increase of unplanned water discharge.
- Sea level rise might impact on the longer-term access to and viability of infrastructure.
- Legislation uncertainty or compliance changes due to climate-related impacts.
- Water discharge.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods other than the following:

- On 22 January 2021 the Company announced a capital raising and on 29 January 2021 28,700,535 shares were issued at $0.075 each, raising $2,152,540 before costs.

- On 29 January 2021 430,131 options were exercised at $0.08 each raising $34,410, in addition 500,000 performance rights were exercised having satisfied their vesting criteria.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 31 December 2020 has been received and is included within the financial statements.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3) of the *Corporation Act 2001*. Signed in accordance on behalf of the Directors.

Adam Schofield
Executive Director

16 March 2021

CRITERION AUDIT

Criterion Audit Pty Ltd

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LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Nelson Resources Limited and its controlled entities for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD
Chartered Accountants

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 16th day of March 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Consolidated Entity 31 December 2020 $	Consolidated Entity 31 December 2019 $
Revenue		**10,834**	(1,811)
Administration and other expenses		**(185,358)**	(118,668)
Accounting and audit fees		**(56,613)**	(60,677)
Consultancy fees		**-**	3,000
Depreciation: other	6	**(55,763)**	(46,582)
Depreciation: right of use assets	7	**(24,513)**	(24,230)
Directors' fees		**(136,505)**	(87,825)
Finance costs: lease liability		**(99)**	(1,390)
Finance costs: other		**(1,962)**	23
Impairment of exploration expenditure	8	**(10,397)**	(23,880)
Legal fees		**(25,541)**	(17,210)
Marketing expenses		**(23,395)**	(18,000)
Occupancy expenses		**(34,334)**	(19,990)
Share based payments: options - Director		**(416,000)**	-
Share based payments: performance rights - Director		**(61,200)**	-
Travel and accommodation expenses		**(36,386)**	(27,051)
Tenement expenses		**(1,908)**	(42,140)
Write-back of impairment of receivables		**-**	56,490
Loss before tax		**(1,059,140)**	(429,941)
Income tax benefit/(expense)		**-**	-
Net loss for the period from operations		**(1,059,140)**	(429,941)
Other comprehensive income		**-**	-
Total comprehensive loss for the period		**(1,059,140)**	(429,941)
Basic and diluted loss per share (cents)		**(0.94)c**	(0.94)c

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	**723,538**	70,585
Trade and other receivables	5	**121,710**	2,026,991
Prepaid expenses		**21,053**	21,243
Total Current Assets		**866,301**	2,118,819
Non-Current Assets			
Plant and equipment	6	**689,772**	217,867
Right of use asset	7	**290,007**	15,853
Exploration and evaluation assets	8	**4,185,329**	3,662,667
Total Non-Current Assets		**5,165,108**	3,896,387
Total Assets		**6,031,409**	6,015,206
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**350,283**	214,579
Liability for application money		**-**	2,008,227
Lease liability	10	**33,443**	11,687
Provisions		**19,509**	4,410
Total Current Liabilities		**403,235**	2,238,903
Non-Current Liabilities			
Lease liability	10	**262,547**	-
Total Non-Current Liabilities		**262,547**	-
Total Liabilities		**665,782**	2,238,903
Net Assets		**5,365,627**	3,776,303
EQUITY			
Contributed equity	11	**38,749,135**	36,655,595
Reserves	12	**874,407**	319,483
Accumulated losses		**(34,257,915)**	(33,198,775)
Total Equity		**5,365,627**	3,776,303

The accompanying notes form part of these financial statements.

Consolidated Entity	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2020	**36,655,595**	**319,483**	**(33,198,775)**	**3,776,303**
Equity issues	2,364,213			2,364,213
Equity issue expenses	(270,673)	-	-	(270,673)
Share based payments	-	554,924	-	554,924
Loss for the period	-	-	(1,059,140)	(1,059,140)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,059,140)	(1,059,140)
Balance at 31 December 2020	**38,749,135**	**874,407**	**(34,257,915)**	**5,365,627**

Consolidated Entity	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2019	**36,163,913**	**568,483**	**(32,475,141)**	**4,257,257**
Equity issue expenses	(2,244)	-	-	(2,244)
Reversal of expired options	249,000	(249,000)	-	-
Loss for the period	-	-	(429,941)	(429,941)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(429,941)	(429,941)
Balance at 31 December 2019	**36,410,669**	**319,483**	**(32,905,082)**	**3,825,070**

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 31 December 2020 $	Consolidated Entity 31 December 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(690,048)**	(317,191)
Payment for exploration and evaluation assets		**(459,207)**	(230,116)
Interest paid: lease liability		**(99)**	(1,390)
Interest paid: other		**(1,962)**	24
Interest received		**4,556**	6,136
Net cash (used in) operating activities		**(1,146,760)**	(542,537)
Cash flows from investing activities			
Payment for plant and equipment		**(335,565)**	(14,468)
Net cash (used in) investing activities		**(335,565)**	(14,468)
Cash flows from financing activities			
Proceeds from equity issues		**2,364,213**	-
Payment for costs of equity issues		**(214,570)**	(2,244)
Repayment of borrowings: lease liability		**(14,365)**	(24,761)
Net cash generated by / (used in) financing activities		**2,135,278**	(27,005)
Net increase / (decrease) in cash held		**652,953**	(584,010)
Cash and cash equivalents at beginning of the period		**70,585**	666,222
Cash and cash equivalents at period end	4	**723,538**	82,212

The accompanying notes form part of these financial statements.

1. *Corporate information*

This half year report covers Nelson Resources Limited (the "Consolidated Entity"), a company incorporated in Australia for the 6 month period ended 31 December 2020. The presentation currency of the Consolidated Entity is Australian Dollars ("$"). A description of the Consolidated Entity's operations is included in the review and results of operations in the Directors' Report. The Directors' Report is not part of the financial statements. The Consolidated Entity is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code "NES". The financial statements were authorised for issue on 16 March 2021 by the Directors of the Consolidated Entity. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. *Accounting policies*

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

<u>a. Statement of compliance</u>

The general purpose financial statements of the Consolidated Entity have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board.

<u>b. Going concern</u>

The half year report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of $1,059,140 for the period ended 31 December 2020 (2019: $429,941) and net cash outflows from operating activities of $1,146,760 (2019: $542,537). The working capital position of the Consolidated Entity at 31 December 2020 was $463,066 (30 June 2020: $120,084 working capital deficit). The Consolidated Entity has exploration commitments due within the next 12 months. The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is principally dependent upon the Company successfully raising additional share capital (the latest capital raising being finalised in January 2021), full or partial divestment of assets, or containing expenditure in line with available funding. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern. The Directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

2. *Accounting policies (continued)*

In particular, given the Consolidated Entity's history of raising capital to date, the Directors are confident of the Consolidated Entity's ability to raise additional funds as and when they are required. Should the Consolidated Entity be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

c. Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australia dollars, unless otherwise noted. The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australia Accounting Standards and with International Financial Reporting Standards.

d. Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of Nelson Resources Limited and the results of all subsidiaries for the period then ended. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains on transactions between 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 Company. Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss, statement of financial position and statement of changes in equity respectively.

2. *Accounting policies (continued)*

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Nelson Resources Limited. When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

<u>e. Comparatives</u>
When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

3. *Segment reporting*

Operating segment are determined based on the reports reviewed by the Board of Directors, which are used to make strategic decisions. The Company does not have any operating segments with discrete financial information. All of the Company’s assets and liabilities are located within Australia. The Company does not have any customers at this stage. Internal management reports for the Board of Directors’ review are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 $
4. *Cash and cash equivalents*		
Cash at hand an in bank	**723,538**	70,585
	723,538	70,585
5. *Trade and other receivables*		
Accrued interest revenue	**44**	42
GST receivable	**109,466**	13,678
Mongolian projects receivable[1]	**555,304**	555,304
Impairment of Mongolian projects receivable[1]	**(555,304)**	(555,304)
Other receivables[2]	**12,200**	2,013,271
	121,710	2,026,991

6. *Plant and equipment*

	Computer Equipment $	Office Equipment $	Motor Vehicles $	Exploration Equipment $	Total $
31 December 2020					
Written down value at beginning of period	10,848	12,654	85,513	114,190	**217,867**
Reclassification	(5,076)	(262)	-	5,338	**-**
Additions	-	20,234	36,091	480,087	**536,412**
Write-offs	-	(8,744)	-	-	**(8,744)**
Depreciation	(2,144)	(2,194)	(6,999)	(44,426)	**(55,763)**
Written down value at end of period	**3,628**	**21,688**	**114,605**	**549,851**	**689,772**

[1] On 9 June 2017, the Company entered into an agreement with an independent third party buyer to sell its interest in assets and projects in Mongolia for a cash consideration of USD500,000. During the year ended 30 June 2020, the Company received an initial sum of USD40,000 or equivalent of AUD56,490 as a good faith payment, for the sale. The Directors are of the view that the full amount of the receivable is likely to be not recoverable and, therefore, a full provision for impairment has been made. Ownership of the shares has already been transferred.
[2] During the year ended 30 June 2020, $2,008,227 related to entitlements offer funds received but securities not yet issued and allotted.

6. *Plant and equipment (continued)*

	Computer Equipment $	Office Equipment $	Motor Vehicles $	Exploration Equipment $	Total $
30 June 2020					
Written down value at beginning of period	16,556	11,179	110,700	121,825	**260,260**
Additions	-	5,337	-	38,312	**43,649**
Depreciation	(5,708)	(3,862)	(25,187)	(51,285)	**(86,042)**
Written down value at end of period	**10,848**	**12,654**	**85,513**	**108,852**	**217,867**

	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 $
7. *Right of use assets*		
Balance at beginning of period[3]	**15,853**	88,845
Adjustment for change in variables	**-**	(25,432)
Completion of old lease	**(15,853)**	-
Recognition of new lease	**314,520**	-
Depreciation	**(24,513)**	(47,560)
Balance at end of period	**290,007**	15,853
8. *Exploration and evaluation assets*		
Balance at beginning of period	**3,662,667**	3,330,881
Exploration and evaluation expenditure incurred during the period	**533,059**	358,157
Impairment	**(10,397)**	(26,371)
Balance at end of period	**4,185,329**	3,662,667

[3] The first lease agreement commenced on 1 November 2018 for a term of 2 years and an option to extend for 6 months. The discount rate (incremental borrowing rate) applied is 3.53%. The second lease agreement commenced on 12 October 2020 for a term of 3 years and an option to extend for 3 years. The discount rate (incremental borrowing rate) applied is 3.95%.

	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 $
9. *Trade and other payables*		
Accrued expenses	**36,494**	62,900
Trade creditors	**313,789**	151,679
	350,283	214,579
10. *Lease liability*		
Current		
Balance at beginning of period	**11,687**	88,845
Adjustment for change in variables	**-**	(26,345)
Recognition of new lease	**36,120**	-
Repayments	**(14,364)**	(50,831)
Balance at end of period	**33,443**	11,687
Non-Current		
Balance at beginning of period	**-**	-
Recognition of new lease	**262,547**	-
Balance at end of period	**262,547**	-
Total	**295,990**	11,687

	Consolidated Entity 31 December 2020 No.	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 No.	Consolidated Entity 30 June 2020 $
11. *Contributed equity*				
Balance at beginning of period	**52,821,762**	**36,555,595**	45,592,846	36,163,913
Share issue: 14 February 2020	**-**	**-**	7,228,916	300,000
Share issue: 7 July 2020	**61,980,380**	**2,364,213**	-	-
Share issue costs	**-**	**(270,673)**	-	(57,318)
Reversal of expired options	**-**	**-**	-	249,000
Balance at end of period	**114,802,142**	**38,749,135**	52,821,762	36,655,595

	Consolidated Entity 31 December 2020 No.	Consolidated Entity 30 June 2020 No.
11. *Contributed equity (continued)*		
Listed options		
Balance at beginning of period	**-**	12,500,000
Grant of options[6]	**33,345,410**	-
Expiration of options	**-**	(12,500,000)
Balance at end of period	**33,345,410**	-
Unlisted options		
Balance at beginning of period	**7,614,458**	7,000,000
Options granted (free attaching)[4]	**-**	3,614,458
Options granted[5]	**8,000,000**	-
Expiration of options	**-**	(3,000,000)
Balance at end of period	**15,614,458**	7,614,458
Performance rights		
Balance at beginning of period	**1,500,000**	1,500,000
Performance rights issued[7]	**3,000,000**	-
Balance at end of period	**4,500,000**	1,500,000

[4] On 14 February 2020 3,614,458 unlisted options exercisable at $0.08 each, expriring 14 February 2022 were granted as free attaching to the placement as described above.

	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 $
12. *Reserves*		
Options reserve		
Balance at beginning of period	**255,733**	504,733
Grant of Director options[5]	**408,000**	-
Grant of broker options[6]	**77,724**	-
Revaluation of options[7]	**8,000**	-
Reversal of expired options	**-**	(249,000)
Balance at end of period	**749,457**	255,733
Share based payments reserve		
Balance at beginning of period	**63,750**	63,750
Grant of performance rights[8]	**61,200**	-
Balance at end of period	**124,950**	63,750
Total Reserves	**874,407**	319,483

[5] On 15 September 2020 the Company granted 8,000,000 unlisted options exercisable at $0.0907 each, expiring 14 September 2023 to all Directors under the Amended Employee performance Rights and Options Plan. The fair value of $0.051 was calculated using the share price at grant date of $0.07, a risk free interest rate of 0.24% and a volatility of 137%.
[6] On 15 September 2020 the Company granted 2,355,254 listed options exercisable at $0.08 each, expiring 7 July 2022 to its broker. The fair value of $0.033 was calculated using the listed option price at grant date.
[7] Resulting from requirement to amend the option exercise price as a result of the effects of the July 2020 entitlements issue.
[8] On 15 September 2020 the Company granted 3,000,000 unlisted performance rights, expiring 14 September 2023 to a Director under the Amended Employee performance Rights and Options Plan. Refer to the Notice of Annual General Meeting, dated and released on the ASX platform on 14 August 2020 for the terms and conditions of the performance rights.

13. *Commitments and contingencies*

The Company had no capital expenditure contracted at the reporting date (30 June 2019: nil). There is a lease agreement, falling under the capital commitments at 31 December 2020. The Company has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the Company to avoid forfeiture of any tenement. The Company has a 100% share of tenements rental and expenditure commitments. These exploration commitments are not provided for in the financial statements and are payable:

	Consolidated Entity 31 December 2020 $	Consolidated Entity 30 June 2020 $
Not longer than 1 year	**425,154**	382,681
More than 1 year but not longer than 5 years	**1,653,503**	1,701,355
More than 5 years	**-**	-
	2,078,657	2,084,036

a. Contingent assets

There are no contingent assets as at 31 December 2020.

b. Contingent liabilities

There were no contingent liabilities at 31 December 2020 other than a bank guarantee for the office rent of $41,874. The Directors are not aware of any significant breaches of environmental legislation and requirements during the period.

14. *Interests in controlled entities*

Company Name	Place of Incorporation	31 December 2020 % Ownership	30 June 2020 % Ownership
79 Exploration Pty Ltd	Australia	100%	100%
Nelson Exploration Services Pty Ltd	Australia	100%	100%

15. *Events after the end of the reporting period*

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods other than the following:

- On 22 January 2021 the Company announced a capital raising and on 29 January 2021 28,700,535 shares were issued at $0.075 each, raising $2,152,540 before costs.
- On 29 January 2021 430,131 options were exercised at $0.08 each raising $34,410, in addition 500,000 performance rights were exercised having satisfied their vesting criteria.

16. Related party transactions

There were no transactions with related parties during the period ended 31 December 2020 , other than Director remuneration.

The Directors of the Consolidated Entity declare that:

The financial statements and notes:

a. are in accordance with the *Corporations Act 2001* and comply with Australian Accounting Standards *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

b. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of the performance for the period ended 31 December 2020.

In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity 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.*

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Adam Schofield
Executive Director

16 March 2021

CRITERION AUDIT

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Independent Auditor's Review Report

To the Members of Nelson Resources Limited

Conclusion

We have reviewed the half-year financial report of Nelson Resources Limited ("the Company") and Controlled Entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Nelson Resources Limited and its Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter

Without modifying our opinion above, we draw attention to Note 1 to the half year report, which indicates that the Consolidated Entity incurred a net loss of $1,059,140 with net cash outflows from operating activities of $1,146,760 for the period and had working capital of $463,066 at 31 December 2020. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and 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.

Responsibility of the Directors for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 16th day of March 2021