

Prospectus

Nelson Resources Limited

ACN 127 620 482

For a renounceable pro rata offer to Eligible Shareholders of approximately 41.56 million New Shares at an issue price of \$0.047 per New Share on the basis of 2 New Shares for every existing 7 Shares held, together with 1 free attaching Option for every 2 New Shares issued, to raise up to approximately \$2 million before issue costs.

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares

ASX Code: NES

The Offer is partially underwritten by Mahe Capital Pty Limited for \$1,500,000.

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice

This Prospectus is dated 21 July 2021 and was lodged with ASIC on that date. Application has been made to ASX for quotation of the New Shares offered under this Prospectus.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at www.nelsonresources.com.au or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by following the instructions on a personalised Entitlement and Acceptance Form which accompanies this Prospectus and by making payment using BPAY® or EFT (refer to section 7.8 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 8.15 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company Secretary on +61 8 9481 0389 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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Corporate Directory

Directors

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

Registered Office

Level 11, London House
216 St Georges Terrace
Perth WA 6000
Tel: +61 8 9481 0389
Email: info@nelsonresources.com.au

Lead Manager and Underwriter

Mahe Capital Pty Limited (AFSL 517246)

Auditor*

Criterion Audit Pty Limited

Company Secretary

Stephen Brockhurst

Website

<https://nelsonresources.com.au/>

Share Registry*

Automic Registry Services Pty Limited
Tel: 1300 288 664 (within Australia)
+61 2 9698 5414 (international)
Email: hello@automic.com.au
www.automicgroup.com.au

Solicitor to the Offer

Atkinson Corporate Lawyers

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

1 TIMETABLE TO THE OFFER

Ex date - Shares trade ex Entitlement (Ex Date)	23 July 2021
Rights trading commences on a deferred settlement basis	
Record date to determine Entitlement (Record Date)	26 July 2021
Prospectus with Entitlement and Acceptance Form dispatched	27 July 2021
Offer opens for receipt of Applications	
Rights trading ends	3 August 2021
Closing date for acceptances	10 August 2021
Notify ASX of under-subscriptions	13 August 2021
Issue of New Shares	17 August 2021
Dispatch of shareholding statements	
Normal trading of New Shares expected to commence	18 August 2021
Last date to issue Shortfall Shares (see section 8.6)	10 November 2021

Note: The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to continue trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

	Underwritten Amount	Full Subscription
Shares currently on issue	145,473,192	145,473,192
Total convertible securities currently on issue	51,489,353	51,489,353
New Shares offered under this Prospectus, on a 2 for 7 basis ¹	31,914,894	41,563,769
New Options offered under this Prospectus, on a 1 for 2 new Shares basis ²	15,957,447	20,781,884
Issue price per New Share	\$0.047	\$0.047
Amount raised under this Prospectus (before costs) ¹	\$1,500,000	\$1,953,497
Total Shares on issue following the Offer	177,388,086	187,036,961
Total convertible securities on issue following the Offer	67,446,800	72,271,237

¹ This assumes no further Shares are issued prior to the Record Date

² The Company has also agreed, subject to Shareholder approval, to issue the Lead Manager 1 New Option for every \$1 raised under the Offer.

3 CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Directors of Nelson Resources Limited I am pleased to offer you the opportunity to participate in a rights issue the Company is undertaking to raise approximately \$2 million. The Company is also offering a free attaching Option, with an exercise price of \$0.08, for every 2 Shares subscribed for. The Offer is partially underwritten by Mahe Capital for \$1,500,000.

The Company believes the Offer is exceptionally priced and delivers a significant opportunity for current Shareholders and new investors. The Directors have elected to exercise their Entitlement and to sub-underwrite the Offer.

Since listing in December of 2017, the Company has worked diligently to assemble a significant 1,703km² exploration portfolio with the real potential to deliver a number of substantial gold resources.

In the last 12 months the Company has delivered a number of successful geophysics programs and has identified various additional drill targets including two new parallel structures at Socrates, and has intersected 500m of the gold bearing system at its Grindall project which potentially extends for some 20kms through the Woodline tenure based on Geochemistry and Geophysical surveys.

The Company's ongoing exploration will continue to focus on defining the mineralisation zones at Socrates and on additional drilling along the 20km geochemical anomaly within the Woodline tenure package and the Company's other projects.

The Company's flagship project is the 1,246km² Woodline Project located at the boundary of the Albany Fraser Oregon and the Yilgarn Craton. The Woodline Project contains:

- 60km of the Cundeelee Shear Zone which already consists of a known +20km gold geochemical and bedrock anomaly, hosted in the same geological structural setting as the 7.7 million-ounce Tropicana Gold mine¹.
- 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 expenditure of over \$16 million by the Company, Sipa Resources, Newmont and MRG.

There are numerous risks in investing in resource exploration companies and in Nelson Resources, including exploration risk, access risk, permitting risk, metallurgy risk, commodity pricing and ongoing requirements for additional funding. Please refer to section 6 for additional details.

I recommend that you take up this attractive offer and thank you for your ongoing support as we continue the Company's next phase of exploration.

Warren Hallam
Non-executive Chairman
Nelson Resources Limited

¹ <http://www.tropicana-jv.com.au/irm/content/reserves-resource-statement1.aspx?RID=284>

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information																											
What is the Offer?	<p>2 New Shares for every existing 7 Shares held on the Record Date at an issue price of \$0.047, with 1 attaching New Option for every 2 New Shares issued.</p> <p>The Offer seeks to issue up to approximately 41.56 million New Shares and 20.78 million New Options to raise up to approximately \$2 million (before costs) if fully subscribed. Up to a further \$1.66 million may be raised if all New Options are exercised.</p> <p>The Offer is partially underwritten by Mahe Capital for \$1,500,000.</p>	Section 8																											
Am I an Eligible Shareholder?	<p>The Offer is made to Eligible Shareholders, being Shareholders who:</p> <p>(a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and</p> <p>(b) have a registered address in Australia or New Zealand.</p>	Section 8.5																											
How will the proceeds of the Offer be used?	<p>The Company will use funds raised under the Offer as follows:</p> <table> <tr> <th>Use of funds</th><th>Underwritten Amount</th><th>Full Subscription</th></tr> <tr> <td>Geophysics</td><td>0</td><td>30,000</td></tr> <tr> <td>Diamond Drilling</td><td>35,000</td><td>50,000</td></tr> <tr> <td>RC Drilling</td><td>150,000</td><td>250,000</td></tr> <tr> <td>Assays</td><td>75,000</td><td>170,000</td></tr> <tr> <td>Plant and Equipment</td><td>215,000</td><td>350,000</td></tr> <tr> <td>Working Capital</td><td>831,998</td><td>845,730</td></tr> <tr> <td>Costs of the Offer</td><td>193,002</td><td>257,767</td></tr> <tr> <td>Total</td><td>1,500,000</td><td>1,953,497</td></tr> </table>	Use of funds	Underwritten Amount	Full Subscription	Geophysics	0	30,000	Diamond Drilling	35,000	50,000	RC Drilling	150,000	250,000	Assays	75,000	170,000	Plant and Equipment	215,000	350,000	Working Capital	831,998	845,730	Costs of the Offer	193,002	257,767	Total	1,500,000	1,953,497	Section 5.2
Use of funds	Underwritten Amount	Full Subscription																											
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Costs of the Offer	193,002	257,767																											
Total	1,500,000	1,953,497																											

Question	Response	Where to find more information
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none"> • Exploration risk - Funds raised under the Offer will be used predominately for exploration on the Company's Woodline projects in Western Australia. Whilst historically \$16 million of exploration work has been undertaken by others on the project areas, to date no resource has been announced. There is a risk that the proposed exploration will not be successful and no large resource discovered. • Future capital needs and additional funding - The Company recorded a net loss of \$1,059,140 for the half year ending 31 December 2020. As at 30 June 2021, it had approximately \$126,865 cash and cash equivalents on hand. • The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including exploration success, and commodity and equity markets. <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	Section 6
Is the Offer underwritten?	The Offer is partially underwritten by Mahe Capital Pty Limited for \$1,500,000. The underwriting is subject to conditions and terminating events which are typical for an entity in the Company's circumstances.	Section 8.4
Is the Offer subject to any conditions?	The Offer is not subject to a minimum subscription.	Section 8.2
What will be the effect of the Offer on control of the Company?	<p>The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders and the number of Shortfall Shares placed in the Shortfall Offer.</p> <p>No Shareholder may increase their voting power above 20% as a result of the Offer.</p>	Section 0

Question	Response	Where to find more information
How do I apply for New Shares and Shortfall Shares under the Offer?	Applications for New Shares and Shortfall Shares can be made by Eligible Shareholders following the instructions set out in the personalised Entitlement and Acceptance Form that accompanies this Prospectus, and by transferring the subscription amount by BPAY or EFT for the amount of Entitlement and Shortfall Shares applied for.	Section 7.2
Can I sell my Entitlements under the Offer?	Yes, the Offer is renounceable meaning Entitlement may be transferred.	Section 7.1
How will the Shortfall Shares be allocated?	Eligible Shareholders can apply for Shortfall Shares. The Directors reserve the right to place any Shortfall Shares at their discretion within 3 months of the Closing Date.	Section 8.6
How can I obtain further advice?	Contact the Company Secretary on +61 9481 0389 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.	

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company is seeking to raise up to approximately \$2 million before issue costs under the Offer at a price of \$0.047 per Share on the basis of 2 New Shares for every 7 existing Shares held as at the Record Date, with 1 New Option (exercisable for \$0.08 and expiring 2 years from issue) for every 2 New Shares issued.

Shareholders may, in addition to their Entitlement apply for Shortfall Shares.

The Offer is partially underwritten by Mahe Capital Pty Limited (AFSL 517246) for \$1,500,000.

5.2 Purpose of the Offer

The Company intends to use the funds received to complete its current drilling programs and expand upon its exploration programs at its Woodline and Tempest projects. These expanded programs will include additional drilling and geophysics programs to be conducted with the Company's wholly owned drilling and geophysics equipment.

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds	Underwritten Amount	Full Subscription
Geophysics	0	30,000
Diamond Drilling	35,000	50,000
RC Drilling	150,000	250,000
Assays	75,000	170,000
Plant and Equipment	215,000	350,000
Working Capital	831,998	845,730
Costs of the Offer	193,002	257,767
Total	1,500,000	1,953,497

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 Funds raised will, in the event less than Full Subscription is received, be allocated firstly towards the costs of the Offer and then proportionally as set out above.
- 3 General working capital is for corporate administration and operating costs (including directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs).
- 4 See section 10.5 for further details relating to the estimated expenses of the Offer.

5.3 Statement of financial position

Set out in section 13 is the unaudited Statement of Financial Position of the Company and the Pro-Forma Statement of Financial Position, as at 30 June 2021 and on the basis of the following assumptions:

- (a) the Offer was effective on 30 June 2021;
- (b) no further Shares are issued other than all Shares offered under this Prospectus;
- (c) take up of the Offer assuming Underwritten Amount and Full Subscription are received; and
- (d) costs of the Offer are between \$193,002 and \$257,767.

The pro-forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in section 13. The pro-forma financial information is unaudited presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offer the capital structure of the Company will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares	145,473,192	82.01	145,473,192	77.78
New Shares offered under this Prospectus	31,914,894	17.99	41,563,769	22.22
Total Shares	177,388,086	100.0	187,036,961	100.00

Assuming that no further Options are issued prior to the Record Date, at the close of the Offer, the number of Options on issue will be:

Convertible securities	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Options and Performance Rights	51,489,353	74.68	51,489,353	69.37
Options to be offered under the Offer	15,957,447	23.14	20,781,884	28.00
Options issued to the Lead Manager	1,500,000	2.18	1,953,497	2.63
Total Options	68,946,800	100.00	74,224,734	100.00

Certain Options on issue contain a term under which the exercise price will, in accordance with Listing Rule 6.22, be reduced following a pro-rata issue. The Company will announce the reduced exercise price following the ex date.

5.5 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

(a) Underwriter

As detailed in section 8.4 of this Prospectus, the Underwriter has agreed to underwrite the issue of up to 31,914,894 New Shares under the Offer. The Underwriter has agreed that no person will acquire, through sub-underwriting the Offer, a relevant interest in more than 19.9% of the Company's issued Shares.

The Underwriter has advised the Company that neither it, nor any of its associates, currently has a relevant interest in any Shares.

The Underwriter's relevant interests in the Company following the Offer will depend upon the number of New Shares taken up and the number of New Shares subscribed for by sub-underwriters. If no entitlement is taken up under the Offer (an outcome the Board and Underwriter consider unlikely), the Underwriter will be required to subscribe for Shares equating to approximately 17.99% of the issued capital of the Company upon completion of the Offer. The Underwriter has advised the Company that whilst not a condition of the underwriting, it has sufficient sub-underwriting commitments that as a result the Underwriter does not expect to acquire any Shares.

(b) Others

As the Offer is renounceable, for the purposes of Listing Rule 7.7.1(c), the Company has appointed the Underwriter as nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale. The Company has not appointed a nominee in accordance with section 615 of the Corporations Act, as no person will acquire a relevant interest in 20% or more of the Company's Shares as a result of the Offer.

Given the structure of the Offer and underwriting, the Directors do not believe that there will be any material effect on control of the Company as a result of the Offer.

5.6 Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	14,547	0.0100%	4,156	14,547	0.008%
2	72,737	0.0500%	20,782	72,737	0.041%

3	145,473	0.1000%	41,564	145,473	0.082%
4	1,454,732	1.0000%	415,638	1,454,732	0.820%

6 RISK FACTORS

This section identifies the major risks the Board has identified regarding an investment in the Company. The Company's business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements will be achieved. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's prospects, and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Before deciding to invest in the Company, potential investors should:

- (a) read the entire Prospectus;
- (b) consider the assumptions underlying any forward looking statements;
- (c) review these factors in light of their personal circumstances; and
- (d) seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

6.2 Risk specific to the Offer

- (a) Future funding and ability to continue as a going concern

Funds raised from the Offer will be used for the purposes mentioned under section 5.2 of the prospectus. Whilst the Company believes that the Underwritten Amount will be sufficient to carry out a limited exploration program, additional funding will be required to fully realise the Company's exploration objectives. Raising additional capital may be dilutive to existing Shareholders.

- (b) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.6 above.

6.3 Specific Investment Risks

- (a) Exploration Risk

Whilst historically \$16 million of exploration work (including 14,695 of RC drilling and 789m of diamond drilling) has been undertaken on the various Woodline projects and the Company has developed an exploration model for these projects, to date no resource has been announced on the Woodline projects. There is a risk that the Company's proposed exploration program will not be successful and no large resource discovered.

- (b) Drilling and Geophysics Operations

In the last financial year the Company created an internal drilling capability with the acquisition of two drilling rigs and ancillary vehicles and associated equipment. The

Company also acquired an induced polarisation system and ancillary equipment. Although the Company intends to primarily focus on utilising the above equipment on its projects it may externally contract its services. As with all capital equipment there is no guarantee equipment will be continually operational due to either maintenance or breakdowns.

(c) Access risk

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and land owners/occupiers are generally required before the Company can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

(d) Permit Risk

The Company's main exploration projects are located in Australia. While not all exploration activities on the Company's projects require permits, some exploration activities involving drilling cannot be conducted without the requisite government permits.

There is a risk of delay or that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays. There is also a risk that the necessary land acquisitions, permits, certificates, consents, authorisations and agreements required to implement future exploration, project development, or mining of the Company's projects may not be obtained under conditions or within time frames that make such plans economic.

(e) Commodity prices

The Company is exploring for gold, and as a result is significantly exposed to fluctuations on gold prices. There is a risk that the gold price may fall, which will have an adverse effect on the Company's Share price and ability to raise further capital.

(f) Future capital needs and additional funding

The Company recorded a net loss of \$1,059,140 for the half year ending 31 December 2020. As at 30 June 2021, it had approximately \$126,865 cash and cash equivalents on hand. Its approximate minimum required annual expenditure commitments on its tenements is approximately \$350,000.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including exploration results and then prevailing market conditions. Alternatively and if required, the Company may be required to relinquish exploration tenements where it cannot either meet minimum expenditure requirements or obtain exemptions.

If the Company is required, or chooses, to advance the Company's projects beyond the completion of those stated objectives, the Company will require additional funding to progress its projects beyond the work programs identified in this Prospectus. There is no assurance that the Company will be able to access this

funding on favourable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

6.4 Industry Risk

(a) Additional Requirements for Capital

Since its inception the Company's principal activity has been and remains the exploration for commercially exploitable mineral deposits. The Company does not as yet generate revenue from its principal activity, and accordingly, it requires continual equity or debt funding to meet existing and future expenditure requirements. There is no guarantee the Company will secure sufficient funding to implement its exploration intentions as outlined in the Prospectus. Should the Company require additional funding there can be no assurance that additional funding will be available on acceptable terms, or at all. An inability to obtain additional funding, if required, would have a material adverse effect on the Company's business, financial condition and performance and the Company's ability to continue as a going concern.

(b) Mining and Exploration Risk

The business of mineral exploration, development and production is subject to risk by its nature. The success of the business depends, inter alia, on successful exploration and/or acquisition of reserves, securing and maintaining title to concessions and tenements, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining are speculative undertakings which may be hampered by force majeure circumstances, land claims and unforeseen mining problems. Increased costs, lower output or high operating costs may all contribute to make a project less profitable than expected at the time of the development decision. There is no assurance that the Company's attempts to exploit its exploration activities will be successful.

The Company's exploration activities to date are not advanced to a stage where reliable reserve or resource estimates can be made. Reserve and resource estimates, if made in the future, are judgments based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore estimation is an interpretive process based on available data and interpretations and, thus, estimations may prove inaccurate.

The actual quality and characteristics of ore deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop reserves. Further, reserves are valued based on future costs and future prices and, consequently, the actual reserves and resources may differ from those estimated, which may result in either a positive or negative effect.

No assurance can be given that commercial tonnages, grades or recovery will be achieved or realised. Commodity price fluctuations, increased production costs, or reduced recovery rates, may render possible reserves containing relatively lower

grades uneconomic and may result in a restatement of such reserves. Moreover, short-term operating factors relating to possible reserves, such as sequential development of ore bodies and processing of new or different ore types or grades, may cause mining operations to be unprofitable in any particular accounting period.

There is a risk that unforeseen geological and geotechnical difficulties may be encountered if and when developing and mining reserves. In this event, a loss of revenue may be caused due to the lower than expected production and/or higher than anticipated operation and maintenance costs and/or on-going unplanned capital expenditure in order to meet production targets.

(c) Title

The Company's mining exploration activities are dependent on the grant, or as the case may be, the maintenance of appropriate licenses, which may be withdrawn or made subject to limitations. The granting of license, maintaining of license or obtaining renewals, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities and that the licenses, concessions, tenements, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(d) Results of Studies

Subject to the results of future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current or new projects. These studies may include scoping, pre-feasibility and bankable feasibility studies.

These studies will be completed within certain parameters designed to determine the economic feasibility of the Company's current or new projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's current or new projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's current or new projects, there can be no guarantee that the current or new projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study once production commences including but not limited to operation costs, mineral recoveries and commodity prices. In addition, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(e) Metallurgy

Metal or mineral recoveries are dependent upon the metallurgical process, and by its nature processing contains elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal or concentrate;

- (ii) developing an economic process route to produce a metal or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

No assurance can be given that any particular level of recovery from mineral resources or reserves will in fact be realised or that a mineral resource will ever qualify as commercially viable which can be legally and economically exploited.

(f) Economic and Government Risks

Economic and legislative changes in Australia may affect the future viability of the Company. The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries, not just the exploration and mining industries. These factors include, but are not limited to:

- (i) General economic conditions in Australia and its major trading partners.
- (ii) Changes in government policies, taxation and other laws.
- (iii) The strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector.
- (iv) Movement in, or outlook on, interest rates and inflation rates.
- (v) Natural disasters, social upheaval or war in Australia and other countries.

Industry profitability can be affected by changes in government within Australia and other jurisdictions, which are outside the control of the Company. The Company's activities are subject to extensive laws and regulations controlling not only the exploration for and mining of minerals, but also the possible effects of such activities upon the environment and interests of native and/or indigenous peoples. Permits from regulatory authorities are required for many aspects of mine operation and reclamation. There is no assurance that permits will be obtained when sought or that unfavourable conditions will not be imposed. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in development of the Company's tenements, the extent of which cannot be predicted.

(g) Reliance on Key Personnel

The responsibility of overseeing the day to day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their involvement with the Company.

(h) Competition

The industry in which the Company is involved is subject to domestic and global competition. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities of competitors and these activities may positively or negatively affect the operating and financial performance of the Company's projects and business.

(i) Insurance

Insurance of all risks associated with exploration is not always available and, where it is available, the cost may be high. The Company will have insurance in place considered appropriate for the Company's needs.

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as extreme weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, buildings, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability, particularly if the Company seeks to acquire new projects which are located in other jurisdictions or involve a new commodity.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

6.5 General Investment Risks

(a) Share Market Investments

It is important to recognise that the price of Shares may rise or fall, and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Those fluctuations might adversely affect the price of the Shares.

(b) General Economic Conditions

The Company's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

(c) Accounting Standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

(d) **Taxation Risks**

Changes to the rate of taxes imposed on the Company or tax legislation generally may affect the Company and its Shareholders. In addition, an interpretation of Australian taxation laws by the Australian Taxation Office that differs to the Company's interpretation may lead to an increase in the Company's taxation liabilities and a reduction in Shareholder returns.

Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible either for taxation or penalties incurred by investors.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

Applicants should read this Prospectus in its entirety to make an informed decision on the prospects of the Company and the rights attaching to the New Shares and attaching Options offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Shares (see section 7.3);
- (c) sell all of your Entitlement (see section 7.4);
- (d) take up part of your Entitlement and sell the balance (see section 7.5);
- (e) take up part of your Entitlement and transfer the balance other than on ASX (see section 7.6); or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

7.2 Subscribe for all or part of your Entitlement

If you wish to subscribe for all or part of your Entitlement, follow the instructions on the accompanying Entitlement and Acceptance Form and pay the subscription amount by either BPAY or EFT. The Entitlement and Acceptance Form sets out the number of New Shares and attaching Options you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for Shortfall Shares

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.6 for details of the manner in which Shortfall Shares will be allocated.

Any refund of application monies will be returned to Applicants as soon as practicable following the issue of all Shortfall Shares.

7.4 Sell all of your Entitlement

Contact your stockbroker as soon as possible if you wish to sell your Entitlement.

Rights trading will commence on ASX on a deferred settlement basis on 26 July 2021. Sale of your Rights must be completed by 3 August 2021 when Rights trading is expected to cease.

7.5 Take up part of your Entitlement and sell the balance on ASX

Please follow the instructions in the Entitlement and Acceptance Form, which accompanies this Prospectus by paying (using BPAY or EFT) for that number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and contact your stockbroker in respect of that part of your Entitlement you wish to sell.

Rights trading will commence on ASX on a deferred settlement basis on 26 July 2021. Sale of your Rights must be completed by 3 August 2021 when Rights trading is expected to cease.

7.6 Take up part of your Entitlement and transfer the balance other than on ASX

Please follow the instructions in the Entitlement and Acceptance Form, which accompanies this Prospectus by paying (using BPAY or EFT) for that number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and forward a completed renunciation form (obtainable through your stockbroker or the Share Registry) to the Company's share registry by 5 pm AEST on 10 August 2021.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

7.7 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Shares.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.8 Payment methods

BPAY or electronic funds transfer

You may pay by BPAY or electronic funds transfer (EFT). Refer to your personalised instructions on your Entitlement and Acceptance Form for instructions on how to make payment. Shareholders do not need to complete and return the Entitlement and Acceptance Form; however must ensure that payment is received by no later than 5.00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY or EFT are received by 5.00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number or unique reference number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number or unique reference number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY or EFT payment.

7.9 Entitlement and Acceptance Form is binding

By making a payment in respect of an Application by BPAY or EFT constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn (other than in circumstances prescribed by the Corporations Act).

By making a payment in respect of an Application by BPAY or EFT, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws, including (but not limited to) the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If a payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders on the basis of 2 New Shares for every existing 7 Shares held as at the Record Date at a price of \$0.047 per New Share, with 1 New Option for every 2 New Shares issued, to raise up to approximately \$2 million before issue costs. Fractional entitlements will be rounded down to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder, or to withdraw the Offer at any time (in which case application monies will be returned without interest).

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares offered under this Prospectus are summarised in section 9.

8.2 Minimum subscription

There is no minimum subscription under the Offer.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period (subject to the Corporations Act and Listing Rules).

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Underwriting

The Underwriter has agreed to underwrite the issue of 31,914,894 Shortfall Shares (**Underwritten Securities**) in accordance with an underwriting agreement dated 19 July 2021 (**Underwriting Agreement**). The Company, in consultation with the Underwriter, will have the right to determine the allocation of Shortfall Shares, including any applications by Eligible Shareholders for Shortfall Shares under the Offer.

The Underwriter will be paid the following fees:

- (a) \$30,000 with an additional \$30,000 if the Offer closes oversubscribed;

- (b) a lead manager's fee of 1% of the total amount raised under the Offer;
- (c) an underwriter's fee of 5% of the Underwritten Amount;
- (d) a placement fee of 5% of any Shortfall securities placed by the Underwriter beyond the Underwritten Amount; and
- (e) Underwriter Options (see below).

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

The underwriting of the Offer is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (f) the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Offer; and
- (g) the Company's solicitors providing the Underwriter with a legal sign off letter in relation to the due diligence investigations.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (h) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (i) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (j) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - (i) (Indices fall): the All Ordinaries index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (ii) (Commodities): the price of COMEX gold or NYMEX WTI crude is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (iii) (Price): the Price is greater than the volume weighted average price of Shares calculated over three consecutive trading days after the date of the Underwriting Agreement;
 - (iv) (Misleading Announcement): it transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive.

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- (v) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time. Material Adverse Event means:
 - (A) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
 - (B) a material adverse effect on the assets, condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole;
 - (vi) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter, such consent not to be unreasonably withheld;
 - (vii) (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
 - (viii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

For the purposes of section 706 of the Corporations Act and subject to Shareholder approval, the Company offers the Underwriter 1 New Option under this Prospectus for every dollar raised under the Offer (**Underwriter Options**). This offer may only be accepted by the Underwriter or (subject to the Corporations Act and Listing Rules) its nominees by completing a personalized application form which accompanies this Prospectus. The Company will, in the event Shareholder approval is not obtained by 30 November 2021, pay the Underwriter an amount equal to the value of the Underwriter Options. The value will be determined using the Black & Scholes option valuation formula, with the share price used in the formula being the volume weighted average price of Shares traded on ASX prior to the date of payment and subject to certain other assumptions set out in the Underwriting Agreement.

8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and

- (b) have a registered address in Australia or New Zealand.

8.6 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Shares. The Directors, reserve the right to issue any Shortfall Shares at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Shares by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Shares using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

It is possible that there may be no Shortfall Shares available for issue.

Subject to the above, the Directors reserve the right at their absolute discretion and subject to the Corporations Act and Listing Rules, to:

- (a) issue Shortfall Shares at their discretion by applying a policy of allocating Shortfall Shares in a manner that is in the Company's best interests and in accordance with the Underwriting Agreement; and
- (b) to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for.

It is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.7 New Zealand Shareholders

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

8.8 Treatment of Ineligible Shareholders and sale for Ineligible Shareholders' Entitlement

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be

unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States or elsewhere where it would be unlawful to do so.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

For the purposes of Listing Rule 7.7.1(c), the Company has appointed the Underwriter as nominee to arrange for the sale of the Non-Eligible Foreign Shareholders' Entitlements and to account to them for the net proceeds of the sale.

The proceeds of sale (in Australian dollars) will be distributed to the Non-Eligible Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

8.9 Beneficial holders, nominees, trustees and custodians

Nominees, trustees and custodians that hold Shares on behalf of others should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.10 Allotment and application money

New Shares will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 17 August 2021 and normal trading of the New Shares on ASX is expected to commence on 18 August 2021.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.11 Quotation

The Company has applied to ASX for quotation of the securities offered by this Prospectus on ASX. If ASX does not grant permission for the quotation within 3 months after the date of

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this Prospectus, or such longer period as modified by ASIC, none of the securities offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the securities offered under this Prospectus is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the securities offered by this Prospectus will commence as soon as practicable after statements of holdings of the securities are dispatched.

8.12 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price prior to the Offer being announced, are set out below.

	3 month high	3 month low	Last market sale price
Price (\$)	\$0.093	\$0.052	\$0.054
Date	10 May 2021	22 June 2021	16 July 2021

8.13 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.14 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in

the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

8.15 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.16 Enquiries

Any queries regarding the Offer or Entitlement and Acceptance Form should be directed to the Company Secretary on +61 8 9481 0389.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Except as otherwise required by the Corporations Act and to the terms on which shares are on issue and the rights and restrictions attaching to shares, the Directors may from time to time:

- (i) declare dividends (whether final or interim) to be paid to members on such terms, including the amount and the time for and the method of payment, as the Directors think fit; or
- (ii) determine that a dividend is payable, fix the amount and time for payment.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

(g) Variation of rights

Subject to the Corporations Act and Listing Rules, the rights attached to the Shares may be varied in accordance with the Corporations Act

(h) Election of directors

At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.2 Rights and liability attaching to Options

Options offered under this Prospectus are subject to the following terms:

- (a) The Options will be issued for no consideration.
- (b) Each Option entitles the holder to, upon exercise, be issued one Share.
- (c) The exercise price of the Options is \$0.08 each.
- (d) The expiry date of an Option is 24 months from issue.

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- (e) The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
 - (f) The Company currently intends to apply for quotation of the Options on the official list of the ASX. Quotation of the Options is not guaranteed or automatic but will depend on ASX exercising its discretion under the Listing Rules.
 - (g) The Options are freely transferable subject to any restriction or escrow arrangements imposed by the Corporations Act and the ASX Listing Rules.
 - (h) The holder of an Option may not exercise less than 6,250 Options at any one time unless the holder has less than 6,250 Options in which event the Holder must exercise all of the Options together.
 - (i) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Share Registry to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed subscribers. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
 - (j) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX in accordance with the Listing Rules for all Shares pursuant to the exercise of Options to be admitted to quotation.
 - (k) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in:
 - (i) the exercise price of the Option; or
 - (ii) period of exercise of the Option; or
 - (iii) except in the event of a Bonus Issue (defined below), a change to the number of underlying securities over which the Option can be exercised.
 - (l) The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
 - (m) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (Bonus Issue), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
 - (n) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option

holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2020 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information

- (a) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

- (ii) the rights and liabilities attaching to New Shares.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial statements of the Company for the financial year ended 30 June 2020 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from asx.com.au.

The Company has lodged the following announcements with ASX since its 2020 annual report was lodged with ASX on 13 August 2020:

Date	Announcement
19 Jul 2021	Proposed issue of securities
19 Jul 2021	Proposed issue of securities
19 Jul 2021	Renounceable Rights Issue to Raise up to \$2 Million
7 May 2021	Becoming a substantial holder
30 Apr 2021	Quarterly Activities Report
30 Apr 2021	Quarterly Activities Report
14 Apr 2021	Appendix 3Y
14 Apr 2021	Appendix 3G
14 Apr 2021	Appendix 2A

14 Apr 2021	s708A Notice
12 Apr 2021	Nelson Drilling Identifies Gold Bearing System at Woodline
16 Mar 2021	Half Yearly Report and Accounts
18 Feb 2021	6000m RC Drill Program Underway at Woodline Project
17 Feb 2021	Appendix 3G
17 Feb 2021	Appendix 2A
17 Feb 2021	s708A Notice
1 Feb 2021	Ceasing to be a substantial holder from PGM
29 Jan 2021	Change of Director's Interest Notice
29 Jan 2021	Appendix 3G
29 Jan 2021	Appendix 2A
29 Jan 2021	s708A Notice
29 Jan 2021	Quarterly Cashflow Report
29 Jan 2021	Quarterly Activities Report
22 Jan 2021	Investor Presentation
22 Jan 2021	Proposed issue of Securities - NES
22 Jan 2021	Nelson raises \$2 Million to advance its Exploration Projects
20 Jan 2021	Trading Halt
5 Jan 2021	6000m RC Drill Campaign to Commence at Woodline Project
29 Dec 2020	Becoming a substantial holder from PGM
18 Dec 2020	Maiden Diamond Drill Campaign Commences at Woodline Project
30 Nov 2020	Nelson to Commence Drilling and IP Surveys at Woodline
19 Nov 2020	Nelson Resources Presenting at Virtual Conference
2 Nov 2020	Quarterly Cashflow Report
2 Nov 2020	Quarterly Activities Report
21 Sep 2020	NES Completes Successful Geophysics Program at Woodline

18 Sep 2020	NES Appoints Highly Experienced Members to Exploration Team
15 Sep 2020	Appendix 3Y's
15 Sep 2020	Appendix 3G
15 Sep 2020	Appendix 2A
15 Sep 2020	s708A Notice
15 Sep 2020	Results of Meeting
14 Aug 2020	Proposed issue of Securities
14 Aug 2020	Letter to Shareholders
14 Aug 2020	Notice of Annual General Meeting/Proxy Form
13 Aug 2020	Appendix 4G
13 Aug 2020	Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration over the last 2 years as set out below.

	Warren Hallam	Adam Schofield	Stephen Brockhurst
Annual Remuneration: 2021	\$78,840 ¹	\$208,050 cash	\$52,560 ¹
	\$76,500 securities ⁴	\$316,200 securities ⁴	\$76,500 securities ⁴
Annual Remuneration: 2020	\$78,840 ¹	\$164,250 cash ³	\$52,560 ¹
Shares	1,315,788	3,140,789	1,315,789
Converting Securities	2,157,894	11,282,895 ^{4, 5}	2,157,895
Entitlement	375,939	897,368	375,939
Sub-underwriting commitment			\$25,000

Notes:

- For personal use only
- 1 The Chairman and non-executive Directors are entitled to annual directors' fees of \$78,840 and \$52,560 (inclusive of superannuation) respectively.
 - 2 Mining Corporate, an entity controlled by Mr Brockhurst, provides company secretarial, accounting and bookkeeping services to the Company. During the period 1 July 2019 to 30 June 2021 the Company paid Mining Corporate \$207,209 (excluding GST).
 - 3 As part of his 2019-2020 remuneration package, the non-executive Directors resolved to pay Mr Schofield a cash bonus of \$50,000.
 - 4 Options granted to all Directors. See 2020 Notice of Annual General Meeting for details.
 - 5 Converting securities of 3,000,000 performance rights subject to performance and vesting conditions, of which some are yet to be satisfied. See 2020 Notice of Annual General Meeting for details.
 - 6 Converting securities of 1,500,000 performance rights subject to performance and vesting conditions, of which some are yet to be satisfied. See 2018 Notice of Annual General Meeting for details.

Stephen Brockhurst has agreed to sub-underwrite the Offer as set out above. Under the sub-underwriting arrangements with the Underwriter, sub-underwriters will only be relieved of their obligation if the Offer is withdrawn. The Director has no right to any sub-underwriting fee.

The Directors have determined that, upon the advice of the Underwriter, these sub-underwriting arrangements are, as no sub-underwriting fee is paid, inferior to terms negotiated with other unrelated sub-underwriters and, for that reason, the financial benefit given by the Company is on arm's length terms so that shareholder approval is not required under Chapter 2E of the Corporations Act.

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting (currently \$250,000), to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

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- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
 - (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Mahe Capital Pty Limited has acted as lead manager and underwriter to the Offer. The fees to be paid for this service are set out in section 8.4. Mahe Capital Pty Limited has received \$163,462 (excluding GST) in fees for services to the Company in the 2 years prior to the date of this Prospectus.

Atkinson Corporate Lawyers has acted as solicitor to the Offer. In respect of this work, the Company will pay approximately \$10,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Atkinson Corporate Lawyers has received \$17,000 (excluding GST) in fees for services to the Company in the 2 years prior to the date of this Prospectus.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or

report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
Mahe Capital Pty Limited	Lead Manager and Underwriter
Atkinson Corporate Lawyers	Lawyer

10.5 Expenses of the Offer

The total (cash) expenses of the Offer (assuming the full amount is raised and no further Shares are issued or Options exercised) are estimated to be up to \$257,767, consisting of the following:

Cost ¹ (\$)	Underwritten Amount	Full Amount
Legal fees	10,000	10,000
ASX and ASIC fees	14,252	16,452
Capital raising fees ²	138,750	201,315
Printing, postage and other expenses	30,000	30,000
Total	193,002	257,767

1 These expenses have or will be paid by the Company.

2 This assumes full subscription, that the Underwriter places the Underwritten Amount and the Offer is oversubscribed. The Company has also, subject to Shareholder approval, agreed to issue to the Lead Manager 1 New Options for every \$1 raised under the Offer. See section 8.4 for details.

10.6 Litigation

As at the date of this Prospectus, the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

10.7 Exploration results

For the purposes of Listing Rule 5.23, the Company confirms that it is not aware of any new information or data that materially affects the exploration results included in this prospectus.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 21 July 2021



.....
Signed for and on behalf of Nelson Resources Limited

By Warren Hallam
Chairman

12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the board of Directors.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 1.
Company or Nelson	Nelson Resources Limited (ACN 127 620 482).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
Entitlement or Right	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form attached to this Prospectus.
Ex Date	the date set out in section 1.
Existing Share	a Share issued as at 5.00pm (AEST) on the Record Date.
Full Subscription	approximately \$1,953,497 before costs.

Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Listing Rules	the listing rules of the ASX.
New Option	means an Option on the terms set out in section 9.2 and offered under this Prospectus.
New Shares	Shares issued pursuant to this Prospectus.
Offer	an offer made under this Prospectus to subscribe for New Shares.
Official List	the official list of the ASX.
Opening Date	the date set out in section 1.
Option	an option to be issued a Share.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Automatic Pty Limited.
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	has the meaning given in section 8.6.
Shortfall Shares	New Shares for which valid Applications have not been received for Entitlement by the Closing Date.
Underwriter	means Mahe Capital Pty Limited (AFSL 517246).
Underwriter Options	has the meaning given in section 8.4.
Underwriting Agreement	has the meaning given in section 8.4.
Underwritten Amount	means \$1,500,000.
Underwritten Securities	has the meaning given in section 8.4.
US person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the <i>United States Securities Act of 1933</i> , as amended.

13 PRO FORMA STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	Unaudited 30-Jun-21	Entitlements Issue (underwritten amount)	Notes	Pro-forma	Entitlements Issue (full subscription)	Notes	Pro-forma
Current Assets							
Cash & Cash Equivalents	\$ 126,865	\$ 1,345,748	[1] [3] [4]	\$ 1,472,613	\$ 1,747,160	[6] [8] [9]	\$ 1,874,025
Trade & Other Receivables	\$ 289,398		[C]	\$ 289,398			\$ 289,398
Other Current Assets	\$ 38,844			\$ 38,844			\$ 38,844
Total Current Assets	\$ 455,107	\$ 1,345,748		\$ 1,800,855	\$ 1,747,160		\$ 2,202,267
Non-Current Assets							
Plant & Equipment	\$ 1,455,281			\$ 1,455,281			\$ 1,455,281
Right of Use Asset	\$ 264,027			\$ 264,027			\$ 264,027
Exploration & Development Expenditure	\$ 5,356,480			\$ 5,356,480			\$ 5,356,480
Total Non-Current Assets	\$ 7,075,788	\$ -		\$ 7,075,788	\$ -		\$ 7,075,788
Total Assets	\$ 7,530,895	\$ 1,345,748		\$ 8,876,643	\$ 1,747,160		\$ 9,278,055
Current Liabilities							
Trade & Other Payables	\$ 643,271		[A]	\$ 643,271			\$ 643,271
Liability for Application Money	\$ 22			\$ 22			\$ 22
Lease Liability	\$ 28,500		[B]	\$ 28,500			\$ 28,500
Provisions	\$ 65,604			\$ 65,604			\$ 65,604
Total Current Liabilities	\$ 737,397	\$ -		\$ 737,397	\$ -		\$ 737,397
Non-Current Liabilities							
Trade & Other Payables	\$ 95,615			\$ 95,615			\$ 95,615
Lease Liability	\$ 259,014		[B]	\$ 259,014			\$ 259,014
Total Non-Current Liabilities	\$ 354,629	\$ -		\$ 354,629	\$ -		\$ 354,629
Total Liabilities	\$ 1,092,026	\$ -		\$ 1,092,026	\$ -		\$ 1,092,026
Net Assets	\$ 6,438,869	\$ 1,345,748		\$ 7,784,617	\$ 1,747,160		\$ 8,186,029
Equity							
Issued Capital	\$ 40,809,902	\$ 1,306,998	[1] [3] [4] [5]	\$ 42,116,900	\$ 1,695,730	[6] [8] [9] [10]	\$ 42,505,632
Reserves	\$ 859,407	\$ 38,750	[2] [5]	\$ 898,157	\$ 51,431	[7] [10]	\$ 910,837
Accumulated Losses	-\$ 35,230,440	\$ -	[2]	-\$ 35,230,440	\$ -	[7]	-\$ 35,230,440
Total Equity	\$ 6,438,869	\$ 1,345,748		\$ 7,784,617	\$ 1,747,160		\$ 8,186,029

Notes

[1]: 31,914,893 New Shares @ \$0.047 each	\$1,500,000
[2]: 15,957,447 New Options @ \$Nil each (free-attaching)	\$-
[3]: Costs of Offer exclusive of GST (ASIC fees = \$3,206; ASX fees = \$6,736 for shares & \$4,310 for options; Legal fees = \$10,000; Distribution & Other = \$30,000)	\$54,252
[4]: Costs of Offer exclusive of GST (Lead Manager fee = \$10,000; Management fee @ 1% = \$15,000; Underwriting fee @ 5% = \$75,000)	\$100,000
[5]: Costs of Offer (Broker option valuation = 1,500,000 options @ \$0.025 each = \$37,500; ASX fees = \$1,250 for options)	\$38,750
[6]: 41,563,769 New Shares @ \$0.047 each	\$1,953,497
[7]: 20,781,885 New Options @ \$Nil each (free-attaching)	\$-
[8]: Costs of Offer exclusive of GST (ASIC fees = \$3,206; ASX fees = \$8,203 for shares & \$5,043 for options; Legal fees = \$10,000; Distribution & Other = \$30,000)	\$56,452
[9]: Costs of Offer exclusive of GST (Lead Manager fee = \$10,000; Management fee @ 1% = \$19,535; Underwriting fee @ 5% = \$97,675; Placement fee for any shortfall @ 5% = \$22,675)	\$149,885
[10]: Costs of Offer (Broker option valuation = 2,007,226 options @ \$0.025 each = \$50,181; ASX fees = \$1,250 for options)	\$51,431