

Nelson Resources Limited

ACN 127 620 482

SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 21 July 2021 (**Prospectus**) issued by Nelson Resources Limited (**Company**).

This Supplementary Prospectus is dated 13 August 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. Neither ASIC nor ASX (and their respective officers) take any responsibility as to the contents of this Supplementary Prospectus.

To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

1 ISSUE OF FURTHER SECURITIES UNDER THE PROSPECTUS

The Company advises that, as a result of excess demand under the Shortfall Offer it has today agreed to issue an additional 7,255,319 New Shares and 3,627,660 attaching New Options under the Prospectus to raise an additional \$341,000 (**Follow-on Placement**). Additional funds raised will be used for the purposes set out in this Supplementary Prospectus.

The Follow-on Placement is made without Shareholder approval, and the securities will be issued under the Company's existing capacity under Listing Rule 7.1 and 7.1A.

The New Options will be listed under the ASX code NESO.

Attached to this Supplementary Prospectus is an announcement made by the Company to the ASX today.

The Company now closes the Shortfall Offer and no further offers will be made under the Prospectus. Underwriter Options offered to the Underwriter or its nominees (see section 8.4 of the Prospectus) are subject to Shareholder approval, which is expected to be sought at the Company's forthcoming annual general meeting.

2 AMENDMENTS TO PROSPECTUS

The following sections of the Prospectus are amended as follows:

2.1 Capital structure

Sections 2, 4 and 5.4 of the Prospectus are amended to reflect the current number of securities on issue:

Shares on issue prior to the Offer	145,473,192
New Shares issued under the Prospectus	48,819,088
Total Shares on issue	194,292,280
Total convertible securities on issue prior to the Offer	51,489,353
New Options issued under the Prospectus	26,704,041
Total convertible securities on issue following the Offer	78,193,394
Amount raised under the Prospectus (before costs)	\$2,294,497

The number of Shares and NESO Options issued is subject to rounding.

The above table includes 2,294,497 Underwriter Options issued to the Underwriter in part satisfaction of its fees, the issue of which is subject to Shareholder approval. See section 8.4 of the Prospectus for further details on the fees to be paid to the Underwriter.

2.2 Use of funds

Sections 4 and 5.2 of the Prospectus are amended to reflect the increased amount raised:

Use of funds (approx.)	Amount (A\$)
Geophysics	30,000
Diamond Drilling	119,988
RC Drilling	405,220
Assays	306,000
Plant and Equipment	350,000
Working Capital	827,272

For personal use only

Costs of the Offer	256,017
Total use of funds	2,294,497

2.3 Statement of financial position

Set out in the annexure to this Supplementary Prospectus is the unaudited Statement of Financial Position for the Company, 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 (the Offer and Follow-on Placement);
- (c) \$2,294,497 is received under the Offers; and
- (d) (cash) costs of the Offer are \$256,017.

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 the annexure to this Supplementary Prospectus. The pro-forma financial information is 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.

2.4 Dilution

Shareholders who did not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect on the basis of the full amount raised under the Prospectus and assuming 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	0.01%	4,156	14,547	0.0075%
2	72,737	0.05%	20,782	72,737	0.0374%
3	145,473	0.10%	41,564	145,473	0.0749%
4	1,454,732	1.00%	415,638	1,454,732	0.7487%

2.5 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Supplementary Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Supplementary Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Supplementary Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Supplementary Prospectus;
- (b) has not caused or authorised the issue of this Supplementary Prospectus;
- (c) has not made any statement in this Supplementary Prospectus or any statement on which a statement in this Supplementary 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 Supplementary Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Supplementary Prospectus with the consent of that person.

Name	Role
Mahe Capital Pty Limited	Lead Manager and Underwriter

2.6 Expenses of the Offer

The total (cash) expenses of the Offer excluding GST are estimated to be \$256,017, consisting of the following:

Cost ¹	A\$
Legal fees	10,000
ASX and ASIC fees	18,107
Capital raising fees ²	197,910
Printing, postage and other expenses	30,000
Total	256,017

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

² The Company has also agreed, subject to shareholder approval, to issue 2,294,497 New Options to the Underwriter in part satisfaction of its fees. See section 8.4 of the Prospectus for details.

The Directors do not consider the circumstances disclosed in this Supplementary Prospectus to be materially adverse from the point of view of an investor, and no withdrawal rights will be offered to investors.

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

Dated: 13 August 2021



By Mr Adam Schofield
Executive Director
On behalf of Nelson Resources Limited

For personal use only

Rights Issue closes Oversubscribed

- Renounceable rights issue seeking to raise \$2 million closed oversubscribed
- Significant support from shareholders and new sophisticated and institutional investors
- Nelson now well funded to deliver its exploration strategy

Nelson Resources Limited (ASX: NES) (Nelson or the Company) is pleased to advise that the Renounceable Rights Issue announced on 21 July 2021 (“Offer”) has closed oversubscribed and raised \$2 million (before costs). To accommodate a portion of the excess demand, the Company has agreed to undertake a placement to raise additional \$341,000 on the same terms as the rights issue (**Follow-on Placement**).

Following completion of the Follow-on Placement, the total amount raised will be \$2,294,497 (before costs). The Company will issue a total of 48,819,088 new fully paid ordinary shares (**Shares**) and 24,409,544 new options exercisable at \$0.08, with an expiry date of 17 August 2023 (**Options**). The Options will be quoted under the ASX code NESO.

Under the Follow-on Placement, the Company will issue 7,255,319 new Shares and 3,627,660 NESO options. These will be issued using the Company’s existing capacity under Listing Rule 7.1 and 7.1A and without shareholder approval.

The final allocations are set out below.

	Funds raised (\$)	Shares	NESO Options*
Rights taken up	867,132	18,449,627	9,224,814
Shortfall placed	1,086,365	23,114,142	11,557,071
Follow-on Placement	341,000	7,255,319	3,627,660
Total	2,294,497	48,819,088	24,409,544

*The number of new Shares and NESO Options issued is subject to rounding. A further 2,294,497 NESO options will be issued to the underwriter as described in the Prospectus.

Mahe Capital Pty Ltd advised Nelson on the Rights Issue and acted as Lead Manager and Underwriter to the capital raising. Nelson would like to thank all of its shareholders for their support and welcomes new shareholders, including institutional shareholders introduced by Mahe Capital to the register.

The new securities are expected to be issued on Tuesday, 17 August 2021 and to be trading on a normal basis from Wednesday, 18 August 2021.

CAPITAL STRUCTURE

ORDINARY SHARES

Issued 145,473,192

OPTIONS

Listed options 33,299,895

Unlisted options 15,189,458

BOARD

Executive Director - Adam Schofield

Non-Executive Chairman - Warren Hallam

Non-Executive Director - Stephen Brockhurst

Company Secretary - Stephen Brockhurst

LAST CAPITAL RAISE

August 2021 – Rights Issue +
Placement

\$2.3 million @ 4.7 cents per share



**Nelson
Resources**
L I M I T E D

This ASX Announcement has been approved for release by Adam Schofield, Executive Director.

For more information, please contact:

Adam Schofield
Executive Director

ceo@nelsonresources.com.au

Peter Taylor
Investor Relations

Peter@nwrcommunications.com.au

0412 036 231

For personal use only





ABOUT NELSON RESOURCES

Nelson Resources is an exploration company with a significant and highly prospective 1682km² tenure holding (Granted and Pending). The key focus for the Company is its 1226km² Woodline Project (Granted and Pending).

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

The Woodline Project contains:

- 65km of the Cundeelee Shear Zone which already consists of a known +20km Gold Geochemical and bedrock anomaly, hosted in the same geological structural setting ² as the 7.7 million ounce Tropicana Gold mine ³.
- 30km of significantly unexplored greenstones along the Norseman-Wiluna greenstone belt.
- A significant and unique holding within the confluence of the Keith-Kilkenny Fault / the Claypan Shear Zone and the Cundeelee Shear Zone. These three Shears have hosted many of the largest gold projects in Western Australia.

Historical exploration of \$16 million by the Company, Sipa Resources, Newmont and MRG.

The 7.7 million ounce Tropicana Gold Mine which is operated by AngloGold Ashanti was discovered in 2005 by IGO Group Limited via a gold-in-soil anomaly that led to further exploration and is one of the most important gold discoveries in Australia for decades. Tropicana currently produces approximately 450,000 ounces per annum ⁴. In today's gold price terms, that equates to over A\$1 billion dollars per annum.

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

For further information please contact:

Adam Schofield
Executive Director
ceo@nelsonresources.com.au

Peter Taylor
Investor Relations
Peter@nwrcommunications.com.au
0412 036 231

Previous ASX Announcements and report references

¹ ASX Announcement by Sipa Resources Limited dated 18 February 2010: 'Encouraging Drilling Results at Woodline'

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

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

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

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



SCHEDULE 2 PRO FORMA STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	Unaudited 30-Jun-21	Entitlements Issue (full subscription) & Placement	Notes	Pro-forma
Current Assets				
Cash & Cash Equivalents	\$ 126,865	\$ 2,038,480	[1] [3] [4]	\$ 2,165,345
Trade & Other Receivables	\$ 289,398			\$ 289,398
Other Current Assets	\$ 38,844			\$ 38,844
Total Current Assets	\$ 455,107	\$ 2,038,480		\$ 2,493,587
Non-Current Assets				
Plant & Equipment	\$ 1,455,281			\$ 1,455,281
Right of Use Asset	\$ 264,027			\$ 264,027
Exploration & Development Expenditure	\$ 5,356,480			\$ 5,356,480
Total Non-Current Assets	\$ 7,075,788	\$ -		\$ 7,075,788
Total Assets	\$ 7,530,895	\$ 2,038,480		\$ 9,569,375
Current Liabilities				
Trade & Other Payables	\$ 643,271			\$ 643,271
Liability for Application Money	\$ 22			\$ 22
Lease Liability	\$ 28,500			\$ 28,500
Provisions	\$ 65,604			\$ 65,604
Total Current Liabilities	\$ 737,397	\$ -		\$ 737,397
Non-Current Liabilities				
Trade & Other Payables	\$ 95,615			\$ 95,615
Lease Liability	\$ 259,014			\$ 259,014
Total Non-Current Liabilities	\$ 354,629	\$ -		\$ 354,629
Total Liabilities	\$ 1,092,026	\$ -		\$ 1,092,026
Net Assets	\$ 6,438,869	\$ 2,038,480		\$ 8,477,349
Equity				
Issued Capital	\$ 40,809,902	\$ 1,978,524	[1] [3] [4] [5]	\$ 42,788,427
Reserves	\$ 859,407	\$ 59,956	[2] [5]	\$ 919,362
Accumulated Losses	-\$ 35,230,440	\$ -	[2]	-\$ 35,230,440
Total Equity	\$ 6,438,869	\$ 2,038,480		\$ 8,477,349
[1]: 48,819,088 New Shares @ \$0.047 each		\$ 2,294,497		
[2]: 24,409,544 New Options @ \$Nil each (free-attaching)		\$ -		
[3]: Costs of Offer exclusive of GST (ASIC fees = \$3,206; ASX fees = \$9,306 for shares & \$5,595 for options; Legal fees = \$10,000; Distribution & Other = \$30,000)		\$ 58,107		
[4]: Costs of Offer exclusive of GST (Lead Manager fee = \$60,000; Management fee @ 1% = \$22,945; Underwriting fee @ 5% = \$75,000; Placement fee for any shortfall @ 5% = \$39,725; Expenses = \$240)		\$ 197,910		
[5]: Costs of Offer (Broker option valuation = 2,348,226 options @ \$0.025 each = \$58,706; ASX fees = \$1,250 for options)		\$ 59,956		