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**NELSON RESOURCES LIMITED**

**ACN 127 620 482**

**Notice of Annual General Meeting**

**The Annual General Meeting will be held at  
Level 8, 216 St Georges Terrace, Perth, Western Australia 6000 on 21 November 2022  
commencing at 11:30am (AWST).**

**Important Notice**

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

# NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an annual general meeting of the shareholders of Nelson Resources Limited ACN 127 620 482 (**Company**) will be held at Level 8, 216 St Georges Terrace, Perth, Western Australia 6000 on 21 November 2022, commencing at 11:30am (AWST).

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

## **Business**

### **Annual Report**

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To receive and consider the Annual Report of the Company for the financial year ended on 30 June 2022, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

### **Resolution 1: Remuneration Report**

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To consider and, if thought fit, to pass the following Resolution as a **non-binding advisory only resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended on 30 June 2022 be adopted by the Shareholders on terms and conditions in the Explanatory Statements."*

**Note:** The votes on this Resolution are advisory only and do not bind the Directors or the Company.

**A voting prohibition statement is set out below.**

### **Resolution 2: Re-election of Director – Stephen Brockhurst**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 14.4, clause 13.2 of the Constitution and for all other purposes, Stephen Brockhurst, a Director who was appointed on 1 February 2019, retires, by rotation at the Meeting and being eligible, offers himself for re-election, to be re-elected as a Director with immediate effect".*

### **Resolution 3: Re-election of Director – Jonathan Shellabear**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 14.4 and clause 13.4 of the Constitution and, for all other purposes, Jonathan Shellabear, a Director who was appointed to fill a casual vacancy on 12 April 2022, retires, and being eligible for election, is re-elected as a Director".*

### **Resolution 4: Re-election of Director – Daniel Smith**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 14.4 and clause 13.4 of the Constitution and, for all other purposes, Daniel Smith, a Director who was appointed to fill a casual vacancy on 15 August 2022, retires, and being eligible for election, is re-elected as a Director".*

#### **Resolution 5: Ratification of Prior Issue of Follow-on Placement Shares - 7.1A Capacity**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 22,283,122 Shares under the Follow-on Placement on the terms and conditions set out in the Explanatory Statement”.*

**A voting exclusion statement is set out below.**

#### **Resolution 6: Ratification of Prior Issue of Follow-on Placement Options - 7.1 Capacity**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,141,561 Listed Options under the Follow-on Placement on the terms and conditions set out in the Explanatory Statement”.*

**A voting exclusion statement is set out below.**

#### **Resolution 7: Ratification of Prior Issue of Broker Options - 7.1 Capacity**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,500,000 Broker Options to Mahe Capital on the terms and conditions set out in the Explanatory Statement”.*

**A voting exclusion statement is set out below.**

#### **Resolution 8: Approval of 10% Placement Facility**

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To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

*“That, for the purpose of Listing Rule 7.1A, and for all other purposes, approval be given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Statement”.*

#### **Resolution 9: Approval of Employee Securities Incentive Plan**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 Exception 13(b) and for all other purposes, Shareholders approve:*

- (a) the establishment of an employee securities incentive plan, to be called the “NES Employee Securities Incentive Plan” (**Plan**); and*
- (b) the issue of up to 14,714,858 securities under the Plan,*  
*in accordance with the terms of the Plan described in the Explanatory Statement.”*

**A voting exclusion statement and voting prohibition statement is set out below.**

#### **Resolution 10: Approval of Changes to Constitution**

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To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes approval is given for the Company to amend its Constitution in the manner set out in the Explanatory Statement with effect from close of the Meeting.”*

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## **VOTING PROHIBITION AND EXCLUSION STATEMENTS**

### **Corporations Act**

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

### **Voting Prohibitions**

<b>Resolution</b>	<b>Persons Prohibited from Voting</b>
Resolution 1: Remuneration Report and Resolution 9: Adoption of Employee Securities Incentive Plan	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <p>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</p> <p>(b) a Closely Related Party of such a member.</p> <p>However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <p>(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</p> <p>(b) the voter is the Chair of the Meeting and the appointment of the chair as proxy:</p> <ul style="list-style-type: none"><li>• does not specify the way the proxy is to vote on this Resolution; and</li><li>• expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.</li></ul>

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### **Voting Exclusions**

#### **ASX Listing Rules**

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by or on behalf of:

- (a) the below named person or class of persons excluded from voting; or
- (b) an associate of that person or those persons:

Resolution	Persons excluded from voting
Resolution 5: Ratification of prior issue of Shares - 7.1A Capacity	Persons who participated in the issue or is a counterparty to the agreement being approved.
Resolution 6: Ratification of prior issue of Listed Options - 7.1 Capacity	Persons who participated in the issue or is a counterparty to the agreement being approved.
Resolution 7: Ratification of prior issue of Broker Options - 7.1 Capacity	Persons who participated in the issue or is a counterparty to the agreement being approved.
Resolution 9: Approval of Employee Incentive Securities Plan	Persons who are eligible to participate in the Plan.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**By order of the Board**

**Stephen Brockhurst**  
 Non-Executive Director and Company Secretary  
 Nelson Resources Limited

7 October 2022

## EXPLANATORY STATEMENT

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### Important information

This Explanatory Statement has been prepared for the information of the shareholders of Nelson Resources Limited ACN 127 620 482 (**Company**) in connection with the Resolutions to be considered at the Annual General Meeting to be held at Level 8, 216 St Georges Terrace, Perth, Western Australia 6000 on 21 November 2022, commencing at 11:30am (AWST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which the Directors deem as material to the shareholders to make a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

### Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms under the Definitions section.

References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

### Voting exclusion statements

Certain voting restrictions apply to the Resolutions as detailed in the Voting Prohibition and Exclusion Statements section.

### Proxies

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as they are directed to; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

***Transfer of non-chair proxy to Chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the Chair of the meeting; and
- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA, on the question that the resolution be passed; and
- (d) either of the following applies:
  - (i) if a record of attendance is made for the meeting - the proxy is not recorded as attending;
  - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**Voting Prohibition by Proxy Holders**

In accordance with section 250R of the Corporations Act, a vote on Resolutions 1 and 9 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution; or
- (c) the person is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on Resolutions 1 and 9; and

- (ii) expressly authorises the Chair to exercise the proxy even if Resolution 1 and 9 is connected directly or indirectly with the remuneration of Key Management Personnel.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the proxy form enclosed and either:

- send the Proxy Form by post to Automic, GPO Box 5193, SYDNEY NSW 2001;
- send the Proxy Form in person to Automic, Level 5, 126 Phillip Street, SYDNEY NSW 2000; or
- vote online at: <https://investor.automic.com.au/#/loginsah>,

so that it is received not less than 48 hours prior to commencement of the Meeting.

#### **Voting in person**

In light of the status of the evolving COVID-19 situation and the Commonwealth and State government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors strongly encourage all Shareholders to lodge a directed proxy prior to the Meeting. The Chairman will adjourn the Meeting where the number of attendees may lead to the breach of local public health laws and regulations.

#### **Corporate representatives**

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (Advanced Share Registry Services).

#### **Voting entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:30am (AWST) on 19 November 2022. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

#### **Poll**

All Resolutions will be determined by a poll at the Meeting.



## REGULATORY INFORMATION

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### 1. Annual Report

The Annual Report of the Company for the financial year ended on 30 June 2022, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company.

A representative of the Company's auditor, Criterion Audit Pty Ltd, will be in attendance to respond to any questions raised of the auditor or on the Auditor's Report in accordance with section 250T of the Corporations Act.

### Resolution 1: Remuneration Report

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Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the remuneration report will be put at the annual general meeting. Section 250R(2) of the Corporations Act requires a resolution that the remuneration report adopted be put to a vote. Resolution 1 seeks the adoption of the Remuneration Report.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" Resolution which does not bind the Directors or the Company. However, the Directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Following consideration of the Remuneration Report for the financial year ended on 30 June 2022, the Chair, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Shareholders approved the Company's Remuneration Report for financial year ended on 30 June 2021, and as a result there is no requirement to vote on a Spill Resolution if 25% or more of the votes cast vote against Resolution 1.

The Chair intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

## **Resolution 2: Re-election of Director – Stephen Brockhurst**

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### **2.1 General**

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer, and that a director appointed to fill a casual vacancy must also not hold office (without re-election) past the company's next annual general meeting.

In accordance with clause 13.2 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, unless agreed between the directors, by drawing lots.

These requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

In determining the number and identity of the Directors to retire by rotation, the Managing Director and any Director seeking election after appointment by the Board to fill a casual vacancy are not taken into account.

The Company currently has three non-executive Directors and accordingly one must retire. Clause 13.4 of the Constitution states that those Directors who were appointed to fill a casual vacancy since the Company's last annual general meeting and being eligible for re-election shall not be taken into account in determining Directors who are to retire pursuant to clause 13.2. As such Mr Jonathan Shellabear and Mr Daniel Smith will not be taken into account. Stephen Brockhurst will retire by rotation at this Meeting and, being eligible, offers himself for re-election. Brief background information on Mr Brockhurst is set out in the Annual Report.

### **2.2 Directors' recommendations**

The Directors (excluding Mr Brockhurst) recommend that Shareholders vote in favour of Resolution 2.

## **Resolution 3: Re-election of Director – Jonathan Shellabear**

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### **3.1 General**

ASX Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity, but does not apply to the managing director.

Clause 13.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director to fill a casual vacancy provided the total number of Directors at any time does not exceed the maximum number of nine Directors as specified by the Constitution. Any Director so appointed holds office only until the next annual general meeting of the Company and is then eligible for re-election, and is not to be taken into account in determining the Directors who are to retire by rotation at that meeting.

Pursuant to Resolution 3, Jonathan Shellabear, having been appointed to fill a casual vacancy on 12 April 2022, retires in accordance with clause 13.4 of the Constitution and being eligible for election, offers himself for election at the Meeting.

### **3.2 Directors' recommendations**

The Directors (excluding Mr Shellabear) recommend that Shareholders vote in favour of Resolution 3.

## Resolution 4: Re-election of Director – Daniel Smith

### 4.1 General

ASX Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity, but does not apply to the managing director.

Clause 13.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director to fill a casual vacancy provided the total number of Directors at any time does not exceed the maximum number of nine Directors as specified by the Constitution. Any Director so appointed holds office only until the next annual general meeting of the Company and is then eligible for re-election, and is not to be taken into account in determining the Directors who are to retire by rotation at that meeting.

Pursuant to Resolution 4, Daniel Smith, having been appointed to fill a casual vacancy on 15 August 2022, retires in accordance with clause 13.4 of the Constitution and being eligible for election, offers himself for election at the Meeting.

### 4.2 Directors' recommendations

The Directors (excluding Mr Smith) recommend that Shareholders vote in favour of Resolution 4.

## Resolution 5 & 6: Ratification of Prior Issue of Follow-on Placement Shares & Options - 7.1 Capacity & 7.1A Capacity

### 5.1 Background

On 24 January 2022, the Company announced a renounceable rights issue to raise up to \$1.9 million through the issue of Shares at an issue price of \$0.025, with 1 Listed Option for every 2 Shares issued (**Rights Issue**). The issue was oversubscribed and to accommodate excess demand, the Company subsequently raised an additional \$557,000 (**Follow-on Placement**) through issuing 22,283,122 Shares (**Follow-on Placement Shares**) and 11,141,561 free attaching Listed Options on the same terms as the Rights Issue (**Follow-on Placement Securities**). As disclosed in the supplementary prospectus announced to ASX on 21 February 2022, funds raised under the Follow-on Placement together with funds raised under the Rights Issue and existing cash on hands were to be allocated as follows:

Item	Use of funds (approx.)
AC Drilling	\$350,000
RC Drilling	\$330,000
Assays	\$150,000
Geophysics Surveys	\$120,000
Exploration Other	\$342,852
Working Capital	\$944,841
Costs of the Offer	\$262,307
<b>Total use of funds</b>	<b>\$2,500,000</b>

The Company confirms that it has already spent a total of \$2,127,000 (as at 30 September 2022) of the funds in line with the above allocation.

The Follow-on Placement was made without Shareholder approval and using the Company's capacities under Listing Rules 7.1 and 7.1A.

Resolutions 5 and 6 seek Shareholder approval under Listing Rule 7.4 to ratify the following issue of Follow-on Placement Securities:

- (a) 11,141,561 free attaching Listed Options under the Company's Listing Rule 7.1 capacity (**Resolution 6**).
- (b) 22,283,122 Shares which were issued under the Company's Listing Rule 7.1A capacity (**Resolution 5**).

The Rights Issue and Follow-on Placement were lead-managed and partially underwritten by Mahe Capital. Pursuant to the term of its appointment, Mahe Capital is entitled to be issued 1 Listed Option for every dollar raised under the capital raising. The Rights Issue and Follow-on Placement raised \$2,500,000 and Mahe Capital is entitled to be issued 2,500,000 Listed Options. These were issued under the Company's Listing Rule 7.1 capacity, and are the subject of Resolution 7's ratification.

The terms and conditions of the Follow-on Placement Options are contained within Schedule 2.

## 5.2 ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issues have been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issues.

If Resolution 5 is passed, the issues will be excluded in calculating the Company's 10% limit under Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolution 5 is not passed, the issues will be included in calculating the Company's 10% limit under Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1A over the 12 months following the issues.

If Resolution 6 is passed, the issues will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolution 6 is not passed, the issues will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities it can issue under Listing Rule 7.1 without Shareholder approval over the 12 months following the issues.

### 5.3 Resolutions 5 and 6 - Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 5 and 6:

- (c) the Follow-on Placement Securities were issued to professional and sophisticated investors who were identified by Mahe Capital and the Directors as having applied for shortfall shares under the Rights Issue. None of the recipients were related parties, members of the Company's key management personnel, substantial holders or advisers to the entity (or an associate of any of these persons) who were issued with more than 1% of the issued capital.
- (d) 33,424,683 Follow-on Placement Securities were issued on the following basis:
  - (i) Resolution 5 – 22,283,122 Follow-on Placement Shares were issued using the Company's Listing Rule 7.1A capacity; and
  - (ii) Resolution 6 – 11,141,561 Listed Options were issued using the Company's Listing Rule 7.1 capacity.
- (e) the Follow-on Placement Shares issued were all fully paid ordinary shares in the capital of the Company that rank equally with existing Shares on issue. The Listed Options are exercisable at \$0.08 each and expire on 17 August 2023 and otherwise on the terms set out in Schedule 2.
- (f) the securities were issued on 22 February 2022.
- (g) the issue price per Follow-on Placement Share was \$0.025, with one free attaching Listed Option for every two Follow-on Placement Shares issued.
- (h) the purpose of the issue of the Follow-on Placement Shares was to raise \$557,000, which was used towards funding 12-18 months of additional geophysics and drilling at the Woodline project beyond the current work programs, initial Geophysics and drilling at the Tempest project which hosts both Gold and Nickel potential and maintaining a strong balance sheet. Funds raised from the exercise of the Follow-on Placement Options will be used for general working capital.
- (i) the Follow-on Placement Securities were not issued pursuant to any agreement.
- (j) a voting exclusion statement is included in the Notice.

### 5.4 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 5 and 6. These will restore the Company's 15% and 10% annual limits permitted by Listing Rules 7.1 and 7.1A and allow the Company to issue further securities as permitted by Listing Rules 7.1 and 7.1A without Shareholder approval.

## Resolution 7: Ratification of Prior Issue of Broker Options – Mahe Capital

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### 6.1 General

The Company engaged Mahe Capital Pty Ltd (**Mahe Capital**) to act as lead manager and underwriter to the Rights Issue announced to ASX on 24 January 2022.

The Company enter into a mandate with Mahe Capital on 13 January 2022 pursuant to which the Company agreed to pay Mahe Capital the following (as disclosed in the Rights Issue prospectus announced by the Company to ASX on 24 January 2022):

- (a) \$30,000 with an additional \$30,000 if the Rights Issue closes oversubscribed;
- (b) a lead manager's fee of 1% of the total amount raised under the Rights Issue;
- (c) an underwriter's fee of 5% of Mahe Capital's underwritten amount;
- (d) a placement fee of 5% of any shortfall securities placed by Mahe Capital's beyond the underwritten amount; and
- (e) 1 Listed Option for every dollar raised under the capital raising, having the same terms as those options offered under the Rights Issue.

Mahe Capital was also entitled to receive \$10,000 in the event that the Company or Mahe Capital terminated the mandate. .

The Rights Issue and subsequent Follow-on Placement raised \$2,500,000 and Resolution 7 seeks approval under Listing Rule 7.4 to ratify the issue of 2,500,000 Broker Options to Mahe Capital Pty Ltd (**Broker Options**).

The Broker Options are exercisable at \$0.08 each and expire on 17 August 2023 and otherwise on the terms set out in Schedule 2.

A summary of ASX Listing Rule 7.1 and 7.4 is set out in section 5.2 above.

If Resolution 7 is passed, the issues will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolution 7 is not passed, the issues will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities it can issue under Listing Rule 7.1 without Shareholder approval over the 12 months following the issues.

### 6.2 Specific Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) the Broker Options were issued to Mahe Capital who is not a related party of the Company or otherwise persons to whom Listing Rule 10.11 applies.
- (b) 2,500,000 Broker Options were issued using the Company's Listing Rule 7.1 capacity.
- (c) the Broker Options are exercisable at \$0.08 each and expire on 17 August 2023 and otherwise on the terms set out in Schedule 2.
- (d) the securities were issued on 22 February 2022.

- (e) the issue price per Broker Option was \$Nil.
- (f) the purpose of the issue of the Broker Options was for part consideration of the broker and underwriter fee.
- (g) the Broker Options were issued under the lead manager mandate with Mahe Capital dated 13 January 2022, a summary of the material terms is included above.
- (h) a voting exclusion statement is included in the Notice.

### **6.3 Director's recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7. It will allow the Company to issue securities to satisfy its payment obligations while preserving the Company's 15% capacity under Listing Rule 7.1.

### **Resolution 8: Approval of 10% Placement Facility**

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#### **7.1 General**

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval (**10% Placement Facility**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.3(a) below).

Any funds raised will be used for continued exploration and expenditure on the Company's current assets, due diligence on new project opportunities and/or general working capital.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### **7.2 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 8. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

#### **7.3 Listing Rule 7.1A**

Listing Rule 7.1A enables eligible entities to issue quoted Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval by way of a special resolution. The 10% Placement Facility is subject to conditions and in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

- (a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$$\text{Number of Equity Securities} = (A \times D) - E$$

- “A” the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:
- (A) plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
  - (B) plus the number of fully paid ordinary shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
    - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
    - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
  - (C) plus the number of fully paid ordinary shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
    - the agreement was entered into before the commencement of the Relevant Period; or
    - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
  - (D) plus the number of any other fully paid ordinary shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
  - (E) plus the number of partly paid shares that became fully paid in the Relevant Period;
  - (F) less the number of fully paid ordinary shares cancelled in the Relevant Period.
- “D” is 10%.
- “E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

As at the date of this Notice, the Company:

- (i) has the following securities on issue:
  - (A) 294,297,164 Shares (quoted);
  - (B) 79,198,858 Options (quoted);
  - (C) 10,152,539 Options (unquoted).



- (ii) has the capacity to issue:
  - (A) 27,160,544 Equity Securities under Listing Rule 7.1; and
  - (B) 4,918,281 Equity Securities under Listing Rule 7.1A.

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**7.4 Specific information required by Listing Rule 7.3A**

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The approval will be valid for the period commencing on the date of the Meeting and expires on the first to occur of the following:
  - (i) the date that is 12 months after the date of the Meeting;
  - (ii) the time and date of the Company's next annual general meeting; and
  - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
- (b) The Equity Securities will be issued for a cash consideration per security which is not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
  - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The issue under Listing Rule 7.1A can only be made for cash consideration. The Company intends to use any funds raised towards continued exploration and expenditure on the Company's current assets, due diligence on new project opportunities and/or general working capital.
- (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable 'A' (Shares on issue)		Issue price		
		\$0.0085 (50% decrease)	\$ 0.017 (Current) <sup>2</sup>	\$0.034 (100% increase)
294,297,164 (Current) <sup>1</sup>	Shares issued	29,429,716	29,429,716	29,429,716
	Funds raised	\$250,153	\$500,305	\$1,000,610
441,445,746 (50% increase)	Shares issued	44,144,575	44,144,575	44,144,575
	Funds raised	\$375,229	\$750,458	\$1,500,916
588,594,328 (100% increase)	Shares issued	58,859,433	58,859,433	58,859,433
	Funds raised	\$500,305	\$1,000,610	\$2,001,221

The table has been prepared on the following assumptions:

- (i) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options have been exercised before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (v) The issue price is \$0.017 being the closing price of the Shares on ASX on 7 October 2022.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

- (e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and

prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:

- (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
- (ii) The effect of the issue of the Equity Securities on the control of the Company.
- (iii) The financial situation and solvency of the Company.
- (iv) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company has issued 22,283,122 Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting which represents 11.5% of the total number of Equity Securities (being 194,292,195 Equity Securities) on issue at the commencement of 12 month period before the Meeting). Information required under Listing Rule 7.3A.6 is set out in Schedule 1. There is no circumstance that the Company has agreed before the 12 month period to issue Equity securities under Listing Rule 7.1A.2 but as at the date of the Meeting not yet issued those Equity Securities.
- (g) As at the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, as such no voting exclusion statement is required for the Notice.

## **Resolution 9: Approval of Employee Securities Incentive Plan**

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### **8.1 General**

The Company considers that it is desirable to adopt an employee incentive scheme to be called the “NES Employee Securities Incentive Plan” (**Plan**).

The Plan is intended to provide an opportunity to eligible participants to participate in the Company’s future. Further, the Plan acts as mechanism to ensure the interests of Shareholders and the management and employees of the Company are aligned.

Resolution 9 seeks Shareholder approval for the adoption of the Plan in accordance with Listing Rule 7.2 exception 13(b).

A Summary of the Plan is set out in Schedule 3.

The Plan incorporates recent amendments to the Corporations Act for employee share schemes (**New Legislation**)

### **8.2 Summary of New Legislation**

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee share schemes (**New Rules**). The legislation comes into effect on 1 October 2022.

The New Rules will eventually replace the existing ASIC Class Order [CO 14/1000] and ASIC Class Order [CO 14/1001] (together, the **Class Orders**).

A summary of the key changes applicable to the Company under the New Rules are set out below.

(a) **Expanded eligibility**

Class Order relief is only available for issues to directors, full time and part time employees and casual employees or contractors that are 40% or more full time equivalent.

Under the New Rules, an offer may only be made to specified “primary participants” (being directors, employees and service providers, with no minimum requirements of hours of service provided) or certain related persons of a primary participant (including a spouse, parent, child or sibling of the primary participant; controlled bodies corporate of the primary participant or bodies corporate that are trustees of the primary participant’s self-managed superannuation fund).

(b) **Issue cap**

The Class Orders provide for an issue cap of 5% of a listed entity’s fully paid shares over a rolling period of 3 years (irrespective of whether monetary consideration is required).

Under the New Rules, there is no cap on issues made for no monetary consideration. Caps only apply to issues made for monetary consideration (being the cap set out in the company’s constitution or if there is no such cap in the constitution, then 5% for listed entities unless a higher cap is specified in the relevant regulations (if any)).

Further, offers of eligible interests to participants under an employee securities incentive plan which would not ordinarily require disclosure, such as offers to senior managers or small-scale offerings are not required to comply with the issue cap.

(c) **Disclosure requirements**

The Class Order does not distinguish between offers for monetary consideration and those without, with the same disclosure requirements for both offers.

Under the New Rules, offers made for no monetary consideration do not have any specific disclosure requirements. In the case of offers made for monetary consideration, an offer document is required (with specific disclosure requirements) and participants cannot acquire their interests until 14 days after receiving the necessary offer disclosure from the entity.

(d) **Quotation and suspension requirements**

Class Order relief is only available where an entity meets the minimum quotation period of 3 months prior to making an offer of eligible interests. In addition, relief is prohibited if an entity is suspended from quotation for over 5 days in the preceding 12-month period.

Under the New Rules, listed entities can offer eligible interests without first meeting any minimum quotation period, and regardless of any suspensions to the trading of securities.

(e) **On-sale relief**

The Class Order provides relief from the on-sale provisions for securities issued under the Class Order.

Pursuant to the New Rules, listed entities must issue a cleansing notice to ensure that any Shares issued (including following the exercise of any options and performance rights) may be on-sold within 12 months of issue.

(f) **Criminal offences**

A number of new offences created under the New Rules, including misleading and deceptive statement offences and offences relating to holding participants' money. In addition, regulatory relief can be revoked if any of the below are breached:

- (i) compliance with the monetary cap;
- (ii) compliance with the issue cap; and
- (iii) providing disclosure documents at the required time.

**8.3 Regulatory requirements and Listing Rules 7.1 and 7.2, exception 13(b)**

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the Listing Rules 7.1 and 7.1A on the number of securities that may be issued without Shareholder Approval. Listing Rule 7.2 exception 13(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by Shareholders, where the issue of securities is within 3 years from that date of Shareholder approval of the issue of securities under the employee incentive scheme.

The Plan participation is limited to Directors, employees and service providers of the Company. If an issue is to be made to Directors, then separate Shareholder approval will need to be obtained.

A summary of the key terms of the Plan is set out in Schedule 3.

As this is a new plan being put to Shareholders, no securities have been issued under it to date.

A maximum of 14,714,858 securities would be available to be issued under the plan if approved by Shareholders, determined as 5% of the ordinary shares on issue at 7 October 2022.

The passing of Resolution 9 will allow the Company to issue securities for the benefit of participants of the Plan whilst preserving the Company's placement limits for issuing securities and provide flexibility in the manner in which the Plan is managed.

If Resolution 9 is not passed, the Company may still issue securities to key personnel other than Directors on the terms as set out in Schedule 3, however those securities will count towards the Company's 15% placement capacity under Listing Rule 7.1.

**8.4 Voting Exclusion Statement**

A Voting Exclusion applies to this Resolution.

**8.5 Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 9. The Chair intends to vote all undirected Proxies in favour of Resolution 9.

## Resolution 10: Approval of Changes to Constitution

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### 9.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 10 is a special resolution which will enable the Company to amend its Constitution to incorporate amendments to the Corporations Act since the current Constitution was adopted.

A summary of the proposed material changes is set out below.

A copy of the amended Constitution is available for review by Shareholders at the Company's website <https://nelsonresources.com.au/corporate-governance/> and at the office of the Company. A copy of the amended Constitution can also be sent to Shareholders upon request to the Company Secretary by sending an email to [info@nelsonresources.com.au](mailto:info@nelsonresources.com.au). Shareholders are invited to contact the Company if they have any queries or concerns.

### 9.2 Summary of material proposed changes

#### (a) Notice (clause 11.5(b))

The *Corporations Amendment (Meetings and Documents) Act 2022* (Cth) permits a notice of meeting and any other information provided with that notice to be communicated using technology. For example, an entity may send its shareholders an email setting out or attaching a notice of meeting and other material relating to that notice of meeting (for example, a proxy form). Alternatively, an entity may send an email to its shareholders with a link to whether the notice and other materials can be viewed or downloaded. In circumstances where the entity does not have the email address for certain shareholders, the entity may send a letter or postcard setting out a URL for viewing or downloading the notice and other materials.

Shareholders may elect to receive documents in a physical form or electronically and the Company must provide that member with the documents in the form based on the shareholder's election (unless it falls under ASIC's emergency power to grant relief).

The amended Constitution makes it clear at clause 11.5(b), that unless the applicable law otherwise provides, a notice of meeting and proxy form do not need to be provided physically in writing, and that the Company may provide a notice of meeting and proxy form to Shareholders electronically.

#### (b) Meeting at more than one place (clause 11.6)

The amended Constitution includes a provision at clause 11.6 to expressly permit the Company to hold 'hybrid meetings' – that being meetings which are held partly in person and partly by virtual technology. The amended Constitution allows Shareholders to elect how they wish to attend hybrid meetings.

#### (c) Virtual Meetings (clause 11.7)

The recent updates to the Corporations Act, (by way of the *Corporations Amendment (Meetings and Documents) Act 2022* (Cth)), provides that a company may use technology to allow Shareholders to attend general meetings virtually if a wholly virtual meeting is expressly permitted in the company's constitution.

The amended Constitution includes a provision which allows a meeting of Shareholders to be held by virtual means only, which provides greater flexibility for the Company and Shareholders. Any technology used at a general meeting must give Shareholders as a whole a reasonable opportunity to participate in the meeting.

(d) **Joint Holders (clause 9.8)**

Further proposed amendments to the Constitution are aimed at addressing the changes to the ASX CHESS System which was originally due to be replaced in April 2023 but has since been delayed to a date to be announced by the ASX (**CHESS Replacement**). As part of the CHESS Replacement, the new system will permit companies to register up to four joint holders per share, whereas currently the system only permits up to three joint holders.

Despite this systematic change, ASX has not proposed any change to the ASX Settlement Operating Rules (**ASXSOR**) in this regard. Pursuant to the ASXSOR, a participant must not establish a joint holding with more than three holders unless permitted by an issuer's constitution.

The Company seeks to update clause 9.8 of the Constitution to permit the Company to register the maximum number of joint holders permitted under the ASX Settlement Operating Rules. This will ensure that the Company's Constitution will enable the maximum number of joint holders to be registered once the CHESS Replacement occurs.

## DEFINITIONS

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In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

**Annual Report** means the annual report of the Company for the financial year ended on 30 June 2022.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**Auditor's Report** means the auditor's report contained in the Annual Report.

**AWST** means Western Standard Time, being the time in Perth, Western Australia.

**Board or the Directors** means the board of Directors.

**Chair** means the chairperson of the Meeting.

**Company** means Nelson Resources Limited ACN 127 620 482.

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Directors' Report** means the directors' report contained in the Annual Report.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Statement** means this explanatory statement incorporated in this Notice.

**Financial Report** means the financial report contained in the Annual Report.

**Follow-on Placement** has the meaning given in section 5.1.

**Follow-On Placement Securities** has the meaning given in section 5.1.

**Follow-On Placement Shares** has the meaning given in section 5.1.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listed Options** mean an option to be issued a Share exercisable at \$0.08 each and expiring on 17 August 2023, and otherwise on the terms set out in Schedule 2.

**Listing Rules** means the listing rules of ASX, as amended from time to time.

**Meeting, General Meeting or Annual General Meeting** means the Annual General Meeting of Shareholders to be held at Level 8, 216 St Georges Terrace, Perth, Western Australia 6000 on 21 November 2022, commencing at 11:30am (AWST).

**Notice or Notice of Meeting** means this notice of annual general meeting incorporating this Explanatory Statement.

**Proxy Form** means the proxy form attached to this Notice.

**Relevant Period** has the meaning given in Listing Rule 7.1; being



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- (a) if the entity has been admitted to the official list for 12 months or more, the 12-month period immediately preceding the date of the issue or agreement; or
  - (b) if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

**Remuneration Report** means the remuneration report contained in the Annual Report.

**Resolution** means a resolution contained in the Notice.

**Rights Issue** has the meaning given in section 5.1.

**Share** means an ordinary fully paid share in the Company.

**Shareholder** means a holder of a Share.

**VWAP** has the meaning given in the Listing Rules.

**Schedule 1: Issues of Securities under Listing Rule 7.1A in the previous 12 months**

Issue Date	No. Securities issued	Security Type	Security Recipients	Issue Price & Details of any Discount to Market Price (if applicable)	Consideration and Use of Funds
22 February 2022	22,283,122 Shares	Fully paid ordinary shares	Professional and sophisticated investors	\$0.025 each, which was 109% of closing market price of \$0.023 on the date of the issue	<p>\$557,078 consideration, of which \$156,078 is yet to be spent (as at 30 September 2022).</p> <p>Funds will be applied towards exploration activities at the Company's existing Western Australian projects and working capital.</p>

## Schedule 2: Terms and conditions of Listed Options

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- (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 17 August 2023.
- (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 (code NESO). 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.

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### Schedule 3: Employee Securities Incentive Plan

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A summary of the terms of the Plan is set out below:

- (a) **(Eligible Participant):** Eligible Participant means a person that:
- (b) is an 'ESS participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company for an Invitation made on or after 1 October 2022; and
  - (c) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
  - (ii) link the reward of Eligible Participants to Shareholder value creation; and
  - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

- (c) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion except to the extent that it prevents the Company relying on the deferred tax concessions under Subdivision B3A-C of the *Income Tax Assessment Act 1997* (Cth).. The Board may delegate its powers and discretion.

- (d) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (e) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

- (f) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. Unless in 'Special Circumstances' (as defined in the Plan) with the consent of the Board, a Participant may not sell, assign, transfer, grant a security interest over, collateralise a margin loan against, utilise for the purposes of short selling, enter into a Derivative with reference to, or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (g) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting

conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

- (h) **(Exercise of Convertible Securities and cashless exercise):** To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Cashless exercise of Convertible Securities):** At the time of exercise of the Convertible Securities, subject to Board approval at that time, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

If the difference between the total exercise price otherwise payable for the Convertible Securities being exercised and the then market Value of the Share at the time of exercise and the exercise price is zero or negative, then the Eligible Participant will not be entitled to use the cashless exercise facility.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, acted negligently, acted in contravention of a Group policy or wilfully breached his or her duties to the Group, the Board will deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant

upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

(n) **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(q) **(Compliance with Applicable Laws):** Notwithstanding the Plan rules or any terms of a Security, no Security may be offered, granted, vested or exercised, and no Share may be issued or transferred, if to do so would contravene any applicable laws.

Where monetary consideration is payable by the Eligible Participant, and in respect to Convertible Securities where the Exercise Price on exercise of those Convertible Securities is greater than zero, the Company must reasonably believe when making an Invitation:

- (i) the total number of Plan Shares that are, or are covered by the Securities that may be issued under an Invitation; and
- (ii) the total number of Plan Shares that are, or are covered by the Securities that have been issued, or could have been issued in connection with the Plan in reliance on Division 1A of Part 7.12 of the Corporations Act at any time during the previous 3 year period prior to the date the Invitation is made,

does not exceed:

- (iii) if the Constitution specifies an issue cap percentage, that percentage; or

- (iv) if the Constitution does not specify an issue cap percentage, 5% (or such other maximum permitted under any Applicable Law),

of the total number of Shares on issue at the date of the Invitation.

(r) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(s) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.



# Proxy Voting Form

If you are attending the meeting  
in person, please bring this with you  
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.30am (AWST) on Saturday, 19 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

**WEBCHAT:** <https://automicgroup.com.au/>

**PHONE:** 1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Nelson Resources Limited, to be held at 11.30am (AWST) on Monday, 21 November 2022 at Level 8, London House, 216 St Georges Terrace, Perth WA 6000 hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

Empty box for proxy name or body corporate.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2 - Your voting direction

Table with 10 rows of resolutions and 3 columns: For, Against, Abstain. Each cell contains a checkbox.

STEP 3 - Signatures and contact details

Form for signatures and contact details. Includes fields for Individual or Securityholder 1, Securityholder 2, Securityholder 3, Contact Name, Email Address, Contact Daytime Telephone, and Date (DD/MM/YY).

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).