

QUARTERLY ACTIVITIES REPORT ENDED 31 DECEMBER 2022

Nelson Resources Limited ("Nelson" or "the Company") is pleased to provide shareholders its Activities Report for the quarter ended 31 December 2022.

Highlights:

- ① Resampling of anomalous intervals from aircore drilling completed in September was completed and results reported (refer to ASX announcement dated 17 November 2022). The best results from this work were:
 - 2m @ 0.42g/t from 42m in WDA178, including 1m @ 0.68g/t.
 - 4m @ 0.55g/t from 34m in WDA184, including 1m @ 1.1g/t.
 - 1m @ 1.31g/t from 36m in WDA162.
- ① New tenements were granted at the Woodline and Fortnum Project areas.
- ① Review of existing projects ongoing to rank and prioritise existing projects in order to define exploration programs for the coming quarters.
- ① Non-renounceable entitlements issue successfully raised \$1.47 million before costs, with shortfall share allocation well supported by existing and new sophisticated investors.
- ① Board changes during the quarter with the appointment of Messrs Peter Bird and Nicholas Ong as directors.
- ① The Company identified numerous cost saving measures to conserve cash and focus on delivering value through exploration and identifying new project opportunities.

CAPITAL STRUCTURE
ORDINARY SHARES
Issued 588,594,328

OPTIONS
Listed options 79,198,858
Unlisted options 10,152,539

BOARD
Non-Executive Chairman – Peter Bird
Non-Executive Director – Dan Smith
Non-Executive Director – Nicholas Ong

Company Secretary – Nicholas Ong

NELSON PROJECT PORTFOLIO

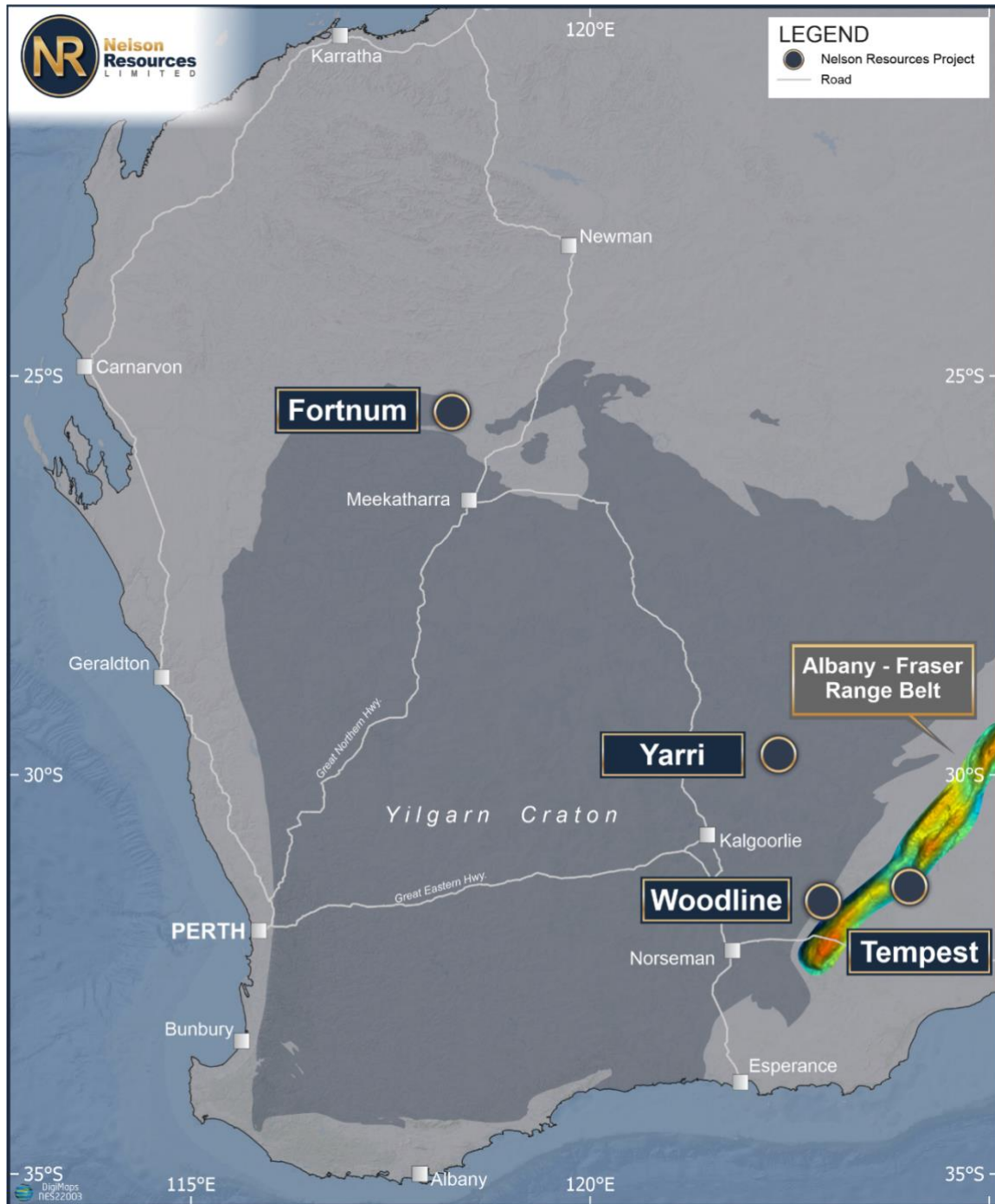


Figure 1: Project Locations.



PROJECT ACTIVITY

Woodline Project

At Woodline, Nelson announced the assay results from re-sampling of 4-meter composites originally reported in the September quarter. All of the results reported here are in weathered basement rocks.

Comparison of the re-sampling with the original confirm the original results and present compelling targets for follow-up work in five separate locations across three prospects at Woodline.

At Socrates, two additional targets have been identified for follow-up (Figure 2).

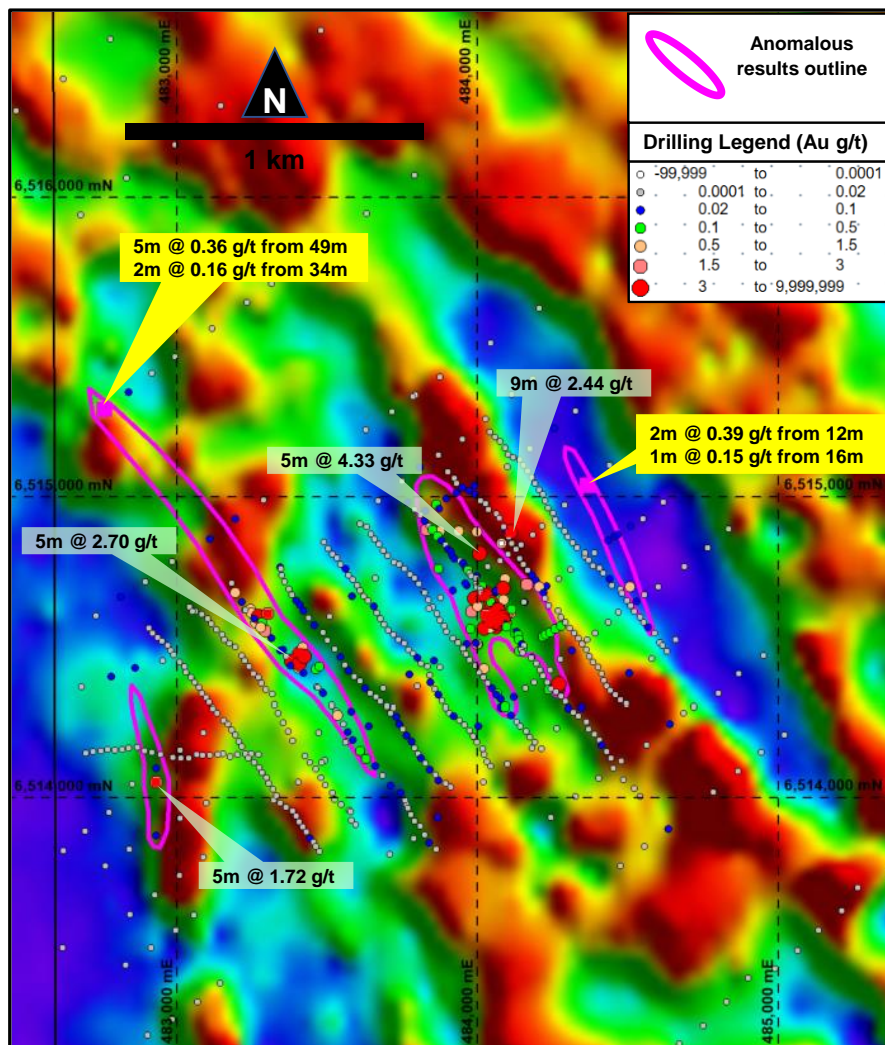


Figure 2: Intersections from re-sampling of aircore drilling at Socrates and earlier RC drilling intersections (on Hoistem).



At Grindall and Redmill, several targets have been defined for follow-up RC drilling (Figure 3).

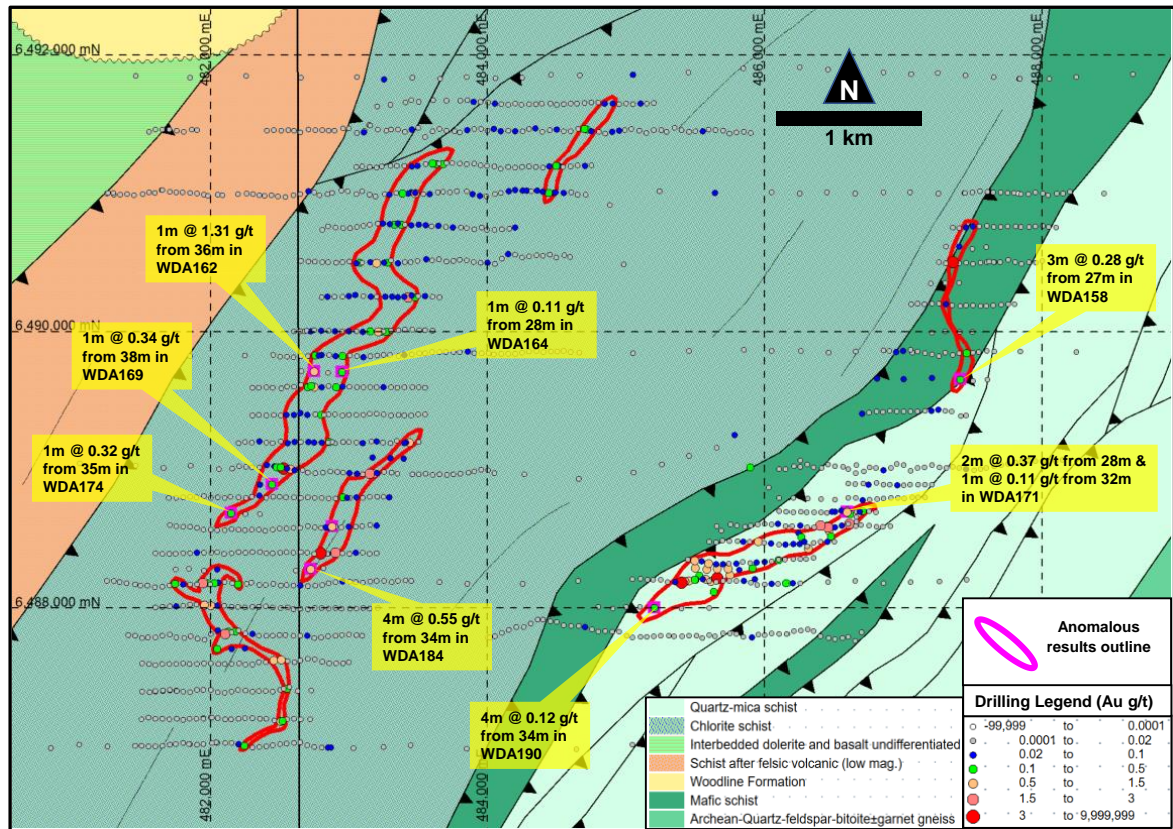


Figure 3: Intersections at Grindall and Redmill on local geology (Sipa Resources. 2010).

In December, several new tenements were granted in the Woodline project, as shown by Figure 4.



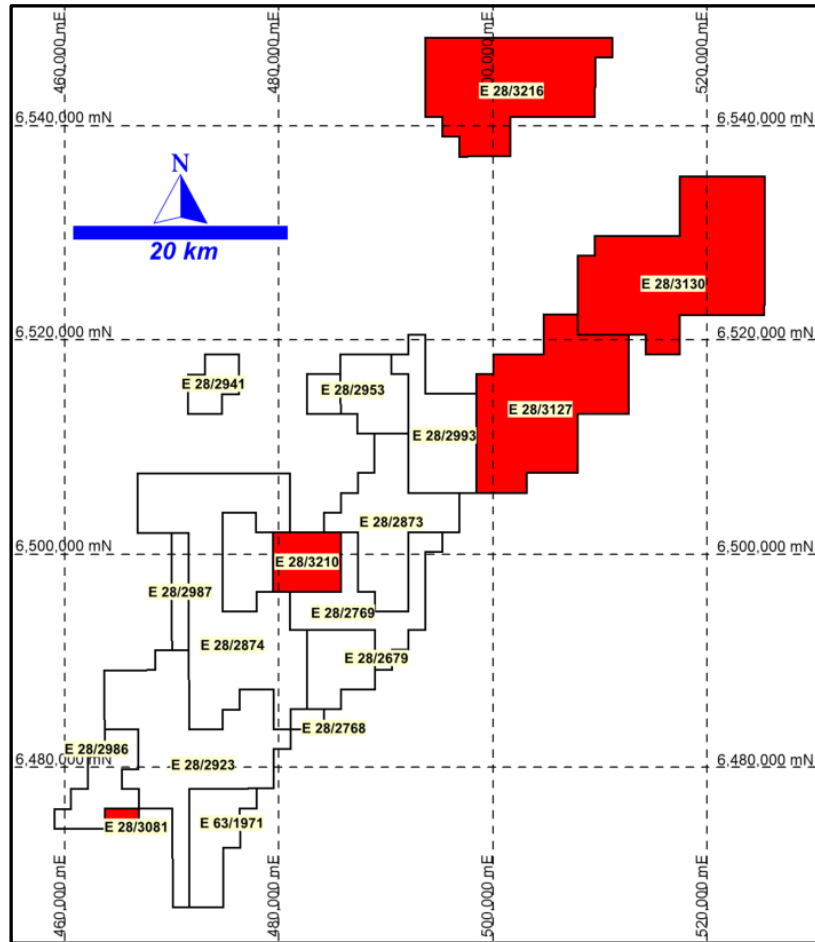


Figure 4: Woodline tenure showing newly granted tenements in red.

The Company will complete the compilation of previous work for these projects and commence targeting during the coming quarter.

Tempest Project

Work continued on evaluation of the Tempest project during the quarter. Access to complete resampling was not possible during the last few months of 2022.

Fortnum Project

A new tenement was granted at the Fortnum project during the quarter (Figure 5).

Fortnum presents a significant gold exploration opportunity for the Company. The project is located in a poorly explored section of the greenstone. Work continues on evaluation of the Fortnum project, with negotiations continuing with the traditional owners to gain access to the project for drilling.



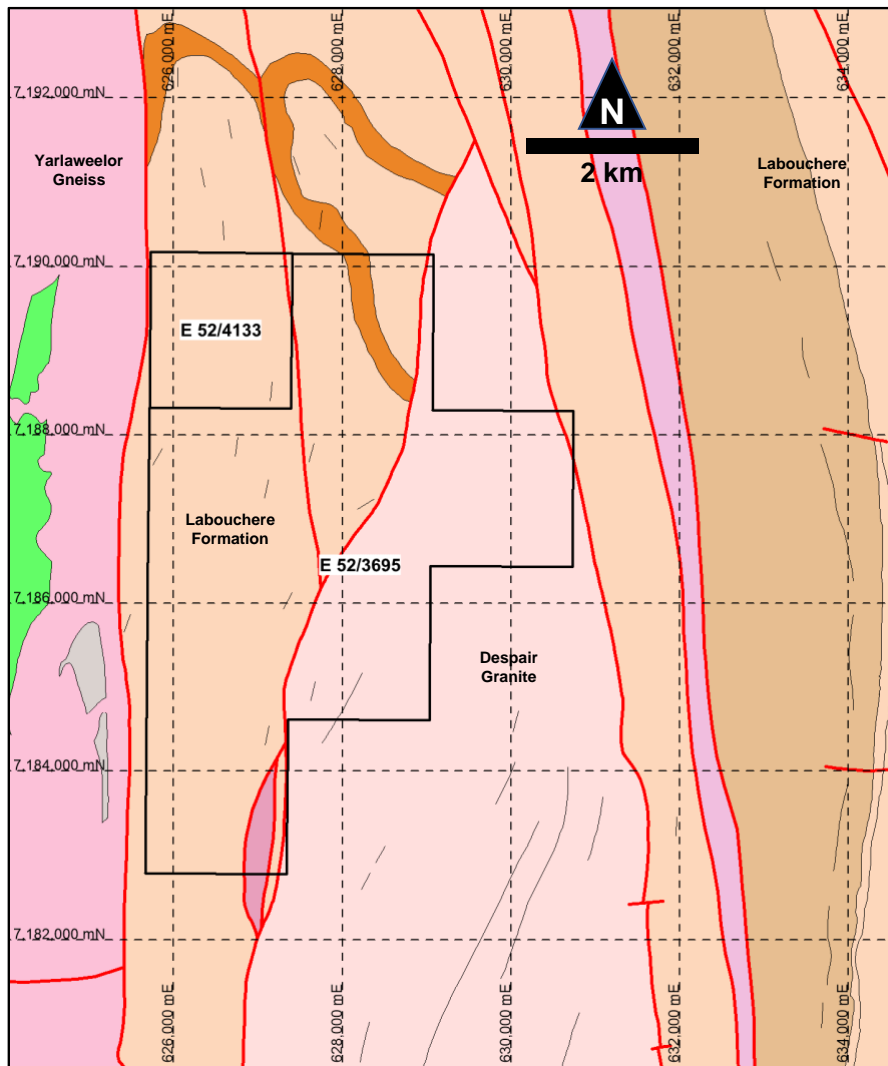


Figure 5: New tenure at Fortnum on regional geology (GSWA).

Yarri Project

During the December quarter, the Company continued reviewing the Yarri Project with a view to determining what future work can be undertaken to add value to this project.

Happy Jack

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

New Project Opportunities

The Company has allocated part of its working capital budget to the identification and evaluation of new mineral resource opportunities in Australia and overseas, undertaking a review of a range of opportunities during the December quarter. No decision to invest in any of the projects currently being reviewed has been made at this stage.



Corporate

On 16 November 2022, the Company announced the completion of entitlements offer raising \$1.47 million before costs, with the shortfall share allocation being well supported by existing and new sophisticated investors.

On 21 November 2022, Messrs Jonathan Shellabear and Steven Brockhurst resigned as directors of the Company. Messrs Ong and Bird were appointed as Non-executive Directors. Mr Ong also assumed the role of Company Secretary.

During the quarter, the Board has identified numerous cost saving measures to conserve cash. The Company is also undertaking a review of third-party services contracts and office leases, with a view to identifying further cost reductions.

The Board has decided to cease the provision of third-party exploration services by its wholly owned subsidiary, Nelson Exploration Services Pty Ltd.

The Third-party exploration service has not been generating sufficient revenue to justify the on-going carrying cost as well as depreciation of acquired equipment. The Company is in the process of disposing some exploration equipment, including drill rig and trucks, through auctions or direct negotiation with interested unrelated parties.

Cash Position

In accordance with Listing Rule 5.3.1, the Company reports that there was \$266K spent on exploration and evaluation of projects Administration and corporate costs were \$302K. The Company's cash position including listed investments as at 31 December 2022 was approximately \$1.09 million. The Company retains sufficient funding to carry out its planned activities over the coming quarters.

Note 6 to Appendix 5B

Payments to related parties of the entity and their associates:

- Directors fees and wages of \$32,280.
- Company secretarial and accounting services fees of \$21,920.

For further information please contact:

Nicholas Ong
Director and Company Secretary

Dan Smith
Director



Schedule of Exploration Tenements

New tenements were granted at the Woodline Project on 21st December 2022 and the Fortnum Project on 21st October 2022. The schedule of tenements is shown below.

Lease	Name	Status	Interest: Previous Period	Interest Acquired	Interest Reduced	Interest: Current Period
E28/2805	Tempest	Granted	100%	-	-	100%
P31/2085	Yarri - Wallaby	Granted	100%	-	-	100%
P31/2086	Yarri - Gibberts	Granted	100%	-	-	100%
P31/2087	Yarri - Great Banjo	Granted	100%	-	-	100%
E28/2633	Socrates	Granted	100%	-	-	100%
E28/2769	Grindall	Granted	100%	-	-	100%
E28/2873	Socrates South	Granted	100%	-	-	100%
E28/2941	Socrates West	Granted	100%	-	-	100%
E28/2953	Socrates South East	Granted	100%	-	-	100%
E28/2993	Socrates East	Granted	100%	-	-	100%
E28/3127	Hope West	Granted	-	100%	-	100%
E28/3130	Hope East	Granted	-	100%	-	100%
E28/3210	Tyler	Granted	-	100%	-	100%
E28/3216	Hope North	Granted	-	100%	-	100%
E28/2679	Grindall	Granted	100%	-	-	100%
E28/2768	Grindall South	Granted	100%	-	-	100%
E28/2874	Redmill	Granted	100%	-	-	100%
E28/2987	Redmill West	Granted	100%	-	-	100%
E28/2923	Harvey	Granted	100%	-	-	100%
E28/2986	Harvey West	Granted	100%	-	-	100%
E63/1971	Harvey South	Granted	100%	-	-	100%
E28/3081	Harvey South West	Granted	100%	-	-	100%
E52/3695	Fortnum-Billara	Granted	100%	-	-	100%
E52/4133	Fortnum-Billara Bore	Granted	-	100%	-	100%

There were no other changes to tenure during the quarter.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Derek Shaw, a geologist employed by Nelson Resources Limited. Mr Shaw is a Member Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Shaw consents to the inclusion in the report of the matters in the form and context in which it appears.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Nelson Resources Limited

ABN

83 127 620 482

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(42)	(232)
	(e) administration and corporate costs	(95)	(202)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	-	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(136)	(434)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(62)
	(d) exploration & evaluation	(266)	(779)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	24	24
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(242)	(817)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,471	1,471
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(165)	(165)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(12)	(24)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,294	1,282

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	172	1,057
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(136)	(434)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(242)	(817)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,294	1,282

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,088	1,088

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,088	172
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,088	172

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	54
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(136)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(266)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(402)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,088
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,088
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2023

Authorised by: By the Board of Nelson Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.