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Nelson Resources

And Controlled Entities

ABN: 83 127 620 482

HALF YEAR REPORT

For the Period Ended 31 December 2022

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CORPORATE DIRECTORY

DIRECTORS

Peter Bird	Non-Executive Chairman
Nicholas Ong	Non-Executive Director
Daniel Smith	Non-Executive Director

SECRETARY

Nicholas Ong

REGISTERED OFFICE

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STOCK EXCHANGE LISTINGS

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

AUDITORS

Criterion Audit Pty Ltd
Suite 2
642 Newcastle Street
Leederville WA 6902

BANKER

National Australia Bank
1232 Hay Street
West Perth WA 6005

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT continued

Your Directors submit the financial report of the Consolidated Entity for the 6 month period ended 31 December 2022.

DIRECTORS

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

Director	Details
Peter Bird	Non-Executive Chairman (appointed 21 November 2022)
Daniel Smith	Non-Executive Director (appointed 15 August 2022)
Nicholas Ong	Non-Executive Director (appointed 21 November 2022)
Jonathan Shellabear	Non-Executive Chairman (resigned 21 November 2022)
Adam Schofield	Executive Director (resigned 15 August 2022)
Stephen Brockhurst	Non-Executive

COMPANY SECRETARY

Nicholas Ong (appointed 21 November 2022)

PRINCIPAL ACTIVITIES

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

REVIEW OF RESULTS

The consolidated loss after tax for the period ended 31 December 2022 was \$708,386 (2021: \$1,379,241).

CORPORATE
Funding

On 21 October 2022, the Company announced a non-renounceable rights issue for the offer of one new shares (at a price of \$0.005 each) for every one existing shares held on 25 October 2022. On 16 November 2022, the Company announced that the offer had closed and raising \$1,471,486 with 294,297,164 new shares issued on 18 November 2022.

Board Changes

On 21 November 2022 the Company announced the resignations of Mr Jonathan Shellabear as Non-Executive Chairman and Mr Stephen Brockhurst as Non-Executive Director. The proposed resolutions two and three from the Notice of Annual General Meeting were withdrawn accordingly. In addition, Mr Peter Bird was appointed as Non-Executive Chairman and Mr Nicholas Ong was appointed as Non-Executive Director.

Expiry of Quoted Options

33,299,895 quoted options exercisable at \$0.08 have expired unexercised on 7 July 2022.

OPERATIONS

During the second half of 2022, Nelson Resources Ltd (Nelson or the Company) continued to explore at its 100% owned projects in Western Australia (Figure 1).



Figure 1: Nelson's Projects location

Woodline Project

During the half year, Nelson announced the completion of an aircore drilling program for Woodline and Tempest projects with a total of 187 holes completed for 7,431m. 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).

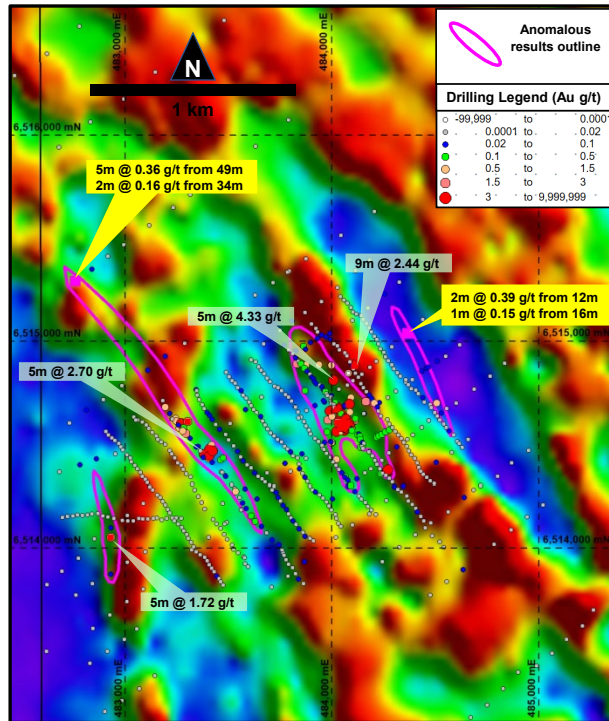


Figure 2: Intersections from re-sampling of aircore drilling at Socrates and earlier RC drilling intersections.

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

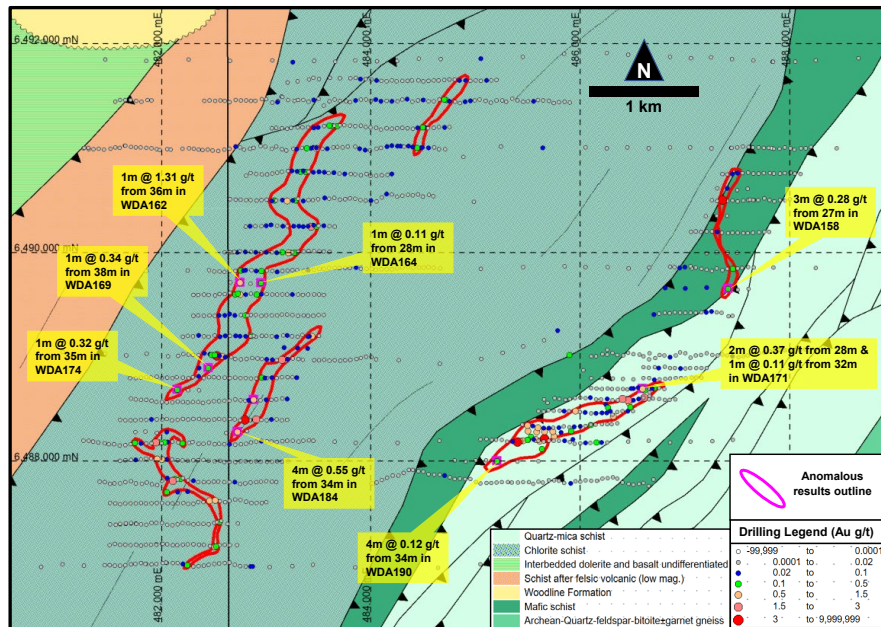


Figure 3: Intersections at Grindall and Redmill on local geology (Sipa Resources. 2010).

In December, several new tenements were granted, as shown by Figure 4.

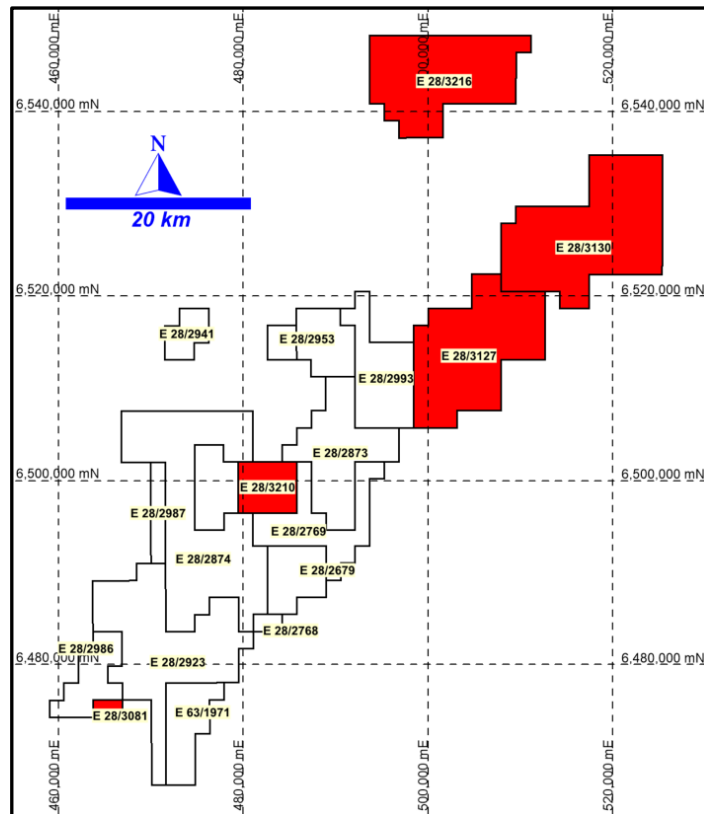


Figure 4: Woodline tenure showing newly granted tenements in red.

Fortnum

The Fortnum project is located within the Peak Hill Mineral Field, 140km north-west of Meekatharra and approximately 14km southwest of the Fortnum Mining centre, in the locality of Billara Bore. The project is adjacent to the Westgold operations at Fortnum Gold Mine.

The Fortnum Project consists of two exploration licences, Billara (E52/3695, granted 2019) and Billara Bore (E52/4133, granted 2022), 100% owned by Nelson Resources.

Previous work at Nelson's Fortnum project includes surface sampling and drilling programs that date back to the 1980's. The initial work completed in the early-1990's identified a gold-in-soil anomaly across the central-north of what is now Nelson's Fortnum Project. These surface soil anomalies were drilled with RAB drilling up to the mid-1990's and a number of anomalous intersections were returned (Figure 5) (refer to ASX announcement dated 20 February 2023).

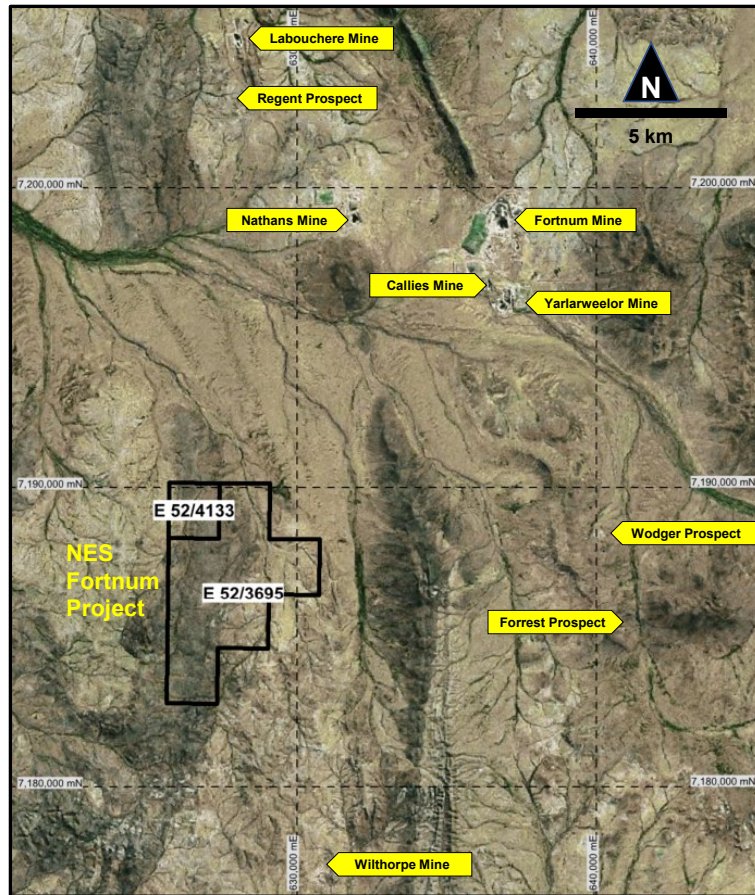


Figure 5: Fortnum Project location on aerial photograph showing regional mines and reported resources.

The work completed by previous explorers defined two corridors of anomalous gold-in-soil: in the centre and on eastern side of the tenement. Several RAB drilling programs tested under these areas, during the 1990's, and intersected anomalous gold in basement. Several areas were tested with set-depth, shallow holes which did not test the full depth of the weathered profile. These areas represent an opportunity to rapidly advance the project.

The Company is confident that the previous work is valid and that the work has defined a target area which is incompletely tested. The Company will complete a staged approach to drilling these targets commencing with a 50 hole, aircore drilling program (Figures 6 & 7).

The drilling is designed to extend and confirm the existing anomalous gold zones and provide the basis to develop RC drilling targets.

The Company is engaging with the native title holders regarding a heritage clearance program for the aircore drilling to proceed. The Company expects drilling to be commencing in Q2, 2023.

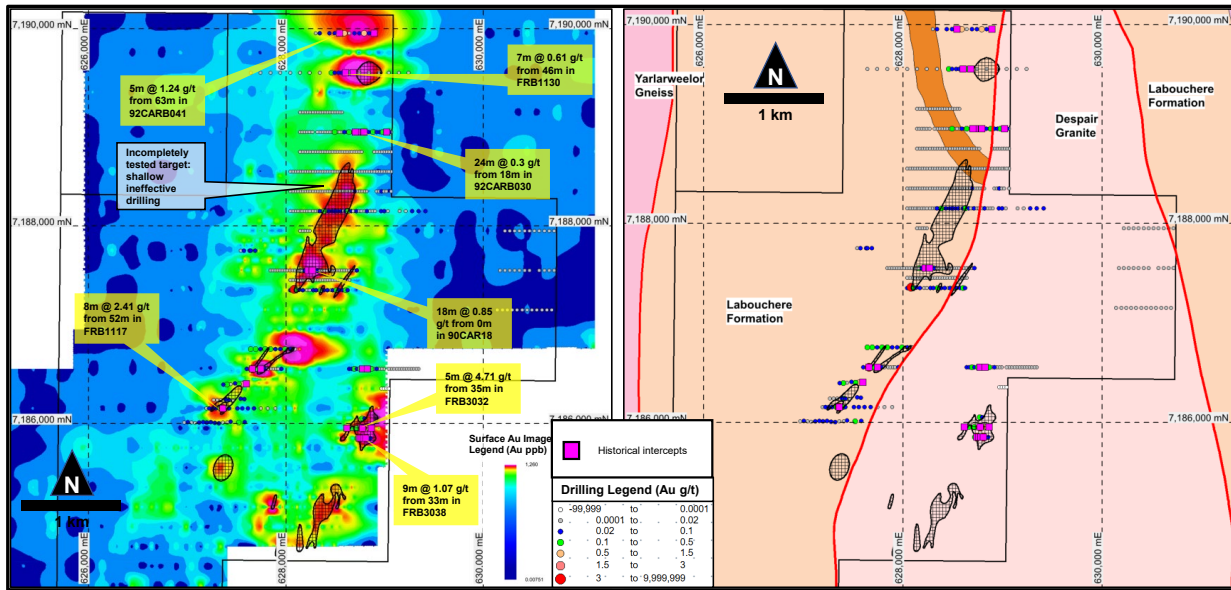


Figure 6: Comparison of significant drilling intersections on soil Au image against drill holes and soil Au targets on interpreted geology.

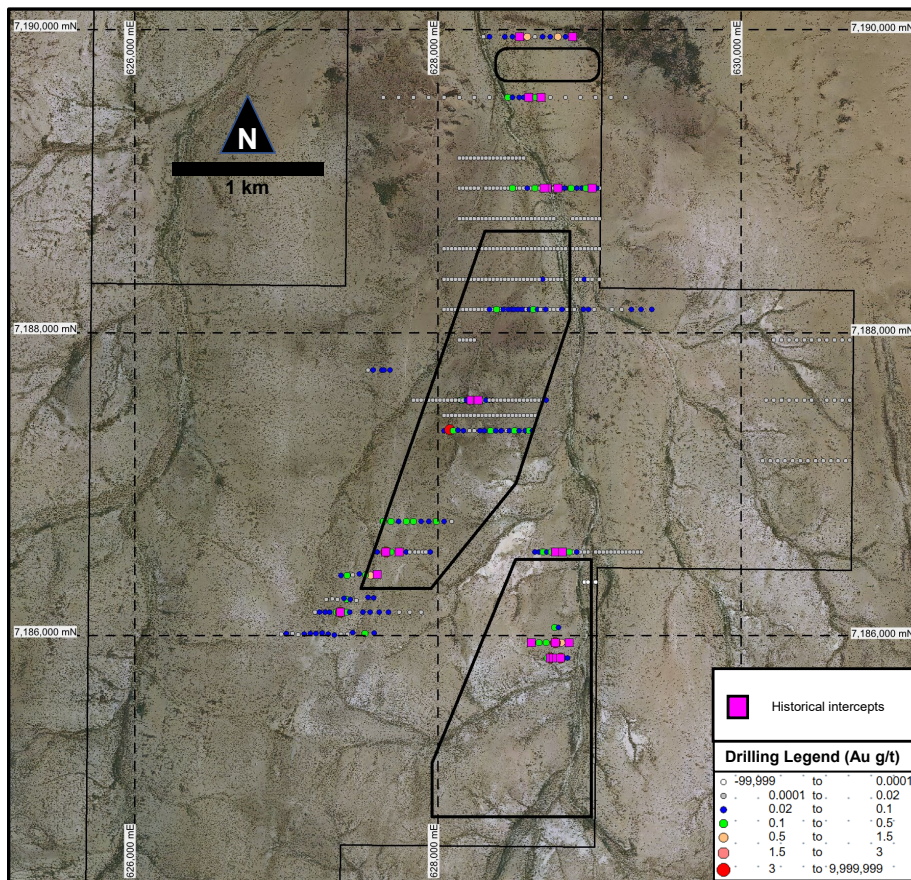


Figure 7: Drilling by Au (g/t) showing areas of aircore drilling on aerial photograph.

New Project Opportunities

The Company is also reviewing a number of new project opportunities, both in Australia and overseas, to complement existing projects and to drive value to shareholders.

Competent Person Statement

The information in this announcement that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Mr Derek Shaw who is an employee of 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.*

DIRECTORS' REPORT continued

Climate Risk

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

Key potential vulnerabilities

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

EVENTS SUBSEQUENT TO REPORTING DATE

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

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 31 December 2022 has been received and is included within the financial statements.

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



Nicholas Ong
Non-Executive Director
15 March 2023

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

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

As lead audit director for the review of the financial statements of Nelson Resources Limited and its controlled entities for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD
Chartered Accountants

Elizabeth Louwrens

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 15th day of March 2023



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	Consolidated Entity 31 December 2022 \$	Consolidated Entity 31 December 2021 \$
Revenue and other income	3	41,880	347,668
Administration and other expenses		(136,929)	(185,390)
Accounting and audit fees		(62,715)	(72,339)
Depreciation	7	(235,915)	(182,030)
Depreciation: right of use assets	8	(26,556)	(27,323)
Directors' fees		(173,747)	(169,935)
Drilling expenses		(3,519)	(838,084)
Employee expenses		(35,636)	(126,341)
Finance costs: lease liability		(4,877)	(5,559)
Finance costs: other		-	(2)
Legal fees		(39,743)	(3,405)
Marketing expenses		-	(3,000)
Occupancy expenses		(16,430)	(12,677)
Reversal of shared based payments	13	14,400	15,000
Travel and accommodation expenses		(27,931)	(115,824)
Tenement expenses		(672)	-
Loss before tax		(708,386)	(1,379,241)
Income tax expense		-	-
Net loss for the period from operations		(708,386)	(1,379,241)
Other comprehensive income		-	-
Total comprehensive loss for the period		(708,386)	(1,379,241)
Basic and diluted loss per share (cents)		(0.19)c	(0.76)c

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Consolidated Entity 31 December 2022 \$	Consolidated Entity 30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,088,913	1,056,653
Trade and other receivables	6	39,871	24,790
Prepaid expenses		6,853	305,143
Total Current Assets		1,135,637	1,386,586
Non-Current Assets			
Plant and equipment	7	716,543	738,688
Right of use asset	8	183,593	210,149
Exploration and evaluation assets	9	6,163,609	5,435,616
Total Non-Current Assets		7,063,745	6,384,453
Total Assets		8,199,382	7,771,039
LIABILITIES			
Current Liabilities			
Trade and other payables	10	76,983	213,532
Lease liability	11	52,840	58,710
Provisions		12,564	6,981
Total Current Liabilities		142,387	279,223
Non-Current Liabilities			
Lease liability	11	172,365	190,974
Total Non-Current Liabilities		172,365	190,974
Total Liabilities		314,752	470,197
Net Assets		7,884,630	7,300,842
EQUITY			
Contributed equity	12	46,351,061	45,044,487
Reserves	13	577,844	610,244
Accumulated losses		(39,044,275)	(38,353,889)
Total Equity		7,844,630	7,300,842

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Consolidated Entity	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	45,044,487	610,244	(38,353,889)	7,300,842
Equity issues	1,471,486	-	-	1,471,486
Equity issue expenses	(164,912)	-	-	(164,912)
Share based payments (expired securities)	-	(32,400)	18,000	(14,400)
Loss for the period	-	-	(708,386)	(708,386)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(690,386)	(690,386)
Balance at 31 December 2022	46,351,061	577,844	(39,044,275)	7,884,630
Consolidated Entity	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	40,853,510	815,607	(36,296,142)	5,372,975
Equity issues	2,292,434	-	-	2,292,434
Equity issue expenses	(322,986)	-	-	(322,986)
Share based payments	-	79,621	-	79,621
Share based payments (expired securities)	-	(297,484)	282,483	(15,000)
Loss for the period	-	-	(1,379,241)	(1,379,241)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,379,241)	(1,379,241)
Balance at 31 December 2021	42,822,958	597,744	(37,392,900)	6,027,802

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	Consolidated Entity 31 December 2022 \$	Consolidated Entity 31 December 2021 \$
Cash flows from operating activities			
Receipts from customers		15,000	347,488
Payments to suppliers and employees		(589,283)	(1,423,325)
Interest paid: lease liability		(4,877)	(5,599)
Interest paid: other		-	(2)
Interest received		2,135	257
Net cash (used in) operating activities		<u>(577,025)</u>	<u>(1,081,181)</u>
Cash flows from investing activities			
Payments for exploration and evaluation assets		(727,993)	(855,119)
Proceeds from insurance payout		-	30,718
Proceeds from disposal of plant and equipment		56,683	-
Payment for plant and equipment		(1,500)	(141,922)
Net cash generated from/(used in) investing activities		<u>(672,810)</u>	<u>(966,323)</u>
Cash flows from financing activities			
Proceeds from equity issues		1,471,486	2,292,434
Payment for costs of equity issues		(164,912)	(233,387)
Proceeds from borrowings		-	74,000
Repayment of borrowings: other		-	(74,000)
Repayment of borrowings: lease liability		(24,479)	(13,686)
Net cash generated by financing activities		<u>1,282,095</u>	<u>2,045,361</u>
Net increase / (decrease) in cash held		32,260	(2,143)
Cash and cash equivalents at beginning of the period		<u>1,056,653</u>	<u>126,865</u>
Cash and cash equivalents at period end	5	<u>1,088,913</u>	<u>124,722</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

1. Corporate information

This half year report covers Nelson Resources Limited (the “Consolidated Entity”), a company incorporated in Australia for the 6 month period ended 31 December 2022. The presentation currency of the Consolidated Entity is Australian Dollars (“\$”). A description of the Consolidated Entity’s operations is included in the review and results of operations in the Directors’ Report. The Directors’ Report is not part of the financial statements. The Consolidated Entity is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code “NES”. The financial statements were authorised for issue on 15 March 2023 by the Directors of the Consolidated Entity. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. Accounting policies

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

a. Statement of compliance

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

b. Going concern

The half year report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of \$708,386 for the period ended 31 December 2022 (2021: \$1,379,241) and net cash outflows from operating activities of \$577,025 (2021: \$1,081,181). The net working capital position of the Consolidated Entity at 31 December 2022 was \$993,250 (30 June 2022: \$1,107,363 net working deficit). The Consolidated Entity has exploration commitments due within the next 12 months. The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is principally dependent upon the Company successfully raising additional share capital (the latest capital raising being finalised in November 2022), full or partial divestment of assets, or containing expenditure in line with available funding. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern. The Directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

2. Accounting policies (continued)

b. Going concern (continued)

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

c. Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australia dollars, unless otherwise noted. The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the financial year ended 30 June 2022, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australia Accounting Standards and with International Financial Reporting Standards.

d. Adoption of new and revised accounting standards

At the date of authorisation of the financial statements, the Standards applicable to the company's business listed below were in issue but not yet effective. The potential effect of the revised Standards on the company's financial statements has not yet been determined.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, effective for annual reporting periods beginning on or after 1 January 2023;
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, effective for annual reporting periods beginning on or after 1 January 2023;
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual reporting periods beginning on or after 1 January 2023;
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information, effective for annual reporting periods beginning on or after 1 January 2023.

e. Comparatives

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

3. Segment reporting

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

	Consolidated Entity 31 December 2022 \$	Consolidated Entity 31 December 2021 \$
4. Revenue and other income		
Drilling and survey income	-	301,250
Interest income	2,135	180
Other income	30,000	46,238
Gain on disposal of fixed assets	9,745	-
	41,880	347,668
5. Cash and cash equivalents		
Cash at hand and in bank	1,088,913	1,056,653
	1,088,913	1,056,653
6. Trade and other receivables		
Accrued interest revenue	121	36
GST receivable	24,639	24,630
Mongolian projects receivable ¹	555,304	555,304
Impairment of Mongolian projects receivable ¹	(555,304)	(555,304)
Other receivables	15,111	124
	39,871	24,790

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

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2022

7. Plant and equipment

	Computer Equipment \$	Office Equipment \$	Motor Vehicles \$	Exploration Equipment \$	Total \$
31 December 2022					
Written down value at beginning of period	3,905	72,136	133,397	529,250	738,688
Additions	-	-	263,749	1,500	265,249
Disposal	-	-	(29,206)	(17,665)	(46,871)
Write-offs	-	(1,895)	-	(2,713)	(4,608)
Depreciation	(788)	(14,314)	(126,837)	(93,976)	(235,915)
Written down value at end of period	3,117	55,927	241,103	416,396	716,543
30 June 2022					
Written down value at beginning of period	6,509	112,421	238,050	754,092	1,111,072
Additions	-	21,261	15,000	84,704	120,965
Depreciation	(2,604)	(46,225)	(53,233)	(267,903)	(369,965)
Reclassification	-	1,058	(13,119)	12,061	-
Impairment	-	-	(28,928)	(53,704)	(82,632)
Write-offs	-	(16,379)	(24,373)	-	(40,752)
Written down value at end of period	3,905	72,136	133,397	529,250	738,688

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Consolidated Entity 31 December 2022 \$	Consolidated Entity 30 June 2022 \$
8. Right of use assets		
Balance at beginning of period ²	210,149	264,027
Depreciation	(26,556)	(53,878)
Balance at end of period	183,593	210,149
9. Exploration and evaluation assets		
Balance at beginning of period	5,435,616	4,329,651
Exploration and evaluation expenditure incurred during the period	727,993	1,105,965
Balance at end of period	6,163,609	5,435,616
10. Trade and other payables		
Accrued expenses	32,417	99,365
Trade creditors	44,566	114,167
	76,983	213,532
11. Lease liability		
<u>Current</u>		
Balance at beginning of period	58,710	28,500
Repayments	(24,479)	(37,830)
Reclassification	18,609	68,040
Balance at end of period	52,840	58,710
<u>Non-Current</u>		
Balance at beginning of period	190,974	259,014
Reclassification	(18,609)	(68,040)
Balance at end of period	172,365	190,974

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

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Consolidated Entity 31 December 2022		Consolidated Entity 30 June 2022	
	No.	\$	No.	\$
12. Contributed equity				
Balance at beginning of period	294,297,164	45,044,487	145,473,192	40,853,510
Share issue: 17 August 2021			48,819,003	2,294,433
Share issue: 22 February 2022			99,999,969	2,501,577
Share issue: 29 March 2022			5,000	400
Share issue: 18 November 2022	294,297,164	1,471,486	-	-
Share issue costs	-	(164,912)	-	(605,433)
Balance at end of period	588,594,328	46,351,061	294,297,164	45,044,487

	Consolidated Entity 31 December 2022		Consolidated Entity 30 June 2022	
	No.	No.	No.	No.
<u>Listed options</u>				
Balance at beginning of period		112,498,753		33,299,895
Options granted (free-attaching) ³		-		74,409,361
Grant of options ^{6 4}		-		4,794,497
Options expired		(33,299,895)		-
Options exercised		-		(5,000)
Balance at end of period		79,198,858		112,498,753

³ On 17 August 2021 24,409,408 listed options exercisable at \$0.08 each, expiring 17 August 2023 were granted as free attaching to the entitlements issue and placement as described above. On 7 July 2020 30,990,156 listed options exercisable at \$0.08 each, expiring 7 July 2022 were granted as free attaching to the entitlements issue and placement.

⁴ On 18 November 2021 the Company granted 2,294,497 listed options exercisable at \$0.08 each, expiring 17 August 2023 to its broker as approved by shareholders at the 18 November 2021 shareholder meeting. The fair value of \$0.015 was calculated using the listed option price at grant date.

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Consolidated Entity 31 December 2022 No.	Consolidated Entity 30 June 2022 No.
12. Contributed equity (continued)		
<u>Unlisted options</u>		
Balance at beginning of period	10,152,539	15,189,458
Options granted ^{7 5}	-	2,152,539
Options expired	-	(7,189,458)
Balance at end of period	<u>10,152,539</u>	<u>10,152,539</u>
<u>Performance rights</u>		
Balance at beginning of period	2,000,000	3,000,000
Performance rights expired	(2,000,000)	(1,000,000)
Balance at end of period	<u>-</u>	<u>2,000,000</u>
	Consolidated Entity 31 December 2022 \$	Consolidated Entity 30 June 2022 \$
13. Reserves		
<u>Options reserve</u>		
Balance at beginning of period	577,844	749,457
Options granted - broker ^{6 5 6}	-	92,119
Reversal of expired options	-	(263,732)
Balance at end of period	<u>577,844</u>	<u>577,844</u>
<u>Share based payments reserve</u>		
Balance at beginning of period	32,400	66,150
Performance rights expired ⁷	(32,400)	(33,750)
Balance at end of period	<u>-</u>	<u>32,400</u>
Total Reserves	<u>577,844</u>	<u>610,244</u>

⁵ On 18 November 2021 the Company granted 2,152,539 unlisted options exercisable at \$0.1125 each, expiring 18 November 2024 to its broker as approved by shareholders at the 18 November 2021 shareholder meeting. The fair value of \$0.021 was calculated using the share price at grant date of \$0.04, a risk free interest rate of 0.99% and a volatility of 116%.

⁶ On 15 September 2020 the Company granted 2,355,254 listed options exercisable at \$0.08 each, expiring 7 July 2022 to its broker as approved by shareholders at the 15 September 2020 shareholder meeting. The fair value of \$0.033 was calculated using the listed option price at grant date.

⁷ On 16 August 2022 2,000,000 unlisted performance rights valued at \$32,400 expired. As 1,000,000 of these performance rights had non-market conditions attached, it resulted in an adjustment of \$14,400 through profit or loss. The remaining 1,000,000 expired performance rights had market conditions attached and resulted in an adjustment through retained earnings. On 21 November 2021 1,000,000 unlisted performance rights expired as a result of market conditions not vesting resulting in an adjustment of \$33,750 through the share based payments reserve. On 21 November 2021 500,000 unlisted performance rights expired as a result of non-market conditions not vesting resulting in an adjustment of \$15,000 through profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2022**

14. Commitments and contingencies

The Company had no capital expenditure contracted at the reporting date (30 June 2022: nil). The Company has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the Company to avoid forfeiture of any tenement. The Company has a 100% share of tenements rental and expenditure commitments. These exploration commitments are not provided for in the financial statements and are payable:

	Consolidated Entity 31 December 2022	Consolidated Entity 30 June 2022
	\$	\$
Not longer than 1 year	658,000	535,392
More than 1 year but not longer than 5 years	1,687,576	921,734
More than 5 years	-	-
	2,345,576	1,457,126

a. Contingent assets

There are no contingent assets as at 31 December 2022.

b. Contingent liabilities

There were no contingent liabilities at 31 December 2022 other than a bank guarantee for the office rent of \$21,457. The Directors are not aware of any significant breaches of environmental legislation and requirements during the period.

15. Interests in controlled entities

Company Name	Place of Incorporation	31 December 2022 % Ownership	30 June 2022 % Ownership
79 Exploration Pty Ltd	Australia	100%	100%
Nelson Exploration Services Pty Ltd	Australia	100%	100%

16. Events after the end of the reporting period

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

17. Related party transactions

There were no transactions with related parties during the period ended 31 December 2022, other than Director remuneration and the following:

Effective 26 February 2021 the Company entered into a sub-lease agreement with Kingfisher Mining Limited (a company of which both Warren Hallam and Adam Schofield are directors) for the occupancy of its premises. The transaction was at arm's length terms, expiring 31 December 2024. During the period, the Company received \$12,000 rental income from Kingfisher Mining Limited under this sub-lease agreement.

Effective 1 February 2021 the Company has charged rent to Heavy Minerals Limited (a company of which Adam Schofield is a director) for the occupancy of its premises. During the period, the Company incurred \$18,000 rental income from Heavy Minerals Limited. The unpaid rental balance was \$15,000 as at 31 December 2022.

Effective 1 March 2021 the Company entered into a drilling agreement with Kingfisher Mining Limited (a company of which both Warren Hallam and Adam Schofield are directors) for the provision of drilling services. The transaction was at arm's length terms and has since concluded. No such services were provided during the period.

During the period the Company paid \$49,460 in company secretarial and accounting fees to Mining Corporate Pty Ltd, a company of which Stephen Brockhurst is a director.

During the period the Company incurred \$1,774 in company secretarial and accounting fees to Minerva Corporate Pty Ltd, a company of which Dan Smith and Nicholas Ong are directors. The fee was included in other payables as at the end of December 2022.

DIRECTORS' DECLARATION

The Directors of the Consolidated Entity declare that:

The financial statements and notes:

- a. are in accordance with the *Corporations Act 2001* and comply with Australian Accounting Standards AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of the performance for the period ended 31 December 2022.

In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Nicholas Ong
Non-Executive Director

15 March 2023

Criterion Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of Nelson Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Nelson Resources Limited ("the Company") and Controlled Entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

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Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the half year report, which indicates that the Consolidated Entity incurred a net loss of \$708,386 with net cash outflows from operating activities of \$1,305,018 for the period and had working capital surplus of \$993,250 at 31 December 2022. As stated in Note 2 (b), these events or conditions, along with other matters as set forth in Note 2 (b), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity 's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

Elizabeth Louwrens

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 15th day of March 2023