



A.B.N 83 127 620 482
Level 11 London House,
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Phone: (08) 9481 0389 | Fax: (08) 9463 6103

22 November 2019

Ryan Gava
Listings Compliance (Perth)
ASX Limited
[By e-mail: ListingsCompliancePerth@asx.com.au]

Dear Mr Gava

Nelson Resources Limited (“NES” or “the Company”): Appendix 5B Query

We refer to your letter dated 21 November 2019. The Company’s response to the questions in your letter is provided below, in the same order as in your letter.

- 1. Does NES expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

The Company’s principal activity remains exploration for mineral resources. As such, the Company expects that it will continue to have negative operating cash flows for the time being.

- 2. Has NES 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?**

The Company is currently in discussions and evaluating a number of capital raising initiatives to meet its commitments. From these initial discussions the Company is confident that it has the ability to raise additional funds.

The Company is also investigating avenues to reduce on-going costs.

At this time, the Board of Directors has not yet determined the structure of any capital raising.

- 3. Does NES expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Yes. The Company has been actively increasing its landholding position in areas that have known gold potential and have had significant expenditure by previous explorers. It has managed to successfully recombine the bulk of the Woodline Project which was previously a SIPA Newmont Project. The Company is actively seeking JV partners for this project. The Company has discussed this strategy with its major shareholders and several Brokers who are supportive of the initiative.



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- 4. Please confirm that NES is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.**

NES is in compliance with Listing Rule 3.1 and that all information about its financial condition has been released to the market.

- 5. Please confirm that NES's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NES with delegated authority from the board to respond to ASX on disclosure matters.**

NES's responses to the questions above have been authorised and approved by the Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Brockhurst', is written over a horizontal line.

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



21 November 2019

Mr Stephen Brockhurst
Company Secretary
Nelson Resources Limited

By email

Dear Mr Brockhurst

Nelson Resources Limited ('NES'): Appendix 5B Query

ASX refers to NES's Appendix 5B quarterly report for the period ended 30 September 2019 lodged with ASX Market Announcements Platform on 31 October 2019 (the 'Appendix 5B').

ASX notes that NES has reported:

- negative net operating cash flows for the quarter of \$352,000;
- cash at the end of the quarter of \$292,000; and
- estimated cash outflows for the next quarter of \$859,000.

It is possible to conclude, based on the information in the Appendix 5B that if NES were to continue to expend cash at the rate indicated by the Appendix 5B, NES may not have sufficient cash to continue funding its operations.

In view of that, ASX asks NES to respond separately to each of the following questions and requests for information:

1. Does NES expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has NES 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?
3. Does NES expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that NES is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that NES's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NES with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3.00 PM AWST Monday, 25 November 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in NES's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NES's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to NES's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that NES's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in NES's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Ryan Gava
Listings Compliance (Perth)