



Nelson
Resources
L I M I T E D

And Its Controlled Entity

ABN 83 127 620 482

Half-Year Financial Report
for the half-year ended 31 December 2017

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CORPORATE DIRECTORY

Directors

Peter Cook	Chairman/Non-Executive Director
Adam Schofield	Executive Director
Brett Clark	Non-Executive Director

Company secretary

Stephen Brockhurst

Registered Office and Principal Place of Business

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Share Registrars

Security Transfer Australia Pty Ltd
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Auditors

Regency Audit Pty Ltd
Suite 1 GF
437 Roberts Road
Subiaco WA 6008

Legal Advisors

Price Sierakowski
Level 24, St Martin's Tower
44 St Georges Terrace Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange
ASX Code: **NES**

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DIRECTORS' REPORT

The Directors present their report together with the half-year financial report of Nelson Resources Limited ("the Company") and its wholly owned subsidiary 79 Exploration Pty Ltd (together referred to hereafter as "the Group") for the period ended 31 December 2017.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Peter Cook	Chairman/Non-Executive Director
Mr Adam Schofield	Executive Director
Mr Brett Clark	Non-Executive Director

Company Secretary

Stephen Brockhurst held office as Company Secretary since 22 June 2017 to the date of this report.

Principal Activities

The principal activities of the Company during the half-year were to re-focus its efforts on mineral projects in Australia, assess new opportunities and ventures in Australia and focus on the exploration and development of its current and newly acquired projects.

Operating Results

For the half-year ended 31 December 2017, loss of the Company, after providing for income tax, amounted to \$860,106 (2016: loss of \$372,982).

REVIEW OF OPERATIONS

Corporate

On 28 August 2017, the Company entered into a purchase tenement agreement with 79 Exploration Pty Ltd to acquire four new gold projects based in Western Australia via lodgement of an Initial Public Offer prospectus with the Australian Securities Exchange. Purchase consideration for the acquisition is 5,500,000 fully paid ordinary shares at \$0.20 per share, payable upon the Company's successful listing on the Australian Securities Exchange.

On 4 December 2017 the Company issued 5,500,000 fully paid ordinary shares at \$0.20 per share to the vendors for the acquisition of 79 Exploration Pty Ltd.

On 6 December 2017, the Company listed successfully on the ASX and raised \$5 million before costs via the issue of 25,000,000 fully paid ordinary shares at \$0.20 per share.

At the end of the period the Group had \$4,267,286 in cash and the Company had the following securities on issue:

- 45,592,846 fully paid ordinary shares;
- 12,500,000 listed free attaching options exercisable at \$0.20 on or before 30 September 2019; and
- 3,000,000 unlisted options exercisable at \$0.20 on or before 30 September 2019.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

Acquisition

During the half year, the Company completed the acquisition of 79 Exploration Pty Ltd, which holds tenure for projects as shown in Figure 1 below. In addition to the acquisition of 79 Exploration, the Company owns Woolshed Well Projects located east of Leonora in the Eastern Goldfields region of Western Australia.

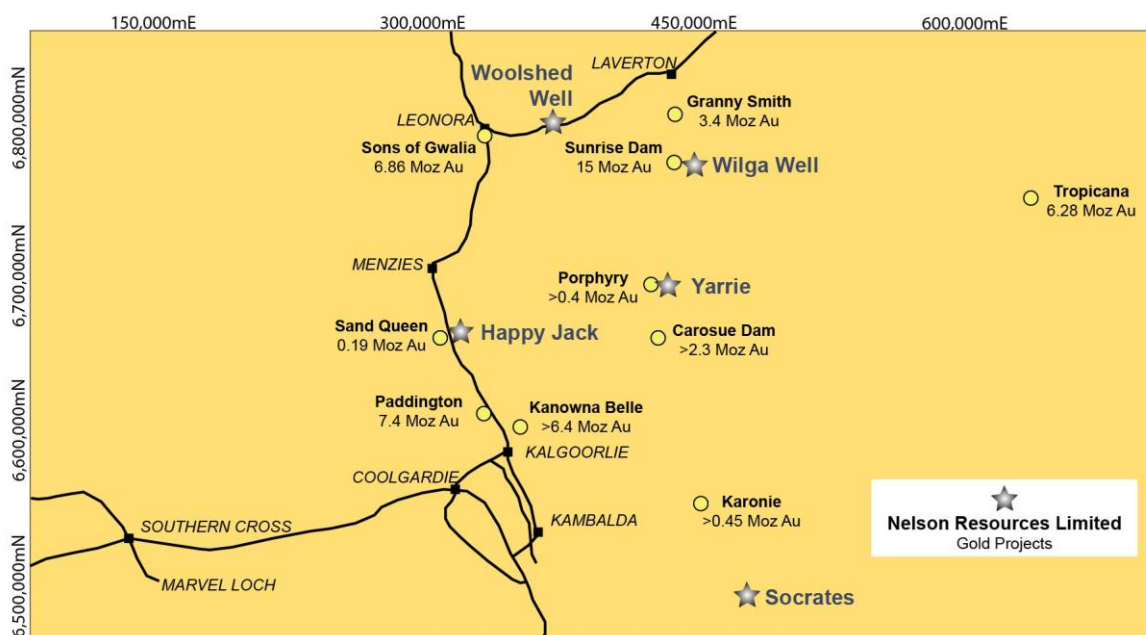


Figure 1. Map of 79 Exploration Projects and Woolshed Project

Yarrie Project

Yarrie Project lies 30kms north of Saracen Mineral's Carosue Dam Operations and 9kms west of their Red October haul road. Yarrie includes the Wallaby, Gibberts and Great Banjo prospects. During the half year period, the Company completed a maiden 1,183m drill program at Wallaby with assays completed. Work has yet to determine a resource estimate, however drilling has delivered significant gold results including 10g/t for 5 meters. A large alteration zone has also been identified that warrants additional work for the Company. No work has been done on Great Banjo and Gibberts prospects during the half year period.

Socrates Project

The Socrates Gold Project lies 155kms southeast of Kalgoorlie and 110kms northeast of Norseman. The project lies over the reworked Archaean margin adjacent to the Albany-Fraser Province. During the half year period, the Company has identified drill targets for an upcoming drill program and pegged holes. Program of Works ("POW") has been approved, with the Company commencing a 23 hole, 1,210m drill program post half year end.

Happy Jack Project

Happy Jack lies 30kms south of Menzies, on the Goldfields Highway and 60kms north of Norton Goldfield's Paddington Gold operations. Eastern Goldfields Limited's Davyhurst Operations lies 50km WSW. A Conservation Management Plan is awaiting approval by the Department of Planning and the Department of Mines and Petroleum prior to Company's application for a POW.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

Wilga Well Project

Wilga Well lies 9 km's east of AngloGold Ashanti's Sunrise Dam project. No work has been done on this Project during the half year period.

Woolshed Well Project

Woolshed Well Project is Company's existing project which comprises of four prospecting licences which lies 20 kms east of Leonora. The tenure covers prospective greenstone stratigraphy transected by a number of regional faults which are well regarded as fluid-pathways for gold mineralisation. In addition folded komatiite sequences and intruded granite plutons provide additional emphasis for exploration prospectivity. No work has been done on this Project during the half year period.

COMPETENT PERSON

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Mark Hill who is a member of The Australasian Institute of Geoscientists. Mr Hill is a Principal Consultant with Red Terra Contracting. Mr Hill has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Hill consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the half-year financial report.

Significant events after the Reporting Period

No matters or circumstances have arisen, since the end of the financial period, which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Regency Audit Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the period ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.



Mr A Schofield
Director

Perth, Western Australia,
15 March 2018

Regency Audit Pty Ltd

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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 entity for the half year ended 31 December 2017, 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



CHRIS WATTS CA
Director

REGENCY AUDIT PTY LTD

DATED at PERTH this 15th day of March 2018

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Notes	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Revenue			
Sales		-	-
Interest income		829	55
		829	55
Expenses			
Administration expenses		(99,979)	(34,009)
Accounting and audit fee		(29,207)	(80,340)
Consulting fees		(17,905)	(698)
Directors' fees		(130,638)	(48,444)
Dispute settlement	3	(100,000)	-
Impairment of receivables	3	(407,084)	-
Legal expenses		(53,394)	(40,288)
Marketing expenses		(3,806)	(97,526)
Occupancy expenses		-	(25,743)
Travel and accommodation expenses		(2,883)	(21,231)
Tenement expenses		(14,583)	(24,758)
Other expenses		(1,211)	-
Finance costs		(245)	-
		(860,106)	(372,982)
Loss before income tax benefit			
Income tax benefit		-	-
		(860,106)	(372,982)
Net loss for the period attributable to owners of the Company			
Other comprehensive loss for the period, net of income tax		-	-
		(860,106)	(372,982)
		(860,106)	(372,982)
		Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share		(0.04)	(0.14)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		4,267,286	212,725
Trade and other receivables	3	68,792	440,777
Total current assets		4,336,078	653,502
Non-current assets			
Exploration and Evaluation	4	1,203,967	-
Total non-current assets		1,203,967	-
Total assets		5,540,045	653,502
Liabilities			
Current liabilities			
Trade and other payables		228,429	220,202
Total current liabilities		228,429	220,202
Total liabilities		228,429	220,202
Net assets		5,311,616	433,300
Equity			
Issued capital	5	36,172,915	30,683,493
Accumulated losses		(31,110,299)	(30,250,193)
Reserves	6	249,000	-
Total equity		5,311,616	433,300

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Issued capital	Accumulated losses	Reserves	Total equity
	\$	\$	\$	\$
Balance at 1 July 2016	28,575,190	(29,574,554)	-	(999,364)
Issuance of shares	851,500	-	-	851,500
Share issue costs	(16,800)	-	-	(16,800)
Value of conversion of loan into equity	948,603	-	-	948,603
Loss for the period	-	(372,982)	-	(372,982)
Total comprehensive loss for the period	-	(372,982)	-	(372,982)
Balance at 31 December 2016	30,358,493	(29,947,536)	-	410,957
Balance at 1 July 2017	30,683,493	(30,250,193)	-	433,300
Issuance of shares	6,100,000	-	-	6,100,000
Share issue costs	(610,578)	-	-	(610,578)
Share based payments	-	-	249,000	249,000
Loss for the period	-	(860,106)	-	(860,106)
Total comprehensive loss for the period	-	(860,106)	-	(860,106)
Balance at 31 December 2017	36,172,915	(31,110,299)	249,000	5,311,616

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Notes	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	-	-
Payments to suppliers and employees	(549,978)	(686,468)
Payments for exploration expenses	(46,698)	-
Interest paid	(245)	-
Interest received	829	55
Net cash used in operating activities	<u>(596,092)</u>	<u>(686,413)</u>
Cash flows from investing activities		
Proceeds from disposal of tenements	12,231	-
Net cash provided by investing activities	<u>12,231</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from borrowings	-	-
Proceeds from issues of shares, net share issue costs	4,638,422	834,700
Net cash provided by financing activities	<u>4,638,422</u>	<u>834,700</u>
Net increase in cash held	4,054,561	148,287
Cash and cash equivalents at the beginning of the period	<u>212,725</u>	<u>16,370</u>
Cash and cash equivalents at the end of the period	<u>4,267,286</u>	<u>164,657</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(a) Going concern basis

The half year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2017, the Group incurred a net loss of \$860,106 (2016: \$372,982) and net cash outflows from operating activities of \$496,092 (2016: \$686,413). The financial report has been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

During the period, the Company raised \$5 million before costs upon admission to the ASX. In addition, the directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 months period from the date of signing this half year 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.

Should the Company 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 Company be unable to continue as a going concern and meet its debts as and when they fall due.

(b) 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 Group's 2017 annual financial report for the financial year ended 30 June 2017, 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.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group accounting policies.

(c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Nelson Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

(c) Principles of consolidation (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(d) Comparative figures

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial report was authorised for issue on 15th March 2018 by the board of directors.

NOTE 2 OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Exploration expenditure is managed primarily on the basis of one geographical segment being Australia, and one business segment being mineral exploration in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3 TRADE AND OTHER RECEIVABLES

	31 December 2017	30 June 2017
	\$	\$
Receivables from a former company secretary and an alleged contractor ¹	368,306	368,306
Recovery of GST from a former company secretary and an alleged contractor ¹	38,778	38,778
Settlement of receivables ¹	(407,084)	-
Other receivables- Mongolian projects ²	611,794	624,025
Impairment of other receivable - Mongolian projects ²	(611,794)	(624,025)
Other receivables	68,792	33,693
	68,792	440,777

¹ Receivables from a former company secretary and an alleged contractor of the Company represent the former company secretary and alleged contractor's claims for provision of consultancy services and associated expenses incurred by them in relation to maintenance of corporate secretarial records and accounting books and carrying out activities for the planned listing of the Company on the Australian Securities Exchange. During 2017 financial year, the Company was pursuing the recovery of funds from the former company secretary and alleged contractor to recover \$407,084 relating to unauthorised and improper reimbursement of expenses and manipulation of the Company's funds and financial accounts. During the current period, this matter has been settled in full via the payment of \$100,000 to the former company secretary and an alleged contractor.

² This relates to an amount receivable of from an independent third party buyer in relation to the sale of the Company's interest in assets and projects in Mongolia. Although an initial sum of \$12,231 was received, 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. During the period, no further funds were received from an independent third party buyer.

NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017	30 June 2017
	\$	\$
Costs carried out in respect of Exploration and Evaluation		
Exploration at Cost		
Balance at the beginning of the period	-	-
Costs capitalised during the period	103,967	-
Acquisition of 79 Exploration tenements (Note 12)	1,100,000	-
Balance at end of period	1,203,967	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5 ISSUED CAPITAL

	31 December 2017	30 June 2017
	\$	\$
45,592,846 fully paid ordinary shares (30 June 2017:15,092,846)	37,983,575	31,883,576
Less: share issue costs	(1,810,660)	(1,200,083)
Total issued capital	36,172,915	30,683,493

Movements in fully paid ordinary shares:

	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Shares	Shares	\$	\$
Balance at the beginning of the period (pre-consolidation)	-	142,319,857	-	28,575,190
Cancellation of ordinary shares	-	(4,332,500)	-	-
Issuance of pre-consolidation share	-	5,215,000,000	-	521,500
Conversion of debt into equity	-	9,486,029,900	-	948,603
Total pre-consolidation ordinary shares	-	14,839,017,257	-	30,045,293
Balance at the beginning of the period (post consolidation)	15,092,846	-	30,683,493	-
Effect of consolidation of shares	-	9,892,841	-	-
Issuance of post-consolidation shares	-	5,200,005	-	655,000
Issuance of shares during the year for	25,000,000	-	5,000,000	-
Issuance shares to Vendors for the acquisition of 79 Exploration Pty Ltd	5,500,000	-	1,100,000	-
Share issuance costs	-	-	(610,578)	(16,800)
Balance at the end of the period	45,592,846	15,092,846	36,172,915	30,683,493

Share options

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 12,500,000 listed options expiring 30 September 2019 at an exercise price of \$0.20 each; and
- 3,000,000 unlisted options expiring 30 September 2019 at an exercise price of \$0.20 each.

No options have been exercised between the end of the period and the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6 RESERVES

	31 December 2017 \$	30 June 2017 \$
Share based payments reserve	249,000	-
	249,000	-

The share based payments reserve records items recognised as expenses on valuation of options on issue.

A summary of the movements of all company options issued are as follows:

	Number	Weighted Average Exercise price (\$)
Options outstanding as at 1 July 2017	-	-
Issued	15,500,000	\$0.20
Exercised	-	-
Forfeited	-	-
Expired	-	-
Options outstanding and exercisable as at 31 December 2017	15,500,000	0.20

On 6 December 2017, the Company issued 12,500,000 free attaching options at an exercise price of \$0.20 expiring on 30 September 2017 as part of the IPO offer.

On 6 December 2017, the Company issued 3,000,000 broking options at an exercise price of \$0.20 expiring on 30 September 2017.

NOTE 7 CAPITAL AND OTHER COMMITMENTS

Below table shows the expenditure commitments for the Company.

	31 December 2017 \$	30 June 2017 \$
These exploration commitments are not provided for in the financial statements and are payable		
Within one year	56,800	35,241
Later than one year but not later than five years	94,527	54,745
More than five years	-	-
	151,327	89,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 8 EVENTS AFTER REPORTING PERIOD

No matters or circumstances have arisen, since the end of the financial period, which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

NOTE 9 SHARE BASED PAYMENTS

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Unlisted Options issued on 5 December 2017 as part consideration for corporate advisory fees to brokers at \$0.20 on or before 30 September 2019	3,000,000	5/12/2017	0.083	249,000
			TOTAL	249,000

NOTE 10 CONTINGENT ASSETS AND LIABILITIES

Stamp Duty assessment as per the acquisition of 79 Exploration Pty Ltd is yet to be received from the Office of State Revenue assessing the stamp duty payable amount on the acquisition. Once the stamp duty is settled, the Company will be able to register the transfer of tenement holders of the tenements with the Department of Mines and Petroleum.

In the opinion of the directors, there were no other contingent assets or liabilities as at 31 December 2017.

NOTE 11 INTEREST IN CONTROLLED ENTITY

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Country of incorporation	% Equity interest	
		31 December 2017	30 June 2017
MRCMGL LLC	Mongolia	Nil	100%
<i>Subsidiaries of MRCMGL LLC:</i>			
Gunbileg Gold LLC	Mongolia	Nil	85%
Gunbileg Trade LLC	Mongolia	Nil	90%
White Elbow LLC	Mongolia	Nil	100%
79 Exploration Pty Ltd	Australia	100%	-

During the 2013 financial year, operations in Mongolia were discontinued due to deemed loss of control over assets and operations in Mongolia. Accordingly, the Company derecognised related assets, liabilities and non-controlling interests of Mongolian entities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017****NOTE 12 ASSET ACQUISITION**

On 28 August 2017, the Company entered into a purchase agreement to acquire 100% of the issued capital of 79 Exploration Pty Ltd ("79 Exploration"), which owns four gold projects based in Western Australia. The Company lodged a prospectus with ASX to enable active exploration and development of the associated projects. The Company was admitted to the official ASX listing on 6 December 2017.

	\$
The purchase consideration is 5,500,000 shares in Nelson Resources Limited at a fair value of \$0.20 per share	1,100,000

The acquisition was determined to be an asset acquisition as 79 Exploration did not constitute a business under AASB 3. The excess consideration over the net assets of 79 Exploration totalling \$1,100,000 is attributed to exploration expenditure and accordingly capitalised on consolidation level (refer to Note 4).

DIRECTORS' DECLARATION

1. In the opinion of the Directors:
- a. the financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors.



Mr A Schofield

Director

Perth, Western Australia

15 March 2018

Regency Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of Nelson Resources Limited

We have reviewed the accompanying half-year financial report of Nelson Resources Limited ("the Company") and its Controlled Entity ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 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. As the auditor of Nelson Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

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Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Regency Audit

REGENCY AUDIT PTY LTD



CHRIS WATTS CA
Director

DATED at PERTH this 15th day of March 2018

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