



Nelson
Resources
L I M I T E D

And Controlled Entities

ABN: 83 127 620 482

HALF YEAR REPORT

For the Period Ended 31 December 2018

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CORPORATE DIRECTORY

DIRECTORS

Warren Hallam	Non-Executive Chairman
Adam Schofield	Executive Director
Stephen Brockhurst	Non-Executive Director

SECRETARY

Stephen Brockhurst

REGISTERED AND BUSINESS OFFICE

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Australian Securities Exchange
ASX Code: **NES**

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BANKER

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Perth WA 6000

SHARE REGISTRY

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross WA 6153

DIRECTORS' REPORT

Your Directors submit the financial report of the Consolidated Entity for the 6 month period ended 31 December 2018.

DIRECTORS

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

Peter Cook	Non-Executive Chairman (resigned 1 February 2019)
Warren Hallam	Non-Executive Chairman (appointed 1 February 2019)
Adam Schofield	Executive Director
Brett Clark	Non-Executive Director (resigned 1 February 2019)
Stephen Brockhurst	Non-Executive Director (appointed 1 February 2019)

COMPANY SECRETARY

Stephen Brockhurst Company Secretary

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 loss after tax for the 6 month period ended 31 December 2018 was \$679,719 (2017 loss: \$860,106).

CORPORATE

The Company's cash balance as at 31 December 2018 was \$1,733,594.

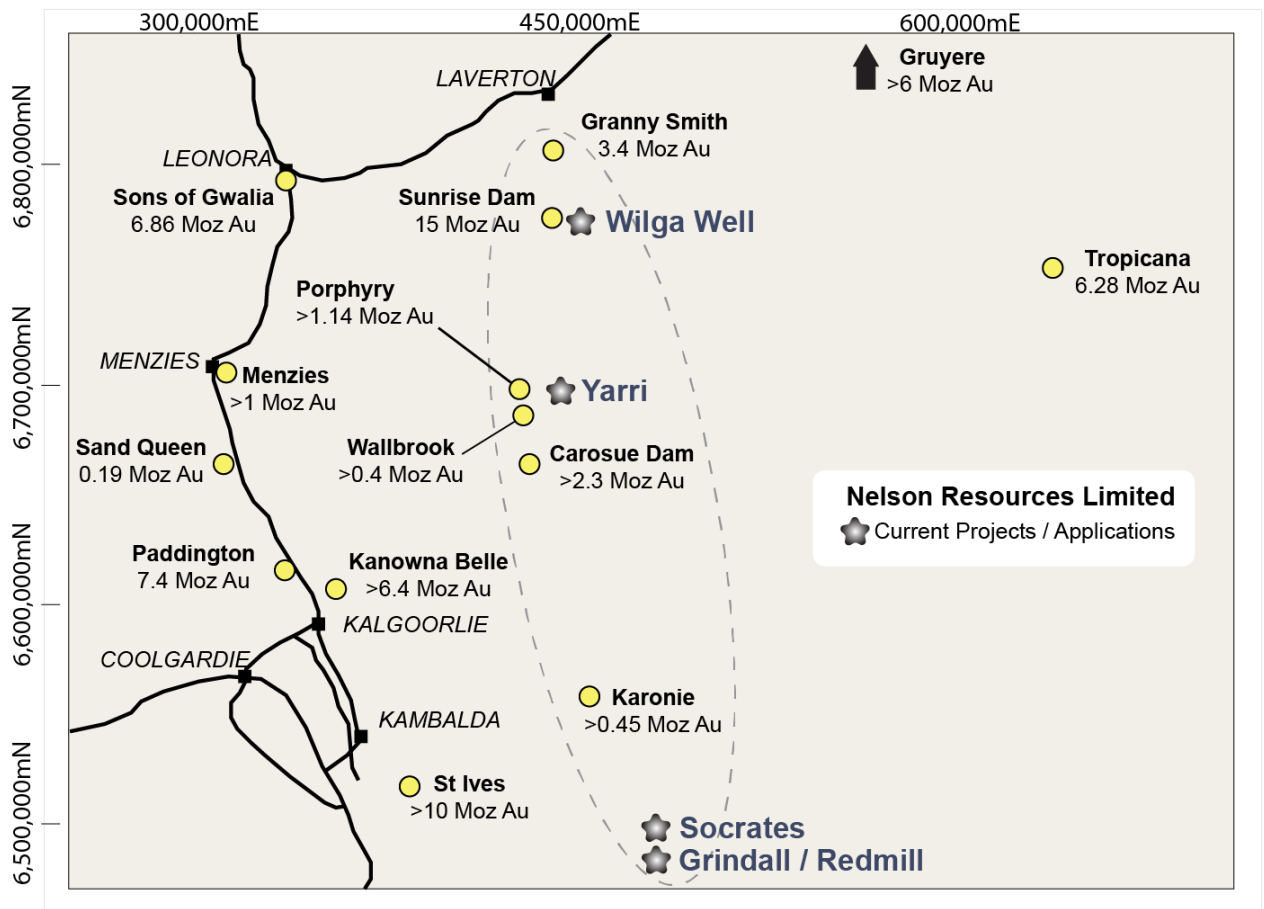
OPERATIONS

Highlights

- Completion of 3,248m, 18 hole reverse circulation (RC) drilling program at Socrates;
- Completion of 5,303m, 41 hole reverse circulation (RC) phase 1 drilling program at Yarri;
- Acquisition of the Grindall project and application for 2 additional exploration licences taking the Company's landholding in this highly prospective area from 13 km² to approximately 150 km² when granted;
- Divestment of the small Happy Jack Project with a retained 1% Net Smelter Royalty.

Acquisitions / Disposals

The Company has acquired the Grindall Project during the period and applied for 2 additional Prospecting Licences in the vicinity. It has also divested the small Happy Jack Project.



Socrates Project: Gold

The Socrates Gold Project lies 155km southeast of Kalgoorlie and 110km northeast of Norseman. The project lies over the reworked Archaean margin adjacent to the Albany-Fraser Province.

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DIRECTORS' REPORT continued

During the period Nelson completed 18 holes totalling 3,248 metres of Reverse Circulation (RC) drilling at its Socrates Project. The drilling indicated a major increase in the extents of the mineralised system at Socrates.

Multiple significant drilling intercepts from this second RC drilling campaign completed at Socrates Gold Project indicate the gold mineralised system is much larger than previously determined with the known strike length increasing from 120m to 370m.

Significant results include:

- SDRC026: 9m at 2.14g/t Au from 111m including **2m at 4.86g/t Au** from 118m
- SDRC026: 8m at 3.53g/t Au from 194m including **2m at 7.42g/t Au** from 194m
- SDRC036: **7m at 2.16g/t Au** from 131m
- SDRC041: **7m at 3.01g/t Au** from 260m

This drilling at Socrates extended the area of known mineralisation by 250 metres in a North Westerly direction from the discovery zone, established the orientation and broad extents of the host and tested for mineralisation on the lower or Western contact.

Yarri Project: Gold

Yarri lies 30km's north of Saracen Mineral's Carosue Dam Operations and 9km's west of their Red October haul road. Yarri includes the Wallaby, Gibberts and Great Banjo prospects.

During the period Nelson completed 41 holes totalling 5,303 metres of Reverse Circulation (RC) drilling at its Yarri Project on Edjudina Station. Significant results include:

Wallaby Prospect (P31/2085) - 28 holes for 2642 metres

- 8 metres at 18.1g/t Au from 101 metres in hole YWRC11, including 3 metres at 44.1g/t Au
- 9m at 14.6 g/t Au from 70 metres in hole YWRC05, including 4 metres at 30.2g/t Au
- 4 metres at 4.2g/t Au from 52 metres in hole YWRC18, including 1 metre at 13.8g/t Au
- 4 metres at 4.1g/t Au from 92 metres in hole YWRC 26, including 1 metre at 12.2g/t Au.

Gibberts Prospect (P31/2086) - 4 holes for 418 metres

- 6 metres at 13.2g/t Au from 15 metres in hole YGRC03, including 1 metre at 69.9g/t Au.

Great Banjo Prospect (P31/2087) - 8 holes for 2243 metres

- 3 metres at 4.8g/t Au from 33 metres in hole YBRC04, including 1 metre at 10.2g/t Au;

DIRECTORS' REPORT continued

Grindall Project: Gold

The Grindall Gold Project lies 175km southeast of Kalgoorlie and 90km northeast of Norseman. The project lies over the reworked Archaean margin adjacent to the Albany-Fraser Province. Desktop evaluation of the Sipa/Newmont Project Data.

Happy Jack

Happy Jack lies 30 km south of Menzies, on the Goldfields Highway and 60km's north of Norton Goldfield's Paddington Gold operations. Eastern Goldfields Limited's Davyhurst Operations lies 50km WSW. The Company has divested the Happy Jack Project with a retained 1% Net Smelter Royalty.

Wilga Well Project: Gold

Wilga Well lies 9 km's east of AngloGold Ashanti's Sunrise Dam project. No significant work done in period.

Woolshed Well Project: Gold

Woolshed Well lies 20 km's east of Leonora. No significant work done in period.

Competent Person Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Donald Thomson who is a member of The Australasian Institute of Geoscientists. Mr Thomson is a full-time employee of Nelson Resources Limited. Mr Thomson 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 Thomson consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

EVENTS SUBSEQUENT TO REPORTING DATE


There are no matters or circumstances 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 other than the following:

- On 9 January 2019 the Company announced the drilling results at its Yarri project.
- On 1 February 2019 Peter Cook resigned as Non-Executive Chairman and Brett Clark resigned as Non-Executive Director of the Company.
- On 1 February 2019 Warren Hallm was appointed as Non-Executive Chairman and Stephen Brockhurst was appointed as Non-Executive Director of the Company.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the 6 month period ended 31 December 2018 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.



Warren Hallam
Non-Executive Chairman

14 March 2019

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Criterion 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 2018, 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

CRITERION AUDIT PTY LTD

DATED at PERTH this 14th day of March 2019

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Note	Consolidated Entity 31 December 2018 \$	Consolidated Entity 31 December 2017 \$
Revenue		30,250	829
Administration and other expenses		(131,289)	(101,190)
Accounting and audit fees		(57,639)	(29,207)
Consultancy fees		(7,350)	(17,905)
Depreciation	5	(18,045)	-
Directors' fees		(84,137)	(130,638)
Dispute settlement		-	(100,000)
Finance costs		(1,174)	(245)
Impairment of receivables		-	(407,084)
Legal fees		(8,947)	(53,394)
Marketing expenses		(18,000)	(3,806)
Occupancy expenses		(16,000)	-
Share based payments: options - Director	8	(159,833)	-
Share based payments: options - Employee	8	(95,900)	-
Share based payments: performance rights - Director	8	(63,750)	-
Share based payments: performance rights - Employee	8	(38,250)	-
Travel and accommodation expenses		(889)	(2,883)
Tenement expenses	6	(8,766)	(14,583)
Loss before tax		(679,719)	(860,106)
Income tax benefit/(expense)		-	-
Net loss for the period from operations		(679,719)	(860,106)
Other comprehensive income		-	-
Total comprehensive loss for the period		(679,719)	(860,106)
Basic and diluted loss per share (cents)		(1.49)c	(4.43)c

The accompanying notes form part of these financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	Consolidated Entity 31 December 2018 \$	Consolidated Entity 30 June 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,733,594	3,648,290
Trade and other receivables		83,246	24,168
Prepaid Expenses		45,402	18,763
Total Current Assets		1,862,242	3,691,221
Non-Current Assets			
Plant and equipment	5	248,834	12,385
Exploration and evaluation assets	6	2,711,345	1,463,937
Total Non-Current Assets		2,960,179	1,476,322
Total Assets		4,822,421	5,167,543
LIABILITIES			
Current Liabilities			
Trade and other payables		97,605	132,993
Provisions		29,755	8,501
Total Current Liabilities		127,360	141,494
Total Liabilities		127,360	141,494
Net Assets		4,695,061	5,026,049
EQUITY			
Contributed equity	7	36,163,913	36,172,915
Reserves	8	606,733	249,000
Accumulated losses		(32,075,585)	(31,395,866)
Total Equity		4,695,061	5,026,049

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

Consolidated Entity	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 30 June 2018	36,172,915	249,000	(31,395,866)	5,026,049
Equity issues	-	-	-	-
Equity issue expenses	(9,002)	-	-	(9,002)
Share based payments:				
Director	-	223,583	-	223,583
Share based payments:				
Employee	-	134,150	-	134,150
Loss for the period	-	-	(679,719)	(679,719)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(679,719)	(679,719)
Balance at 31 December 2018	36,163,913	606,733	(32,075,585)	4,695,061
Consolidated Entity	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 30 June 2017	30,683,493	-	(30,250,193)	433,300
Equity issues	6,100,000	-	-	6,100,000
Equity issue expenses	(610,578)	-	-	(610,578)
Share based payments	-	249,000	-	249,000
Loss for the period	-	-	(860,106)	(860,106)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	249,000	(860,106)	(860,106)
Balance at 31 December 2017	36,172,915	249,000	(31,110,299)	5,311,616

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Note	Consolidated Entity 31 December 2018 \$	Consolidated Entity 31 December 2017 \$
Cash flows from operating activities			
Payments to suppliers and employees		(438,271)	(549,978)
Payment for exploration and evaluation assets		(1,249,504)	(46,698)
Interest paid		(509)	(245)
Interest received		36,084	829
Net cash (used in) operating activities		<u>(1,652,200)</u>	<u>(596,092)</u>
Cash flows from investing activities			
Proceeds from disposal of tenements		1,000	12,231
Payments for plant and equipment		(254,494)	-
Net cash from / (used in) investing activities		<u>(253,494)</u>	<u>12,231</u>
Cash flows from financing activities			
Proceeds from equity issues		-	5,000,000
Payment for costs of equity issues		(9,002)	(361,578)
Net cash provided from financing activities		<u>(9,002)</u>	<u>4,638,422</u>
Net increase/(decrease) in cash held ¹		(1,914,696)	4,054,561
Cash and cash equivalents at beginning of the period		<u>3,648,290</u>	<u>212,725</u>
Cash and cash equivalents at period end	4	<u><u>1,733,594</u></u>	<u><u>4,267,286</u></u>

The accompanying notes form part of these financial statements.

¹ Individual amounts vary from 31 December 2018 Appendix 5B as a result of the GST classifications.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

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 2018. 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 14 March 2019 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

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 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 2018, the Group incurred a net loss of \$679,719 (2017: \$860,106) and net cash outflows from operating activities of \$1,652,200 (2017: \$596,092). The financial report has been prepared on a going concern basis which assumes that the Consolidated Entity will continue in operational existence for the foreseeable future. The Directors have prepared a cash flow forecast, which indicates that, with a capital raising, 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.

2. Accounting policies (continued)**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 2018, 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. 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. The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Consolidated Entity from the date on which control is obtained by the Consolidated Entity. 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 Consolidated Entity.

e. Comparatives

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.

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Nelson Resources Limited. The Company does not have any operating segments with discrete financial information. All of the Company's assets and liabilities are located within Australia.

	Consolidated Entity 31 December 2018 \$	Consolidated Entity 30 June 2018 \$
4. Cash and cash equivalents		
Cash at bank	46,585	648,290
Term deposits	1,687,009	3,000,000
	<u>1,733,594</u>	<u>3,648,290</u>
5. Plant and equipment		
Written down value at beginning of period	12,385	-
Additions	254,494	12,866
Depreciation	(18,045)	(481)
	<u>248,834</u>	<u>12,385</u>

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**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Consolidated Entity 31 December 2018 \$	Consolidated Entity 30 June 2018 \$
6. Exploration and evaluation assets		
Balance at beginning of period	1,463,937	-
Acquisition of 79 Exploration tenements ⁱⁱ	-	1,100,000
Exploration and evaluation expenditure incurred during the period	1,256,174	363,937
Exploration and evaluation expenditure expensed during the period	(8,766)	-
Balance at end of period	2,711,345	1,463,937

	Consolidated Entity 31 December 2018		Consolidated Entity 30 June 2018	
	No.	\$	No.	\$
7. Contributed equity				
Balance at beginning of period	45,592,846	36,172,915	15,092,846	30,683,493
IPO share issue: 6 December 2017	-	-	25,000,000	5,000,000
Vendor share issue: 6 December 2017	-	-	5,500,000	1,100,000
Share issue costs	-	(9,002)	-	(610,578)
Balance at end of period	45,592,846	36,163,913	45,592,846	36,172,915

ⁱⁱ 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 was 5,500,000 shares in Nelson Resources Limited at a fair value of \$0.20 per share totalling \$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 was attributed to exploration expenditure and accordingly capitalised on consolidation level.

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Consolidated Entity 31 December 2018 No.	Consolidated Entity 30 June 2018 No.
7. Contributed equity (continued)		
<u>Listed options</u>		
Balance at beginning of period	12,500,000	-
Options granted (free attaching)	-	12,500,000
	<hr/>	<hr/>
Balance at end of period	12,500,000	12,500,000
<u>Unlisted options</u>		
Balance at beginning of period	3,000,000	-
Options granted ⁱⁱⁱ	4,000,000	3,000,000
	<hr/>	<hr/>
Balance at end of period	7,000,000	3,000,000
<u>Performance rights</u>		
Balance at beginning of period	-	-
Performance rights issued ^{iv}	2,400,000	-
	<hr/>	<hr/>
Balance at end of period	2,400,000	-
	<hr/>	<hr/>
	Consolidated Entity 31 December 2018 \$	Consolidated Entity 30 June 2018 \$
8. Reserves		
<u>Options payments reserve</u>		
Balance at beginning of period	249,000	-
Options granted ⁱⁱⁱ	255,733	249,000
	<hr/>	<hr/>
Balance at end of period	504,733	249,000
	<hr/>	<hr/>

ⁱⁱⁱ On 12 December 2018 the Company granted 4,000,000 unlisted options exercisable at \$0.20 each, expiring 20 November 2021 to a Director and an employee under the Amended Employee performance Rights and Options Plan. The fair value of \$0.064 was calculated using the share price at grant date of \$0.15, a risk free interest rate of 1.95% and a volatility of 76%.

^{iv} On 12 December 2018 the Company granted 2,400,000 unlisted performance rights, expiring 20 November 2021 to a Director and an employee under the Amended Employee performance Rights and Options Plan.

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**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Consolidated Entity 31 December 2018 \$	Consolidated Entity 30 June 2018 \$
8. Reserves (continued)		
<u>Share based payments reserve</u>		
Balance at beginning of period	-	-
Share based payments	102,000	-
	<hr/>	<hr/>
Balance at end of period	102,000	-

9. Events after the end of the reporting period

There are no matters or circumstances 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 other than the following:

- On 9 January 2019 the Company announced the drilling results at its Yarri project.
- On 1 February 2019 Peter Cook resigned as Non-Executive Chairman and Brett Clark resigned as Non-Executive Director of the Company.
- On 1 February 2019 Warren Hallm was appointed as Non-Executive Chairman and Stephen Brockhurst was appointed as Non-Executive Director of the Company.

10. Commitments and contingencies

Commitments relating to operating expenditures

Not longer than 1 year	122,362	-
More than 1 year but not longer than 5 years	225,135	-
More than 5 years	-	-
	<hr/>	<hr/>
	347,497	-

a. Contingent assets

There are no contingent assets as at 31 December 2018.

b. Contingent liabilities

There are no contingent liabilities as at 31 December 2018.

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NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2018

11. *Interests in controlled entities*

Company Name	Place of Incorporation	31 December 2018 % Ownership	30 June 2018 % Ownership
79 Exploration Pty Ltd	Australia	100%	100%

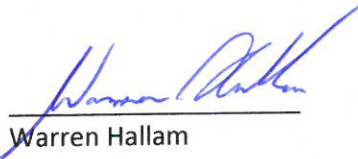
DIRECTORS' DECLARATION

In the opinion of the Directors:

- a) the financial statements and notes set out on pages 8 to 18 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 2018 and of the performance for the 6 month period ended 31 December 2018; 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 made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Warren Hallam', written over a horizontal line.

Warren Hallam
Non-Executive Chairman

14 March 2019

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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 2018, 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 2018 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 2018 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.

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 14th day of March 2019