



**Nelson
Resources**
L I M I T E D

Nelson Resources Limited

ABN 83 127 620 482

ASX Code: NES

Board and Management

Executive Director
Adam Schofield

Non-Executive Chairman
Peter Cook

Non-Executive Director
Brett Clark

Company Secretary
Stephen Brockhurst

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QUARTERLY ACTIVITIES REPORT

Quarter ended 31 December 2018

ASX RELEASE 29 January 2019

Nelson Resources ("Nelson" or "the Company") is pleased to provide shareholders its Activities Report for the quarter ended 31 December 2018.

HIGHLIGHTS

Commencement of successful drilling program at the Yarri Project;

The company commenced a drilling program at its Yarri project post an evaluation of all available data conducted in the last quarter.

Drilling results released post the December Quarter include:

Wallaby Prospect

- 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

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

Great Banjo Prospect

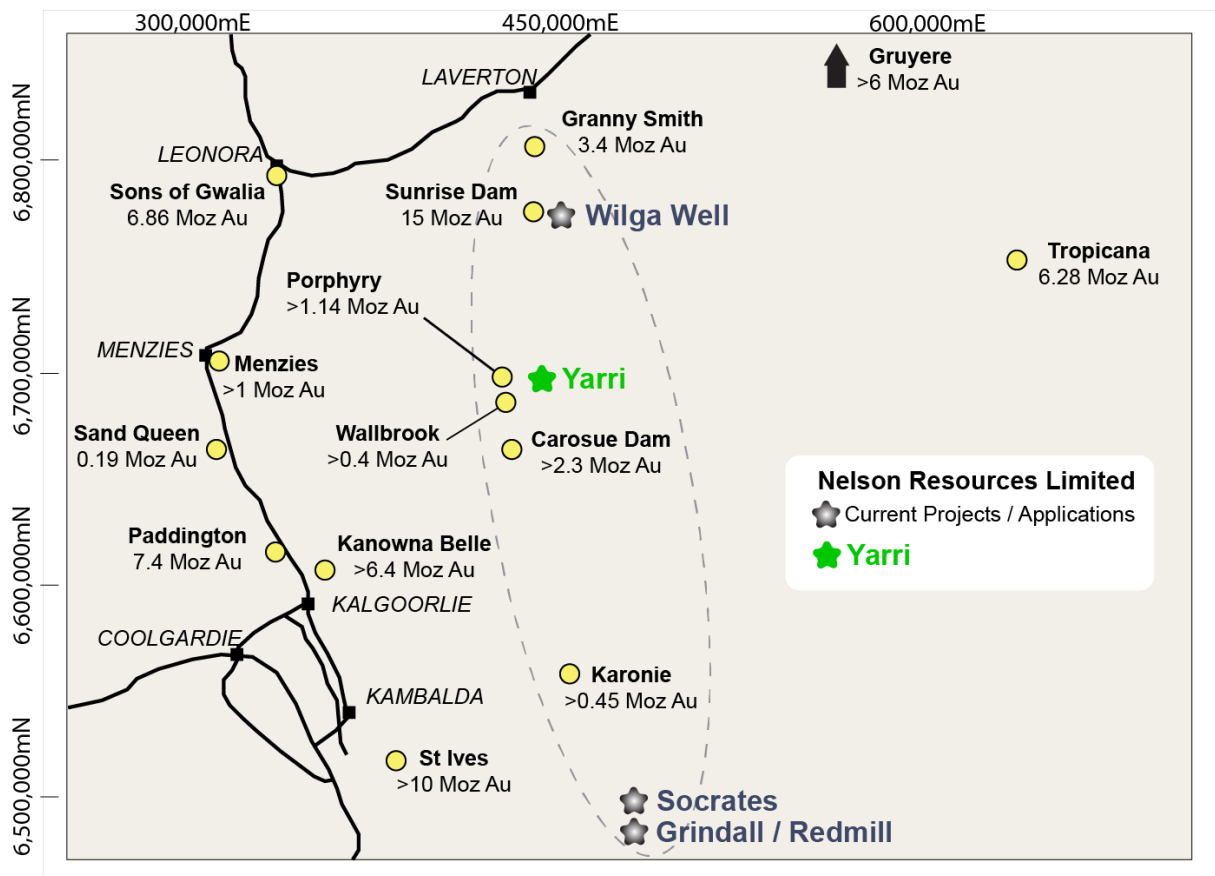
- 3 metres at 4.8g/t Au from 33 metres in hole YBRC04, including 1 metre at 10.2g/t Au;



Projects

Yarri Project

During the quarter Nelson completed 41 RC holes totalling 5303 metres of Reverse Circulation drilling at its Yarri Project covering the Wallaby Prospect (P31/2085), the Gibberts Prospect (P31/2086) and the Great Banjo Prospect (P31/2087).



The program comprises follow up drilling at Wallaby and maiden drilling at Gibberts and Great Banjo as follows:

- Wallaby – 28 holes for 2642 metres
- Great Banjo – 8 holes for 2243 metres
- Gibberts – 4 holes for 418 metres

The aim of the drilling was to test several prospects that have significant historical high grade gold reports from mining in the early 1900's. No modern exploration has been carried out at the prospects and most gold was historically retrieved from shallow depths.

Nelson may increase the drilling on these prospects to approximately 12,000 metres and the potential exists for a maiden resource to be delineated from this program.



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The initial program completed 41 RC holes totalling 5303 metres by the end of the 2018. All significant (>5 gram metres) results are listed in Table 1 below.

The Yarri Project lies 160km North East of Kalgoorlie on Edjudina Station and is 30km North of Saracens Carosue Dam Mine and 7.5km East of the Porphyry Mine.

The Wallaby lodes were mined from 1902 to 1914 and from 1934 to 1940 producing 22,000 ounces of gold. The maximum depth of the old workings was to a shallow 35 metres (100 feet) below surface.

The Great Banjo lodes were mined between 1903 and 1905 producing 84.2 ounces of gold from 129 tonnes of ore at an average grade of 20.3g/t.

The Gibberts lodes were also mined between 1903 and 1905 and produced 37.5 ounces from 64.5 tonnes at an average grade of 18.1g/t. No production is documented since this time.

The lodes are virtually untested below 30 metres depth and to date no holes have tested the multiple veins known to occur in the 40 metre width of the mineralised corridor.

In the region, the Porphyry Mine is located approximately 7.5 kilometres to the West in similar host rocks. It has amassed a resource of approximately 880,000 ounces of gold (production plus defined resource estimates obtained from available literature).

Socrates / Grindall / Wilga Well/ Woodshed Well

No significant work was carried out at these projects during the last quarter.



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Cash

The Company's cash balance at 31 December 2018 was A\$1.714m.

Capital Structure

At 31 December 2018

| | |
|----------------------------|---|
| Fully Paid Ordinary Shares | 45,592,846 |
| Listed Options | 12,500,000 exercisable at \$0.20 on or before 30 September 2019 |
| Unlisted Options | 3,000,000 exercisable at \$0.20 on or before 30 September 2019 |
| Unlisted Options | 4,000,000 exercisable at \$0.20 on or before 20 November 2021 |
| Performance Rights | 800,000 tranche 1 expiring 20 November 2021 |
| Performance Rights | 800,000 tranche 2 expiring 20 November 2021 |
| Performance Rights | 800,000 tranche 3 expiring 20 November 2021 |

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Corporate

The Company held its Annual General Meeting on 27 November 2018 where all resolutions were duly passed.

Table 1. - Significant* results from Nelson's current drilling program at Yarri

| Hole | Intercept |
|--------------------|---|
| Wallaby | |
| YWRC002 | From 58 to 62 metres - 4 metres @ 2.5 g/t Au |
| YWRC002 | From 80 to 82 metres - 2 metres @ 12.1 g/t Au |
| YWRC004 | From 37 to 42 metres - 5 metres @ 1.0 g/t Au |
| YWRC005 | From 70 to 79 metres - 9 metres @ 14.6 g/t Au including 4 metres @ 30.2 g/t Au |
| YWRC010 | From 28 to 32 metres - 4 metres @ 1.3 g/t Au |
| YWRC011 | From 101 to 109 metres - 8 metres @ 18.1 g/t Au including 3 metres @ 44.1 g/t Au |
| YWRC016 | From 22 to 23 metres - 1 metre @ 6.3 g/t Au |
| YWRC018 | From 52 to 56 metres 4 metres @ 4.1 g/t Au including 1 metre @ 13.8 g/t Au |
| YWRC019 | From 46 to 59 metres 13 metres @ 1.3 g/t Au including 1 metre @ 9.3 g/t Au |
| YWRC020 | From 30 to 40 metres - 10 metres @ 1.2 g/t Au |
| YWRC021 | From 21 to 34 metres - 13 metres @ 1.7 /t Au |
| YWRC022 | From 66 to 69 metres - 4 metres @ 1.7 g/t Au |
| YWRC024 | From 29 to 33 metres - 4 metres @ 1.2 g/t Au |
| YWRC026 | From 92 to 96 metres - 4 metres @ 4.1 g/t Au Including 1 metre @ 12.2 g/t Au |
| YWRC027 | From 65 to 69 metres - 5 metres @ 2.3 g/t Au |
| YWRC028 | From 28 to 34 metres - 6 metres @ 1.8 g/t Au |
| Great Banjo | |
| YBRC004 | From 33 to 36 metres - 3 metres @ 4.8 g/t Au including 1 metre @ 10.2 g/t Au |
| YBRC004 | From 59 to 67 metres - 8 metres @ 1.4 g/t Au |
| Gibberts | |
| YGRC003 | From 15 to 21 metres - 6 metres @ 13.2 g/t Au including 1 metre @ 69.9 g/t Au |
| YGRC004 | From 32 to 36 metres - 4 metres @ 1.5 g/t Au |

*Intercepts > 5gram x metres gold with a maximum of two metres of internal dilution. Intercepts widths are down-hole distance with no correction for the dip of the drill hole or the mineralisation.



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About Nelson's Yarri Prospects

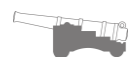
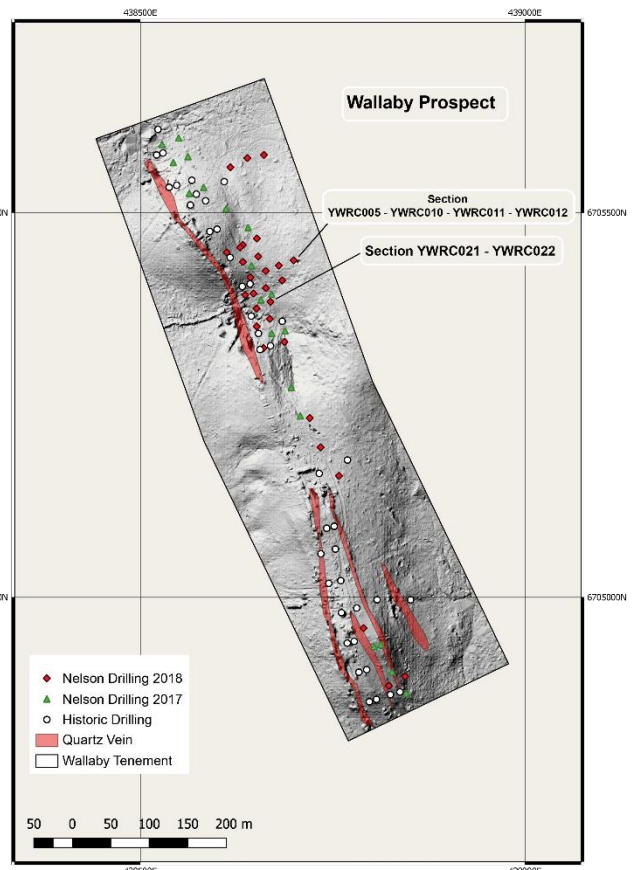
Nelson's Yarri project consists of three prospects on three Prospecting Licences to the North and East of the historic Yarri State Battery site. The Company's main focus is on the Wallaby line of workings immediately to the East of Yarri.

Wallaby Prospect

Here a series of sub-parallel quartz veins were mined to a maximum depth of 30 metres over a strike length of more than 1.5 kilometres, 850 metres are within Nelson's Wallaby tenement. Historic production occurred over two main periods beginning in 1902-1914 and again from 1934 to 1940. Limited production is reported from the 1960's and 1980's. Total production from the Wallaby line of workings is recorded as 21,000 ounces from 42,000 tonnes at an average grade of 15.5g/t tonnes.

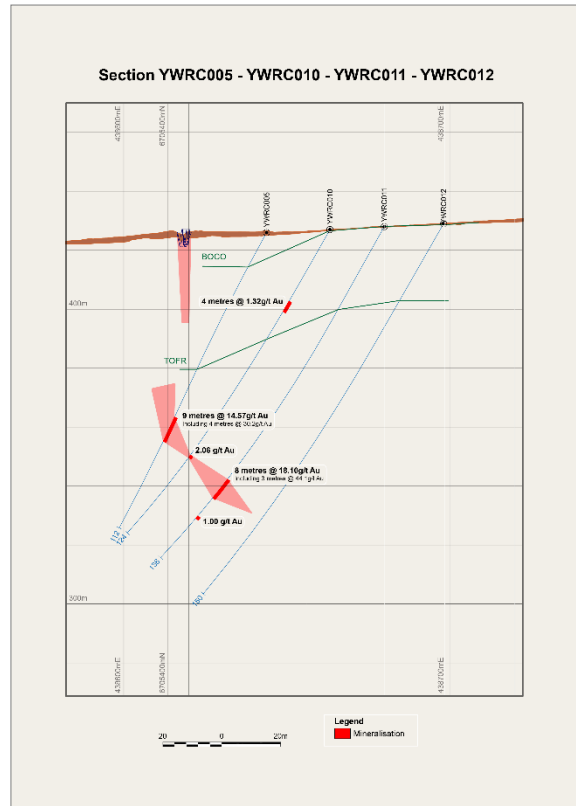
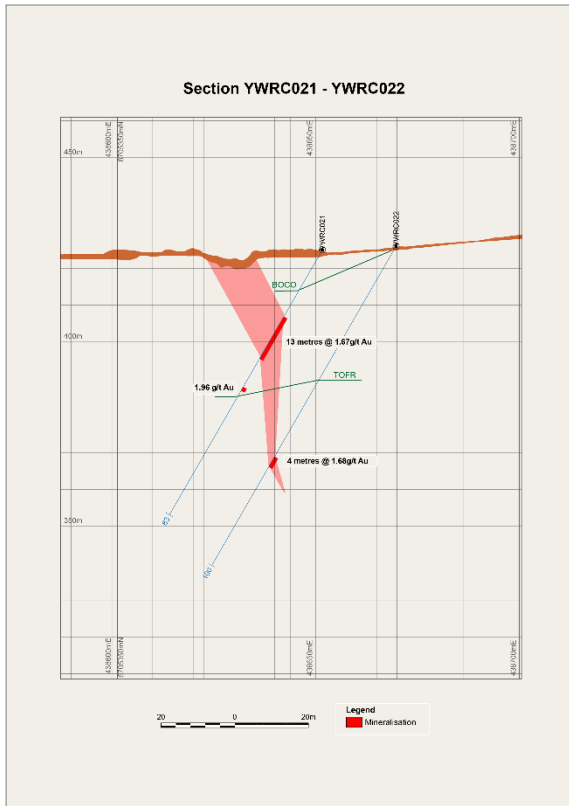
According to old reports mining was stopped by flooding or due to the lodes being faulted out at depth. It is also noteworthy that both major periods of production ceased with the outbreak of the First and Second World Wars.

The current program at the Wallaby Prospect had 28 holes drilled totalling 2642 metres. The mineralisation at Wallaby is hosted in pyrite bearing quartz veins in sheared and altered monzogranite. In outcrop the veins vary from less than 1 metre to greater than 5 metres true width. The dip of the veins exposed in the workings varies from vertical to 70 degrees East. Historic mining mainly focused on the Eastern or hanging wall contact. The bulk of the quartz vein and the Western contact are largely untouched. The surface workings prevent testing by drilling from the East. These remnant quartz lodes and footwall contact positions are an attractive exploration target that will be tested in early 2019.



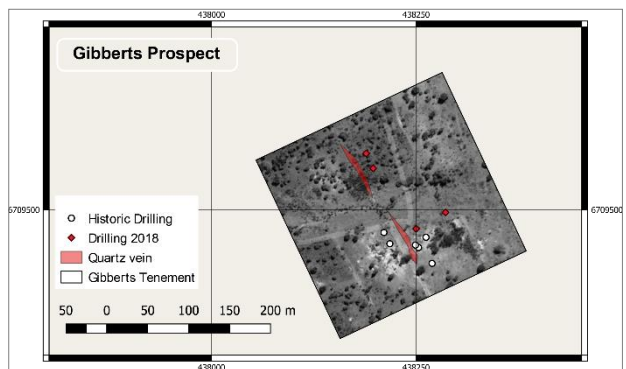
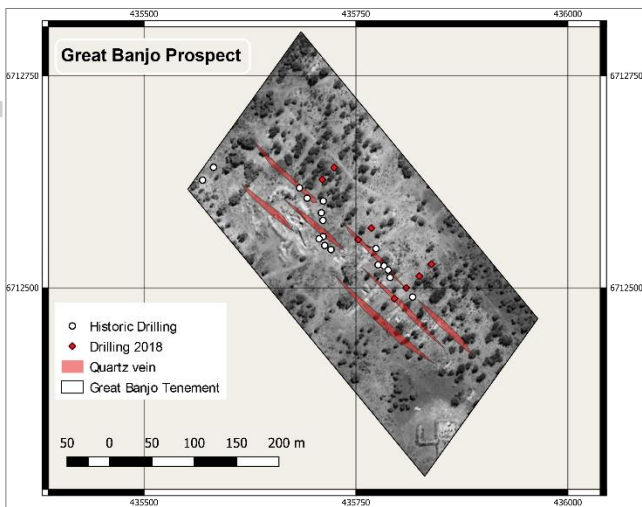
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At Great Banjo a total of 8 holes for 2243 metres were drilled. This drilling confirms mineralisation across all 3 of the Yarri prospects.

At Gibberts' the Company drilled 4 holes for 418 metres for an initial test of the mineralised structure. This testing has confirmed previous drilling was incorrectly orientated and did not identify this high-grade mineralisation.





The Company will continue to drill across the 3 Yarri prospects in the next quarter and has planned approximately 50 holes for a total of 5000 metres. The objective of this additional drilling program is to delineate ore bearing lodes that have the potential to be economic

ABOUT NELSON RESOURCES

Nelson Resources is a minerals exploration company based in Perth, Western Australia. The Company holds several gold tenements in the Eastern Goldfields. The Company's objectives are to identify, delineate and develop viable gold resources. The Company is actively looking to increase its gold asset base.

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.

For further information please contact:

Adam Schofield
Executive Director & CEO



Appendix 1 – Tenement Information as Required by Listing Rule 5.3.3.

| Country | Location | Project | Tenement | Interest at 30-Sep-18 (%) | Interest at 31-Dec-18 (%) |
|----------------|-----------------|-----------------------|-----------------|----------------------------------|----------------------------------|
| Australia | WA | Socrates | E28/2633 | 100 | 100 |
| Australia | WA | TBA - Application | E28/2768 | - | 0 |
| Australia | WA | TBA - Application | E28/2769 | - | 0 |
| Australia | WA | TBA - Application | E28/2873 | - | 0 |
| Australia | WA | Redmill - Application | E28/2874 | - | 0 |
| Australia | WA | Wilga | P39/5586 | 100 | 100 |
| Australia | WA | Yarri (Wallaby) | P31/2085 | 100 | 100 |
| Australia | WA | Yarri (Gibberts) | P31/2086 | 100 | 100 |
| Australia | WA | Yarri (Great Banjo) | P31/2087 | 100 | 100 |
| Australia | WA | Woodshed Well | P37/8597 | 100 | - |
| Australia | WA | Woodshed Well | P37/8598 | 100 | - |
| Australia | WA | Woodshed Well | P37/8599 | 100 | - |
| Australia | WA | Woodshed Well | P37/8600 | 100 | - |

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Nelson Resources Limited and Its Controlled Entity

ABN

83 127 620 482

Quarter ended ("current quarter")

31 December 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation (includes staff costs) | (681) | (1,360) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (72) | (172) |
| (e) administration and corporate costs | (50) | (160) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 17 | 36 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other | - | - |
| 1.9 Net cash from / (used in) operating activities | (786) | (1,656) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (127) | (276) |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |

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Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (d) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | 1 |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other | - | - |
| 2.6 | Net cash from / (used in) investing activities | (127) | (275) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares (IPO), convertible notes or options | - | (3) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | (3) |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,627 | 3,648 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (786) | (1,656) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (127) | (275) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | (3) |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,714 | 1,714 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 47 | 127 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Term deposits | 1,667 | 2,500 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,714 | 2,627 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

72

-

Directors including non-executive and executive director's fees for the quarter (inclusive of GST).

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$A'000

-

-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| N/A | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|---|----------------|
| 9.1 Exploration and evaluation (includes staff costs) | 550 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 70 |
| 9.5 Administration and corporate costs | 168 |
| 9.6 Other (capital raising costs) | - |
| 9.7 Total estimated cash outflows (inclusive of GST) | 788 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | P37/8597 | Relinquished | 100% | 0% |
| | P37/8598 | Relinquished | 100% | 0% |
| | P37/8599 | Relinquished | 100% | 0% |
| | P37/8600 | Relinquished | 100% | 0% |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | E28/2768 | Pending | 0% | 0% |
| | E28/2769 | Pending | 0% | 0% |
| | E28/2873 | Pending | 0% | 0% |
| | E28/2874 | Pending | 0% | 0% |

Compliance statement

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

Sign here: Stephen Brockhurst
(Company Secretary)

Date: 29 January 2019

Print name: Stephen Brockhurst

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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