

Nelson Resources Limited

ACN 127 620 482

SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 24 January 2022 (**Prospectus**) issued by Nelson Resources Limited (**Company**).

This Supplementary Prospectus is dated 21 February 2022 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. Neither ASIC nor ASX (and their respective officers) take any responsibility as to the contents of this Supplementary Prospectus.

To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

1 ISSUE OF FURTHER SECURITIES UNDER THE PROSPECTUS

The Company advises that, as a result of excess demand under the Shortfall Offer it has agreed to issue an additional 22,283,122 New Shares and 11,141,561 attaching New Options under the Prospectus to raise an additional \$557,078 (**Follow-on Placement**). Additional funds raised will be used for the purposes set out in this Supplementary Prospectus.

The Follow-on Placement is made without Shareholder approval, and the securities will be issued under the Company's existing capacity under Listing Rule 7.1.

The New Options will be listed under the ASX code NESO.

Attached to this Supplementary Prospectus is an announcement made by the Company to the ASX on 18 February 2022.

The Company now closes the Shortfall Offer and no further offers will be made under the Prospectus.

2 AMENDMENTS TO PROSPECTUS

The following sections of the Prospectus are amended as follows:

2.1 Capital structure

Sections 2, 4 and 5.4 of the Prospectus are amended to reflect the current number of securities on issue:

| | |
|---|-------------|
| Shares on issue prior to the Offer | 194,292,195 |
| New Shares issued under the Prospectus | 100,000,000 |
| Total Shares on issue | 294,292,280 |
| Total convertible securities on issue prior to the Offer | 72,156,339 |
| New Options issued under the Prospectus | 50,000,000 |
| Total convertible securities on issue following the Offer | 122,156,339 |
| Amount raised under the Prospectus (before costs) | \$2,500,000 |

The number of Shares and NESO Options issued is subject to rounding.

The above table excludes 2,500,000 Underwriter Options issued to the Underwriter in part satisfaction of its fees. See section 8.4 of the Prospectus for further details on the fees to be paid to the Underwriter.

2.2 Use of funds

Sections 4 and 5.2 of the Prospectus are amended to reflect the increased amount raised:

| Use of funds (approx.) | Amount (A\$) |
|---------------------------|------------------|
| AC Drilling | 350,000 |
| RC Drilling | 330,000 |
| Assays | 150,000 |
| Geophysics Surveys | 120,000 |
| Exploration Other | 342,852 |
| Working Capital | 944,851 |
| Costs of the Offer | 262,307 |
| Total use of funds | 2,500,000 |

2.3 Statement of financial position

Set out in the annexure to this Supplementary Prospectus is the unaudited Statement of Financial Position for the Company, as at 31 December 2021 and on the basis of the following assumptions:

- (a) the Offer was effective on 31 December 2021;
- (b) no further Shares are issued other than all Shares offered under this Prospectus (the Offer and Follow-on Placement);
- (c) \$2,500,000 is received under the Offers; and
- (d) (cash) costs of the Offer are \$262,307.

The pro-forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in the annexure to this Supplementary Prospectus. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

2.4 Dilution

Shareholders who did not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect on the basis of the full amount raised under the Prospectus and assuming no further Shares are issued or Options exercised:

| Holder | Holding at Record Date | | Entitlement | Holding following the Offer if no Entitlement taken up | |
|--------|------------------------|-------|-------------|--|-------|
| | Number | % | | Number | % |
| 1 | 14,547 | 0.007 | 4,156 | 14,547 | 0.005 |
| 2 | 72,737 | 0.037 | 20,782 | 72,737 | 0.025 |
| 3 | 145,473 | 0.075 | 41,564 | 145,473 | 0.049 |
| 4 | 1,454,732 | 0.749 | 415,638 | 1,454,732 | 0.494 |

2.5 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Supplementary Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Supplementary Prospectus in the form and context which it is named; and

- (ii) where applicable, to the inclusion in this Supplementary Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Supplementary Prospectus;
- (b) has not caused or authorised the issue of this Supplementary Prospectus;
- (c) has not made any statement in this Supplementary Prospectus or any statement on which a statement in this Supplementary Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Supplementary Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Supplementary Prospectus with the consent of that person.

| Name | Role |
|--------------------------|------------------------------|
| Mahe Capital Pty Limited | Lead Manager and Underwriter |

2.6 Expenses of the Offer

The total (cash) expenses of the Offer excluding GST are estimated to be \$256,017, consisting of the following:

| Cost ¹ | A\$ |
|--------------------------------------|----------------|
| Legal fees | 10,000 |
| ASX and ASIC fees | 22,307 |
| Capital raising fees ² | 210,000 |
| Printing, postage and other expenses | 20,000 |
| Total | 262,307 |

¹ These expenses have or will be paid by the Company.

² The Company has also agreed to issue 2,500,000 New Options to the Underwriter in part satisfaction of its fees. See section 8.4 of the Prospectus for details.

The Directors do not consider the circumstances disclosed in this Supplementary Prospectus to be materially adverse from the point of view of an investor, and no withdrawal rights will be offered to investors.

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

Dated: 21 February 2022



By Mr Adam Schofield
Executive Director
On behalf of Nelson Resources Limited

RENOUNCEABLE ENTITLEMENT ISSUE CLOSES OVERSUBSCRIBED

- ① Renounceable rights issue seeking to raise \$1.9 million closed oversubscribed
- ① Significant support from shareholders and new sophisticated and institutional investors
- ① Nelson now well funded to deliver its exploration strategy

Nelson Resources Limited (ASX: **NES**) (**Nelson** or **the Company**) is pleased to advise that the Renounceable Rights Issue announced on 24 January 2022 ("Offer") has closed oversubscribed and raised \$1.9 million (before costs). To accommodate a portion of the excess demand, the Company has agreed to undertake a placement to raise additional \$557,078 on the same terms as the rights issue (**Follow-on Placement**). Funds raised under the Follow-on Placement will be used to increase the amount of planned AC / RC drilling and geophysics.

Following completion of the Follow-on Placement, the total amount raised will be \$2.5 million (before costs). The Company will issue a total of 100,000,000 new fully paid ordinary shares (**Shares**) and 50,000,000 new options exercisable at \$0.08, with an expiry date of 17 August 2023 (**Options**). The Options will be quoted under the ASX code [NESO].

The securities will be issued using the Company's existing capacity under Listing Rules 7.1 and 7.1A, and without shareholder approval.

The final allocations are set out below.

| | Funds raised (\$) | Shares | NESO Options* |
|---------------------|--------------------------|--------------------|----------------------|
| Rights taken up | \$916,472 | 36,658,890 | 18,329,445 |
| Shortfall placed | \$1,026,450 | 41,057,988 | 20,528,994 |
| Follow-on Placement | \$557,078 | 22,283,122 | 11,141,561 |
| Total | \$2,500,000 | 100,000,000 | 50,000,000 |

*The number of new Shares and NESO Options issued is subject to rounding. A further 2,500,000 NESO options will be issued to the underwriter as described in the Prospectus.

Mahe Capital Pty Ltd advised Nelson on the Rights Issue and acted as Lead Manager and Underwriter to the capital raising. Nelson would like to thank all of its shareholders for their support and welcomes new shareholders, including institutional shareholders introduced by Mahe Capital to the register.

The new securities are expected to be issued on Tuesday, 22 February 2022 and to be trading on a normal basis from Wednesday, 23 February 2022.

This ASX Announcement has been approved for release by the Board.

CAPITAL STRUCTURE ORDINARY SHARES

Issued 194,292,195

OPTIONS

Listed options 60,003,800

Unlisted options 13,341,997

BOARD

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

Company Secretary - Stephen Brockhurst

LAST CAPITAL RAISE

August 2021
Right Issue & Placement
\$2.3 million @ 4.7cents per share

ABOUT NELSON RESOURCES

Nelson Resources is an exploration company with a significant and highly prospective 1682km² tenure holding (Granted and Pending). The key focus for the Company is its 1226km² Woodline Project (Granted and Pending).

The Woodline Project lies on the boundary of the Albany Fraser Oregon and the Norseman - Wiluna Greenstone belt in Western Australia.

The Woodline Project contains:

- ① 65km of the Cundeelee Shear Zone which already consists of a known +20km Gold Geochemical and bedrock anomaly, hosted in the same geological structural setting ² as the 7.7 million ounce Tropicana Gold mine ³.
- ① 30km of significantly unexplored greenstones along the Norseman-Wiluna greenstone belt.
- ① A significant and unique holding within the confluence of the Keith-Kilkenny Fault / the Claypan Shear Zone and the Cundeelee Shear Zone. These three Shears have hosted many of the largest gold projects in Western Australia.

Historical exploration of \$16 million by the Company, Sipa Resources, Newmont and MRG.

Nelson Resources confirms that it is not aware of any new information or data that materially affects the exploration results included in this announcement.

For further information please contact:

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0412 036 231

Previous ASX Announcements and report references:

¹ ASX Announcement by Sipa Resources Limited dated 18 February 2010: 'Encouraging Drilling Results at Woodline'

² <https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Korsch-presentations-0012.pdf>

² https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Spaggiari_2-presentations-0004.pdf

³ <http://www.tropicanaajv.com.au/irm/content/reserves-resource-statement1.aspx?RID=284>



SCHEDULE 2 PRO FORMA STATEMENT OF FINANCIAL POSITION

| STATEMENT OF FINANCIAL POSITION | 31-Dec-21 | Entitlements Issue (full subscription) & Placement | Notes | Pro-forma |
|--|---------------------|---|-----------------|---------------------|
| Current Assets | | | | |
| Cash & Cash Equivalents | \$ 124,722 | \$ 2,238,128 | [1] [3] [4] | \$ 2,362,850 |
| Trade & Other Receivables | \$ 44,148 | | | \$ 44,148 |
| Other Current Assets | \$ 386,123 | | | \$ 386,123 |
| Total Current Assets | \$ 554,994 | \$ 2,238,128 | | \$ 2,793,122 |
| Non-Current Assets | | | | |
| Plant & Equipment | \$ 1,005,252 | | | \$ 1,005,252 |
| Right of Use Asset | \$ 236,704 | | | \$ 236,704 |
| Exploration & Development Expenditure | \$ 5,184,770 | | | \$ 5,184,770 |
| Total Non-Current Assets | \$ 6,426,726 | \$ - | | \$ 6,426,726 |
| Total Assets | \$ 6,981,720 | \$ 2,238,128 | | \$ 9,219,848 |
| Current Liabilities | | | | |
| Trade & Other Payables | \$ 641,025 | | | \$ 641,025 |
| Lease Liability | \$ 58,710 | | | \$ 58,710 |
| Provisions | \$ 28,655 | | | \$ 28,655 |
| Total Current Liabilities | \$ 728,390 | \$ - | | \$ 728,390 |
| Non-Current Liabilities | | | | |
| Trade & Other Payables | \$ 20,263 | | | \$ 20,263 |
| Lease Liability | \$ 215,118 | | | \$ 215,118 |
| Total Non-Current Liabilities | \$ 235,381 | \$ - | | \$ 235,381 |
| Total Liabilities | \$ 963,771 | \$ - | | \$ 963,771 |
| Net Assets | \$ 6,017,948 | \$ 2,238,128 | | \$ 8,256,076 |
| Equity | | | | |
| Issued Capital | \$ 42,822,958 | \$ 2,220,193 | [1] [3] [4] [5] | \$ 45,043,151 |
| Reserves | \$ 597,744 | \$ 17,935 | [2] [5] | \$ 615,679 |
| Accumulated Losses | -\$ 37,402,754 | \$ - | [2] | -\$ 37,402,754 |
| Total Equity | \$ 6,017,948 | \$ 2,238,128 | | \$ 8,256,076 |
| [1]: 100,000,000 New Shares @ \$0.025 each | | \$ 2,500,000 | | |
| [2]: 50,000,000 New Options @ \$Nil each (free-attaching) | | \$ - | | |
| [3]: Costs of Offer exclusive of GST (ASIC fees = \$3,206; ASX fees = \$9,971 for shares & \$8,695 for options; Legal fees = \$10,000; Distribution & Other = \$20,000) | | \$ 51,872 | | |
| [4]: Costs of Offer exclusive of GST (Lead Manager fees = \$30,000 plus \$30,000; Management fee @ 1% = \$25,000.00; Underwriting fee @ 5% = \$50,000; Placement fee for any shortfall @ 5% = \$75,000.00) | | \$ 210,000 | | |
| [5]: Costs of Offer (Broker option valuation = 2,500,000 options @ \$0.007 each = \$17,500.00; ASX fees = \$434.75 for options) | | \$ 17,935 | | |