

## **QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 SEPTEMBER 2020**

Nelson Resources ("Nelson" or "the Company") is pleased to provide shareholders its Activities Report for the three-month period ending 30 September 2020.

### **Woodline Projects**

- **Successful Ultra-high-resolution ground magnetics and passive seismic survey completed at Redmill and Grindall Prospects;**
- **Survey identified drilling target geological units which extend for 2.5km and 1.5km at Redmill and Grindall, both are open beyond the survey extents;**
- **Fieldwork at West Socrates confirms a potentially gold bearing target structure extending for more than 1km. Fieldwork included mapping and rock chip sampling;**
- **Large Scale Induced Polarisation and electromagnetic geophysical surveys to commence Mid November. Post the quarter the Company acquired a state-of-the-art high-power resistivity / induced polarisation (IP) system. Gradient array IP surveys were used to identify drill targets at the Tropicana gold mine discovery. The company anticipates being able to detect gold bearing sulphides to a depth of 300m;**
- **Diamond drilling planned for Redmill, Grindall and West Socrates targets in late November early December. Post the quarter the Company acquired a Desco 7000 Diamond / RC drill rig and has retained the services of a professional driller. This will give the company the ability to drill in a more timely and cost effective manner;**

### **COVID-19**

- **The Company continues to follow all State Government directives in respect to COVID-19 and the Company's operations.**

### **Corporate and Finance**

- **Appointment of James Farrell (Exploration Manager) and Justin Ward (Senior Geophysicist) to Nelson's exploration team.**

#### **CAPITAL STRUCTURE**

##### **ORDINARY SHARES**

Issued 114,802,142

##### **OPTIONS**

Listed options 33,345,410

Unlisted options 15,614,458

#### **BOARD**

Executive Director - Adam Schofield

Non-Executive Chairman - Warren Hallam

Non-Executive Director - Stephen Brockhurst

Company Secretary - Stephen Brockhurst

#### **LAST CAPITAL RAISE**

July 2020

Entitlements Offer & Placement

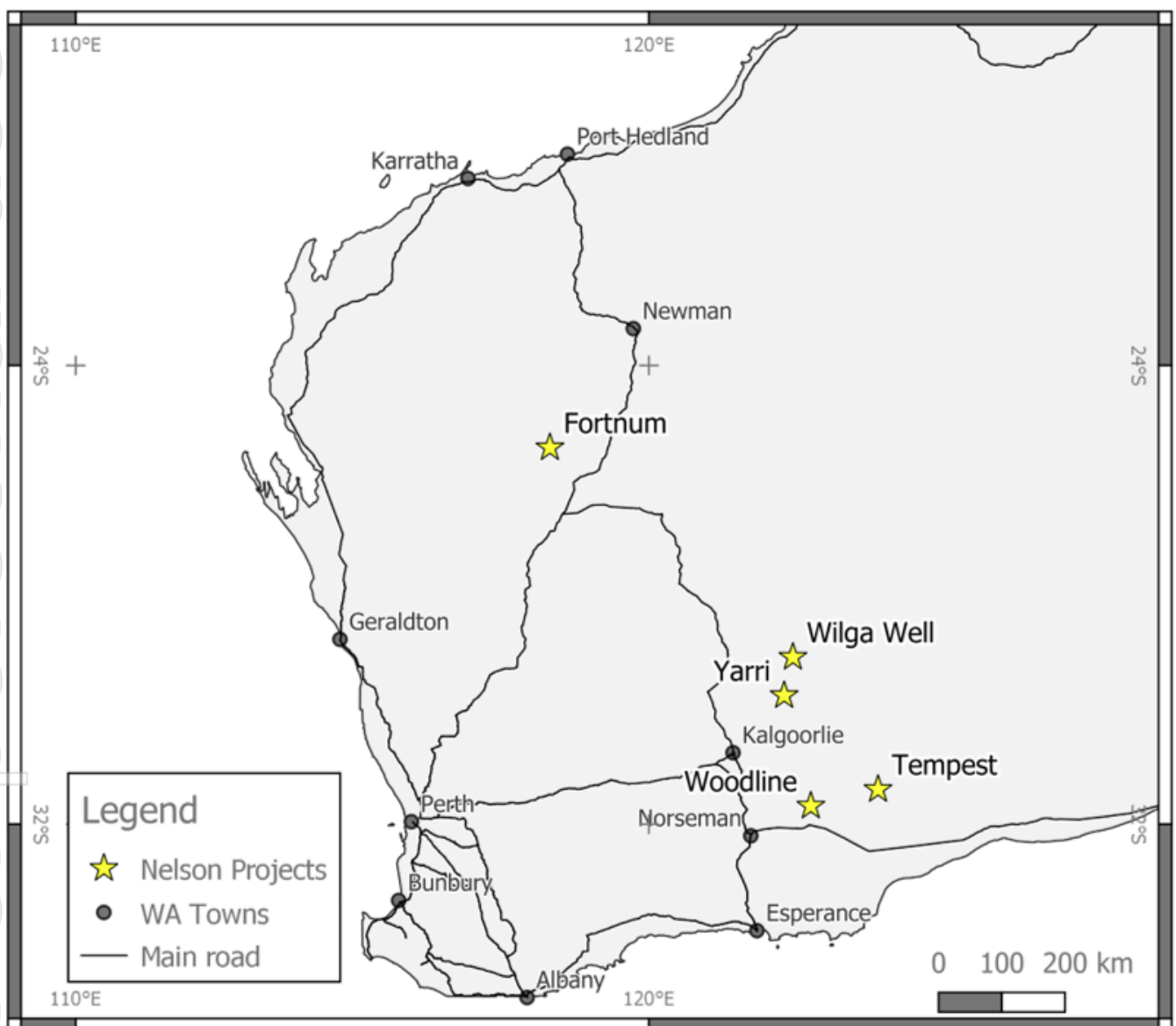
\$2.355m @ 3.8c



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## Existing Projects Summary:

**Figure 1 – Project Locations**



## Woodline (Grindall-Redmill-Harvey & Socrates)

The Woodline Project lies 140km South East of Kalgoorlie and is halfway between the Trans Australia Rail line and the Eyre Highway. The Woodline Project is made up of the Grindall, Redmill, Harvey & Socrates Projects which make up 828km<sup>2</sup> of premium Tenure.

The Project lies across the boundary of the Archaean Yilgarn Craton and the Northern Foreland of the Albany-Fraser Orogen. Work carried out by Nelson at Socrates has returned some high calibre gold intersections, suggestive of a large gold system and it is believed that Grindall, Redmill, and Harvey each have the potential to host a Tropicana scale gold deposit.

## Grindall-Redmill-Harvey

The Grindall, Redmill & Harvey prospects are associated with sub-parallel curvilinear structures that dip moderately to the east. The structures are interpreted to form in the hanging wall of the (deep seated / crustal scale) Cundeelee Fault which is the boundary between the Yilgarn Craton and the Albany-Fraser Orogen.

Anomalous Au, Te, Bi and Cu present in the bedrock can be used to identify structurally controlled gold mineralisation and has been identified over a strike length of 12 km on the Redmill-Harvey trend and over 5 km at Grindall.

## Socrates

Socrates is hosted within a mafic unit that is bounded to the west by andesitic and rhyolitic volcanics and sediments to the east. The mafic unit is located within the Claypan Fault.



## Tempest Project

### Tenement E28/2805

The Company's Tempest project is located 250km ESE of Kalgoorlie and 90km NE from Nova-Bollinger Mine. It has an area of 105 km<sup>2</sup> and borders the IGO / Rumble Thunderstorm JV project (Figure 3). Drilling at the Thunderstorm JV includes an exceptional intercept of 25m @ 2.42g/t Au at the Themis Prospect and 4m @ 3.8g/t Au at the Pion Prospect (ASX Announcement Rumble Resources 1st July 2019). More recent drilling includes an equally exceptional intercept of 16m @ 6.69 g/t Au from 42m (including 4m @ 22.2 g/t Au from 50m) (ASX Announcement Rumble Resources 6th October 2020).

### Geology

The project is located in the Fraser Complex of the Proterozoic Albany-Fraser Orogen and is east of the Archean Yilgarn Craton. Tertiary fluvio-marine sediments associated with the Eucla Basin cover much of the region. The Proterozoic geology is characterized by granulite facies, felsic to mafic gneisses and felsic and mafic schists and intruded granites.

### Previous Exploration

- There is limited historic exploration within the project area. In the period between 2010 and 2011 Black Fire Minerals Limited (WAMEX) conducted a Soil Auger Geochemistry and a limited AC program. Auger sampling was done on a 1000m x 500m grid and later infill auger soil geochemistry was done on a 500m x 500m and 250m x 250m grid. All samples were sampled for Au, As, Ca, Cu, Fe, Mg, Ni, Pb, Sb, Te & Zn. Aircore holes are located on the north-western part of the tenement that tested two +10ppb Au anomalies targets defined by previous Auger drilling
- 430 Auger samples were taken within the tenement. Lines are wide spaced (1000m x 500m) in east-west direction with some infill lines spaced 500mx500m and 250m x 250m
- 18 AC holes for 1,989m have previously been completed,



## Yarri

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. Nelson's Yarri project consists of three prospects 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, where recent drilling by the Company has returned a number of high-grade encouraging drill intersections.

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.

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).

## Fortnum

The Fortnum project tenement number E52/3695 totals 21km<sup>2</sup>. The Project is located within the Peak Hill Mineral Field, 140km north-west of Meekatharra and approximately 14km southwest of the Fortnum Mining centre, in the locality of Billara Bore. The geology of the tenure consists of a fault bounded package of schists derived from the Narracoota and Labouchere Formation constrained by the Despair Granite to the east and Yarlalweelor Gneiss complex to the West. Thin surficial cover extends over the area, with strong insitu regolith development in the eastern parts of the schist, adjacent to the Despair Granite.

There are four gold mineralisation prospects on the tenure. Billara A, Billara North and Billara South are associated with quartz veining in highly sheared mafic schist adjacent to the contact with the Despair Granite. Billara D is associated with quartz veins in a NNE-trending, biotiterich schist, the Despair Granite, analogous to the Wilthorpe gold mine, 9km to the south.



## Project Activity:

Nelson Resources has completed the following work at each of its projects during the quarter:

### Woodline

In August, Nelson announced it would commence planned geophysics programs at Woodline, intending to complete 750 line kilometres of ultra-high resolution ground magnetics on 25m line spacings, as well as a passive seismic survey to map cover for the same area. These surveys aimed to guide the Company's next planned drilling program to commence over the next 2 quarters.

Nelson successfully completed the geophysics program, as announced on 21 September 2020, with an ultra-high-resolution ground magnetics survey and passive seismic survey completed at Redmill and Grindall. Previous works identified a 20km gold geochemical anomaly where limited drilling intersected mineralisation in the host bedrock. These surveys were undertaken to more clearly define the 20Km anomaly and included more than 400 line kilometres of ground magnetics on 20m line spacings. The survey successfully identified the target geological units which are interpreted to host mineralisation that was intersected in previous Sipa/Newmont drilling, which returned 10m @ 1.29g/t Au from 64m, including 1m @ 7.80g/t Au from 71m (TFC010)1 and 12m @ 0.76g/t Au from 64m, including 1m @ 9.14g/t Au from 64m (HEC001).

Field mapping also identified a further structure which extends for more than 1km at West Socrates. Rock-chip sample results from the surface outcrops of the structure included 0.42 and 0.18 g/t Au demonstrating the structure is gold bearing. Nelson is planning follow-up exploration fieldwork for Redmill, Grindall and the Socrates area, including West Socrates. Induced Polarisation, and electromagnetic geophysical surveys to map the disseminated sulphides associated with mineralisation will commence in November and exploration drilling is planned for targets at Redmill, Grindall and West Socrates in late November early December.

### - Cundeelee Fault (Tropicana Scale Potential)

The Woodline Project hosts 45km of the Cundeelee fault within its tenure. This fault is the boundary between the Albany Fraser Oregon and the Yilgarn Craton. There is an identified >20km gold geochemical and bedrock anomaly which is interpreted to be in the hanging wall of the Northern Foreland of the Albany Fraser Oregon which is the same structural setting as the Tropicana Gold Mine. There is no diamond drilling and limited RC drilling in this anomaly and the company intends to conduct 500-1000 meters of diamond drilling and approximately 3000 meters of RC drilling within the anomaly in the next 2 quarters.





This drilling is to follow up on significant gold in hole Sipa/Newmont drilling at Grindall and Redmill and is intended to demonstrate the presence of a larger gold system and the potential for a large discovery.

Additional to the above, the company will conduct the below geophysics over the 20 km gold geochemical and bedrock anomaly to generate additional targets for future drilling:

- 120 km<sup>2</sup> Photogrammetry Surveys for Centimetre level accurate DEM data;
- 120 km<sup>2</sup> High-resolution UAV Aero Magnetic Surveys for structural data;
- 120 km<sup>2</sup> UGV Passive Seismic Surveys for cover mapping and structural data.

The company anticipates it will identify the structural controls for the gold system it is targeting with the above programs.

## - Claypan Fault (Socrates)

The Socrates project (12km<sup>2</sup>) is the Company's original project and has had approximately 8400 meters of RC drilling completed.

The bulk of this drilling is on a mineralised zone that currently extends for approximately 450m and is open on strike and down dip.

The best gold intercepts currently are:

- 1m @ 142 g/t Au
- 192m @ 0.5 g/t Au
- 8m @ 3.53 g/t Au
- 25m @ 2.06 g/t Au

The company plans to conduct a geophysics program as shown below.

- 144 km<sup>2</sup> Photogrammetry Surveys for Centimetre level accurate DEM data;
- 144 km<sup>2</sup> High-resolution UAV Aero Magnetic Surveys for structural data;
- IP Surveys to better identify known gold bearing sulphide structures.

This will better map the three parallel potentially gold bearing structures that have been identified by low resolution magnetics and show gold anomalism at surface.

This will be followed up with approximately 500 meters of diamond drilling and 1500 meters of RC drilling and 1500m of Aircore drilling to follow up on targets identified by the geophysics and to show extension of the existing strike. The company believes it will be in a position to declare a resource at Socrates in 2021.



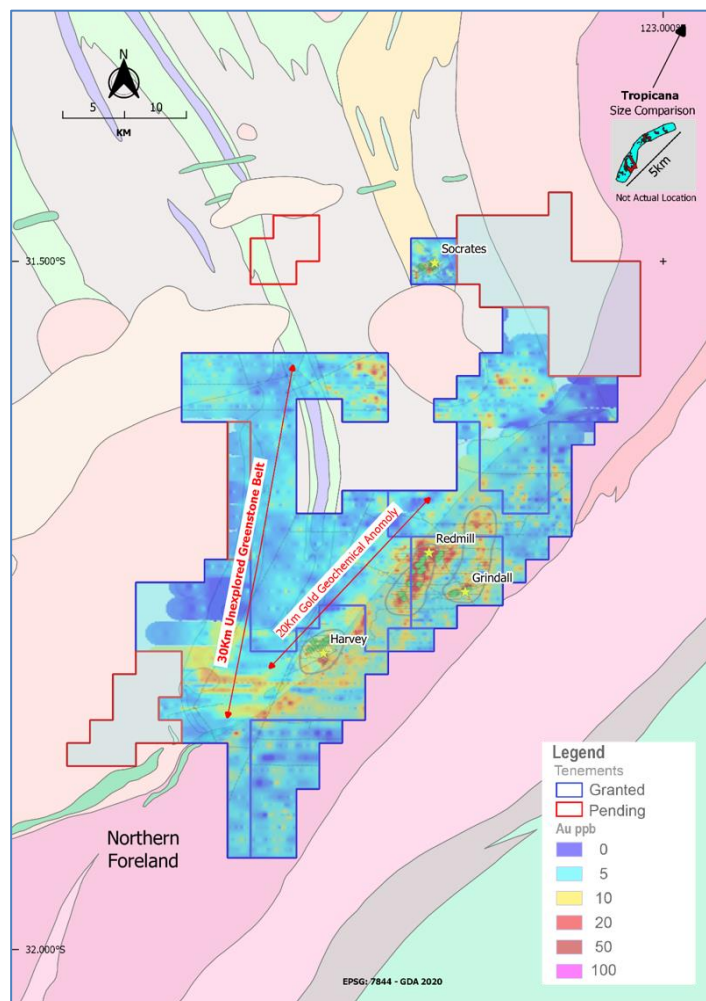
## - Keith-Kilkenny Fault (Norseman - Wiluna Greenstone Belt)

There is approximately 30km of unexplored Greenstones within the Woodline tenure that has had little to no exploration undertaken.

The company plans to conduct a geophysics program as follows:-

- 180 km<sup>2</sup> Photogrammetry Surveys for Centimetre level accurate DEM data;
- 180 km<sup>2</sup> High-resolution UAV Aero Magnetic Surveys for structural data.

The Woodline project has been successfully explored by Sipa / Newmont / MRG & Nelson with expenditure in excess of \$14 million. The above exploration programs may vary as the results of the geophysics programs are reviewed.



**Figure 2. 20km Gold Geochemical Anomaly with Woodline tenure shown (Granted & Pending)**





Pending)

## Tempest Project

The Tempest project has the potential to host both gold and base metal resources and historical exploration is both limited and early stage.

Historical work done is unrelated to the anticipated extension of the paleochannel identified at the neighbouring Thunderstorm project.

Within the next 2 quarters. The company intends to conduct the following Geophysics programs:

- 24 km<sup>2</sup> Photogrammetry Surveys for Centimetre level accurate DEM data;
- 24 km<sup>2</sup> Ultra High-Resolution Ground Magnetic Surveys for structural data;
- 24 km<sup>2</sup> Passive Seismic Surveys for cover mapping and structural data;
- IP Surveys to identify potential gold bearing or nickel bearing sulphides.

This work is intended to map the extent of the paleochannel and define RC drill targets for 2021.

IGO is currently conducting a large Moving Loop EM program at the Thunderstorm project adjacent to the Tempest project.





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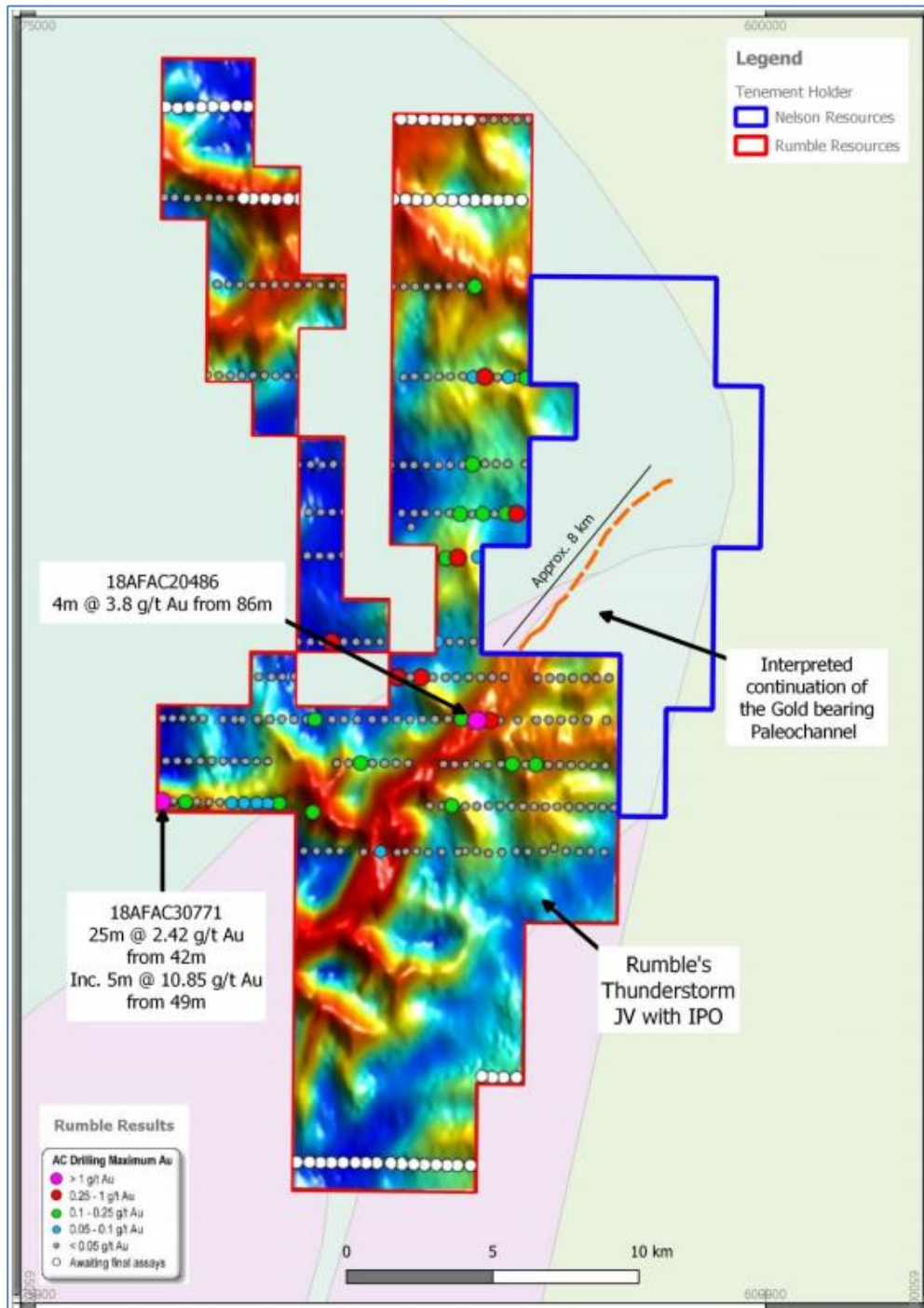


Figure 3. Tenement E28/2805 in relation to Rumble's Thunderstorm JV with IGO



## Yarri Project

After announcing an option for the sale of the Yarri project in June, the Company and the option holder elected to withdraw from the sale agreement, as announced in August.

Nelson is continuing to pursue several other development/sales options for the project.

## Fortnum Project

During the Quarter, the Company continued discussions regarding a potential Joint Venture on the Fortnum Project.

## Happy Jack

The Company has a retained 1% NSR on any future gold production on this tenement.

## Corporate

### Appointment of Exploration team members

Nelson announced the appointment of two highly experienced members to its exploration team, with James Farrell joining the Company as Exploration Manager and Justin Ward joining as Senior Geophysicist.

Mr Farrell is a gold and base metals geologist with 18 years' experience and specialist expertise in exploration and resource development in Australia and internationally. He has significant experience with project generation, multidisciplinary project feasibility studies and project development strategy. Mr Ward is a highly regarded senior geophysicist with 24 years' experience in mineral exploration in Australia, Africa, North America and Russia. He has senior project exploration experience working in geoscience teams exploring for gold, base metals, iron ore, minerals sands and diamonds. He is an active member of the ASEG.

### Results of 2020 Annual General Meeting

Nelson held its 2020 Annual General Meeting of Shareholders on 15 September 2020, with all resolutions put to the meeting passed via poll. Resolutions were as follows:

1. Adoption of Remuneration Report
2. Re-election of Director – Warren Hallam
3. Ratification of prior issue of Placement Shares and attaching Placement Options – 7.1 Capacity
4. Ratification of prior issue of Placement Shares - 7.1A Capacity
5. Ratification of prior issue of Follow-on Placement Shares and attaching Listed Options – 7.1 Capacity
6. Ratification of prior issue of Follow-on Placement Shares – 7.1A Capacity
7. Approval to issue Listed Options to Mahe Capital Pty Ltd.



## Financial commentary

The Appendix 5B for the quarter ended 30 September 2020 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$220K, including \$74K of expenses incurred as a result of geophysics and survey work on the Woodline project. Corporate and other expenditure for the quarter was \$205K. The total amount paid to Directors of the Company, their associates and other related parties was \$132K and includes salary, fees and a bonus.

During the quarter the Company raised \$2.355m via a renounceable rights issue and placement.

As approved by the Board for release.



## ABOUT NELSON RESOURCES

Nelson Resources is an exploration company with a highly prospective 956km<sup>2</sup> tenure holding. The key focus for the company is its 828 km<sup>2</sup> Woodline Project.

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:

- 45km of the Cundeelee Shear Zone which already consists of a known +20km Gold Geochemical and bedrock anomaly, hosted in the same geological structural setting <sup>1</sup> as the 7.7 million ounce Tropicana Gold mine <sup>2</sup>.
- 30km of significantly unexplored greenstones along the Norseman-Wiluna greenstone belt.
- 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 \$14 million by the Company, Sipa Resources, Newmont and MRG.

The 7.7 million ounce Tropicana Gold Mine which is operated by AngloGold Ashanti was discovered in 2005 by IGO Group Limited via a gold-in-soil anomaly that led to further exploration and is one of the most important gold discoveries in Australia for decades. Tropicana currently produces approximately 450,000 ounces per annum <sup>3</sup>. In today's gold price terms, that equates to over A\$1 billion dollars per annum.

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

<sup>1</sup> <https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Korsch-presentations-0012.pdf>

<sup>1</sup> [https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Spaggiari\\_2-presentations-0004.pdf](https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Spaggiari_2-presentations-0004.pdf)

<sup>2</sup> <http://www.tropicanaajv.com.au/irm/content/reserves-resource-statement1.aspx?RID=284>

<sup>3</sup> <http://www.tropicanaajv.com.au/irm/content/fact-sheet.aspx?RID=318>

### For further information please contact:

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## Schedule of Exploration Tenements

Project Name	Tenement	Interest Held: 30-Jun-20	Interests in mining tenements and petroleum tenements acquired or increased	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Interest Held: 30- Sep-2020
Socrates	E28/2633	100%	-	-	100%
Socrates East - Application	E28/2993	-	-	-	-
Grindall	E28/2679	100%	-	-	100%
Grindall North	E28/2768	100%	-	-	100%
Grindall South	E28/2769	100%	-	-	100%
Redmill	E28/2873	100%	-	-	100%
Redmill	E28/2874	100%	-	-	100%
Redmill West - Application	E28/2987	-	-	-	-
Yarri (Wallaby)	P31/2085	100%	-	-	100%
Yarri (Gibberts)	P31/2086	100%	-	-	100%
Yarri (Great Banjo)	P31/2087	100%	-	-	100%
Bullen West	E52/3695	100%	-	-	100%
Harvey	E63/1971	100%	-	-	100%
Harvey	E28/2923	100%	-	-	100%
Harvey West - Application	E28/2986	-	-	-	-
Morris – Application	E28/2941	-	-	-	-
Tempest	E28/2805	100%	-	-	100%

