Nelson Resources Limited

And Controlled Entities

ABN: 83 127 620 482

ANNUAL REPORT

For the Year Ended 30 June 2019

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DIRECTORS

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

SECRETARY
Stephen Brockhurst

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770 Canning Highway
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Dear Shareholders

It is with pleasure that I present you the second Annual Report of Nelson Resources Limited as a listed public company.

The Company listed on the ASX in December of 2017.

Since listing the Company has delivered on its exploration commitments of the Company's exploration portfolio of gold assets in the prolific eastern goldfields region of WA.

Of note the Company has re-consolidated 656km² of tenure of the exciting Woodline Project previously explored by SIPA Resources, Newmont and MRG Resources. The project is located north of the Fraser range and is at the southern end of the interpreted Tropicana belt. Total exploration expenditure to date by previous explorers, including Nelson Resources, is approximately $13m which has defined a large geochemical footpriknt over 20kms in strike. The Company is actively looking to increase its already significant foothold in the Albany-Fraser Province. The Company believes the Woodline Project has the potential to deliver a Tropicana scale deposit and looks forward to continuing the exceptional work done by the previous explorers.

The Yarri project has had significant work completed. This project has delivered some significant intercepts however further work is required to determine if the scale is suitable for the Company's foreward looking plan. An auger drilling program has also been undertaken at the Company's Wilga Well project 9kms east of Sunrise Dam where drilling below old workings remains shallow and the potential at depth remains largely untested.

I commend our team headed up by Adam Schofield and recently appointed Exploration Manager, Simon Coxhell for their efforts during the year and the demeanour and care for with which they have looked after shareholder's funds and for their methodical approach to exploration.

I look forward to an exciting year ahead where our Woodline Project will be a major focus of our attention. To you, our shareholders I thank you for the patience and support that you have placed in the Board and our team and we look forward to working together and remain focussed on delivering shareholder value through our exploration success.

Warren Hallam
Non-Executive Chairman

26 September 2019

Your Directors submit the annual financial report of the Consolidated Entity for the year ended 30 June 2019.

DIRECTORS

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

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

COMPANY SECRETARY

Stephen Brockhurst	Company Secretary

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were the exploration and development of natural resources. There have been no other significant changes in the activities of the Consolidated Entity during the year other than matters noted in this report.

REVIEW OF RESULTS

The loss after tax for the year ended 30 June 2019 was $1,079,273 (2018: $1,145,673), mainly the result of share based payments.

DIVIDENDS

No dividends were paid or declared during the year ended 30 June 2019 (30 June 2018: nil).

CORPORATE

Appointment

In April the Company appointed Senior Geologist Mr Simon Coxhell, who oversees and conducts all geological and technical work across the Nelson Resources portfolio of prospective gold tenements. Mr Coxhell has over 34 years' experience encompassing all aspects of the resource sector including exploration, resource development, metallurgical considerations and mining. Most recently Simon led Echo Resources (EAR) through the exploration, resource definition, and PFS and BFS of the Julius and Bronzewing Gold Projects. Over a 3 year period Simon took the gold resource base of Echo from zero resource ounces to a total of 1.7 million ounces of gold, and a maiden reserve of 800,000 ounces. Simon's commodity background includes gold, copper, iron ore, graphite, diamonds, vanadium, rare earths, mineral sands, garnet, phosphate and oil shale. Simon has worked in Africa (Burkina Faso, Cote d'Ivoire, Namibia, Tanzania, Zimbabwe, Zambia, Nigeria), Chile, Indonesia (Sumatra, Kalimantan, Sumbawa), Italy, Sweden and America.

The Board and Management of Nelson Resources welcomes Simon to the Company and looks forward to working with him to unlock the value within the Nelson project portfolio.

OPERATIONS

Woodline Project (Socrates, Grindall, Redmill and Harvey)
Potential for Tropicana Scale Gold Deposit

During the year Nelson continued the consolidation of tenure over the historical Woodline Project which was previously explored by SIPA Resources and Newmont. The tenure is located on the southern end of the interpreted Tropicana Belt 20 km north-west of the Albany-Fraser Province.

During the year the Company has applied for new tenements E 28/2873 ,E 28/2874, E 63/1971 and E 28/2923 which are within the vicinity of the Company's Socrates, Grindall and Redmill Projects. These tenements include a substantial portion of the historic Sipa / Newmont Woodline project and fully incorporates the Ommaney prospect (now referred to as the Harvey Project). Recent exploration expenditure by the Company, Sipa, Newmont and MRG across this tenure and the Socrates project is approximately $13 million.

Lying 90km North East of Kalgoorlie and halfway between the Trans Australia Rail line and the Eyre Highway, this consolidation of tenure that is now the Woodline Project (comprising the Socrates, Grindall, Redmill and Harvey Projects) covers 656km^2 which includes an exciting 20km long geochemical anomaly that has the potential to produce a Tropicana scale gold deposit.

The Woodline Projects lies over the reworked Archaean margin adjacent to the Albany-Fraser Province. To date, work curried 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 & Harvey each have the potential to host a Tropicana scale gold deposit.

Post period end, the Company announced it had acquired an additional data package relating to its Woodline / Harvey Project from MRG Metals Limited (ASX:MRQ) including the results of 789m of Diamond Drilling (5 holes) and 1556m of RC Drilling (7 holes).

This acquisition includes the core "shed" which is the only diamond drilling conducted in the Woodline Project. The terms of the acquisition included an upfront payment of $25K for the data, a 1% NSR and a $50K payment if a JORC compliant resource is declared within the boundary of tenement E28/2923.

It is Nelson's intention to combine the newly acquired data with its current comprehensive data set to better understand the structural setting and lithologies of the eastern Yilgarn margin. This will better guide the Company's future exploration strategy.

Socrates

In the last Quarter Nelson completed its assessment of the successful downhole survey undertaken by Wireline Services which has significantly improved its understanding of the structural controls at Socrates which will aid in planning a new drilling program planned for the Second Quarter of 2019. Nelson has several walk-up drill targets not tested by its previous drilling programs.

Grindall

Desktop reviews of the extensive data Nelson has for this project was completed late in the year and based on this data, the Company anticipates commencing a number of AC / RC Drill holes to infill drilling done by SIPA / Newmont.

It is the Company's belief that the planned drilling will increase the potential of a significant gold discovery.

Redmill (Tenure Pending)

Along with Grindall, Nelson has continued its desktop review of the extensive Redmill data and as such, also has planned a number of AC / RC Drill holes to infill drilling done by SIPA / Newmont. Again, the Company anticipates drilling programs will increase the potential of a significant gold discovery.

Harvey (Tenure Pending)

In the June 2019 Quarter, the Company applied for two new tenements E63/1971 and E28/2923 which further consolidates a large portion of the Woodline Project that Sipa / Newmont operated as a JV. The Company also commenced a desktop review of the extensive data set it has for this tenement.

Wilga Well Project

Wilga Well lies 9 km's East of AngloGold Ashanti's Sunrise Dam project (> 10 million ounces Au). The projects close proximity to Sunrise Dam and some significant historical drilling results indicate the project justifies both new geophysics work and drilling.

The tenement contains at least three geochemically anomalous areas, one corresponding to historical workings, while the other two have received little consideration. Drilling beneath the old workings is shallow, and the potential at depth remains largely untested.

Historical production at the Wilga Well Project included:

- 296t @ 43.14g/t Au between 1899 and 1901*
- 651t @ 11.31g/t Au between 1984 and 1994*

Best historical intercepts included:

- RAB 002 from 13m for 9m @ 18.26 g/t Au*
- RAB010 from 28m for 1m @ 17.6 g/t Au* • WPC019 from 16m for 1m @ 10.70 g/t Au*

Costean sampling has reported up to 103g/t Au and rock chip sampling has returned up to 13.5g/t Au.*

Nelson carried out a 175 samples auger program on a nominal 40x40m grid to test the mineralised shear zone over the tenement with the aim of generating future Aircore and RC drill targets.

Samples were sent to SGS for low level gold analysis via aqua regia digest followed by ICP MS. Results, are encouraging enough to suggest a potential follow up AC drilling program to verify historical data and possibly extend the known high-grade zone.

Drilling will focus mainly on the NW striking lineament incorporating the previously mentioned high grade intercept of 13m for 9m @ 18.26 g/t Au.

*historical results refer to: WAMEX report: A78306

Yarri Project

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. Consisting of three prospects to the North and East of the historic Yarri State Battery site, Nelson'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 Company completed multiple drilling programs throughout the year including:

- 5,303m RC (41 holes) drilling program across the three projects comprising: - Wallaby – 28 holes for 2,642 metres - Great Banjo – 8 holes for 2,243 metres - Gibberts – 4 holes for 418 metres

- 4,091m RC (52 hole) drilling program across Wallaby (42 holes for 3,261 metres) and Gibberts (10 holes for 830 metres). Significant results included:

  - Wallaby Prospect
    - 3 metres at 12.76g/t Au from 61 metres in hole YWRC052
    - 5 metres at 2.3g/t Au from 82 metres in hole YWRC036
    - 4 metres at 2.24g/t Au from 41 metres in hole YWRC031
    - 3 metres at 2.44g/t Au from 37 metres in hole YWRC069
  - Gibberts Prospect
    - 2 metres at 2.48g/t Au from 27 metres in hole YGRC005

Historic workings at the three prospects include:

- 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 (Tenure Granted)

The Fortnum project licence was issued post period end and totals 21.6 km². It is located approximately 14km Southwest of the Fortnum Mining centre, in the locality of Billara Bore.

Happy Jack

The Company has a retained 1% net smelter royalty on any future gold production on this tenement.

Woolshed Well Project: Gold

Woolshed Well lies 20 km's east of Leonora. These tenements were relinquished during the year.

Climate Risk

The Company acknowledges that climate change issues could constitute a risk to its operations but has assessed the risks to be Low. The largest concern for the Company is water management during its exploration activities. Most of the Company's operations occur in areas with scarce access to water and the Company believes that climate change could exacerbate this issue as weather patterns potentially become less predictable. The Company's approach is to be flexible and adaptive in its response to manage this potential issue.

Key potential vulnerabilities

- Extreme weather events (floods, cyclonic activity, storm activity and bushfires) which could impede exploration ability; affect occupational health and safety; impact supply chains; damage infrastructure; and increase of unplanned water discharge.
- Sea level rise might impact on the longer-term access to and viability of infrastructure.
- Legislation uncertainty or compliance changes due to climate-related impacts.
- water discharge

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below

Current Directors

Director	Details
Warren Hallam	
Qualifications	MSc (Min. Econ), BAppSci (Metallurgy), GradDip (Fin)
Position	Independent Non-Executive Chairman
Appointment Date	1 February 2019
Resignation Date	N/A
Length of Service	5 months
Biography	Mr Hallam is a Metallurgist and a Mineral Economist and holds a Graduate Diploma in Finance. Mr Hallam has considerable technical, managerial and financial experience across a broad range of commodities being predominantly copper, nickel, tin, gold and iron ore.
Current ASX Listed Directorships	Millennium Minerals Limited
Former ASX Listed Directorships	Westgold Resources Limited Metals X Limited Capricorn Metals Limited
Adam Schofield	
Qualifications	Dip (MechEng)
Position	Executive Director
Appointment Date	7 July 2016
Resignation Date	N/A
Length of Service	2 years, 11 months
Biography	Mr Schofield is an Executive Director with over 20 years' experience in the resources sector in Africa and Australia. He is a Mechanical Engineer with significant experience in conducting feasibility studies and taking projects from feasibility stage into operations. Mr Schofield has an extensive experience in gold, mineral sands, iron ore and copper.
Current ASX Listed Directorships	N/A
Former ASX Listed Directorships	N/A
Stephen Brockhurst	
Qualifications	BCom
Position	Independent Non-Executive Director
Appointment Date	1 February 2019
Resignation Date	N/A
Length of Service	5 months

Biography	Mr Brockhurst has over 18 years' experience in the finance and corporate advisory industry and has been responsible for the due diligence process and preparation of prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently Company Secretary of Jacka Resources Limited, Bowen Coking Coal Limited, Galena Mining Limited and Kingfisher Mining Limited.
Current ASX Listed Directorships	Estrella Resources Limited Kingwest Resources Limited
Former ASX Listed Directorships	Roto-Gro International Limited

Former Directors

Director	Details
Peter Cook	
Qualifications	MSc (Min. Econ) BSc (Appl Geol) MAusIMM
Position	Independent Non-Executive Chairman
Appointment Date	4 June 2013
Resignation Date	1 February 2019
Length of Service	5 years 7 months
Biography	Mr Cook is a highly experienced and successful mining company executive with over 30 years relevant experience in exploration, mining, project development and management. In recent years he has been the co-founder, Managing Director and Chairman of Metals X Limited and is currently the Managing Director of the newly demerged Westgold Resources Limited which operates the gold division of what was previously the diversified Metals X's portfolio. He was also the founder and Non-Executive Chairman of a small gold producer, Pantoro Limited, resigning from that position to focus on the advancement of Westgold Resources without conflict.
Current ASX Listed Directorships	Westgold Resources Limited
Former ASX Listed Directorships	Metals X Limited Pantoro Limited
Brett Clark	
Qualifications	B. Eng, Dip Finance
Position	Independent Non-Executive Director
Appointment Date	7 July 2016
Resignation Date	1 February 2019
Length of Service	2 years 6 months

Biography	Mr Clark's career, of over 25 years' experience, comprised of directorships and senior executive roles in mining and energy sectors involving in funding, operations and advisory. Mr Clark's experience ranging from project development to operations and sales and marketing in gold, copper, nickel, coal, iron ore, industrial minerals and upstream oil and gas across a number of continents. Mr Clark also has vast experience in the United States and Asian capital markets, including middle markets and structured debt, mezzanine and equity transactions.
Current ASX Listed Directorships	Avenira Limited
Former ASX Listed Directorships	Ardea Resources Limited Surefire Resources NL

COMPANY SECRETARY

Company Secretary	Details
Stephen Brockhurst	
Position	Company Secretary
Appointment Date	22 June 2017
Resignation Date	N/A

MEETINGS OF DIRECTORS

The number of meetings held during the year and the number of meetings attended by each Director was as follows:

	Board	Audit & Risk Management Committee	Nomination & Remuneration Committee
Number of Meetings Held	**5**	**2**	**-**
Number of Meetings Attended:			
Warren Hallam[1]	3	1	-
Peter Cook[2]	2	1	-
Adam Schofield	5	2	-
Stephen Brockhurst[3]	3	1	-
Brett Clark[4]	1	-	-

The Consolidated Entity does not have an Audit, Remuneration or Nomination Committee with the full Board carrying out the functions that would otherwise be dealt with by such Committees. All Directors were eligible to attend all Board Meetings held when they were in office.

[1] Appointed 1 February 2019
[2] Resigned 1 February 2019
[3] Appointed 1 February 2019
[4] Resigned 1 February 2019

SHARE OPTIONS

As at the date of this report, there were 12,500,000 listed options of varying exercise prices and expiry dates and 7,000,000 unlisted options of varying exercise prices and expiry dates over ordinary shares on issue that have been issued.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No shares as a result of the exercise of the options were issued as at the date of this report.

DIRECTORS' INTERESTS AND BENEFITS

The movement during the reporting period in the number of fully paid ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Shares Held at 30 June 2018	On-Market Purchases	Exercise of Options	Other Changes	No. Shares Held at 30 June 2019	No. Shares Held at Date of this Report
Warren Hallam						
Directly	-[5]	-	-	-	-	-
Indirectly	-[6]	-	-	-	-	-
Peter Cook						
Directly	-	-	-	-	-[7]	N/A
Indirectly	1,584,001	-	-	-	1,584,001[8]	N/A[9]
Adam Schofield						
Directly	75,000	-	-	-	75,000	75,000
Indirectly	-	-	-	-	-	-
Stephen Brockhurst						
Directly	-[10]	-	-	-	-	-
Indirectly	-[11]	-	-	-	-	-
Brett Clark						
Directly	-	-	-	-	-[12]	N/A
Indirectly	-	-	-	-	-[13]	N/A
Total	**1,659,001**	**-**	**-**	**-**	**1,659,001**	**75,000**

[5] Balance held at appointment date, 1 February 2019
[6] Balance held at appointment date, 1 February 2019
[7] Balance held at resignation date, 1 February 2019
[8] Balance held at resignation date, 1 February 2019
[9] Not applicable as Director resigned during the financial year
[10] Balance held at appointment date, 1 February 2019
[11] Balance held at appointment date, 1 February 2019
[12] Balance held at resignation date, 1 February 2019
[13] Balance held at resignation date, 1 February 2019

The movement during the reporting period in the number of options over ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Options Held at 30 June 2018	Grant of Options	Exercise of Options	Other Changes	No. Options Held at 30 June 2019	No. Options Held at Date of this Report
Warren Hallam						
Directly	-[14]	-	-	-	-	-
Indirectly	-[15]	-	-	-	-	-
Peter Cook						
Directly	-	-	-	-	-[16]	N/A
Indirectly	625,000	-	-	-	625,000[17]	N/A[18]
Adam Schofield						
Directly	37,500	2,500,000[19]	-	-	2,537,500	2,537,500
Indirectly	-	-	-	-	-	-
Stephen Brockhurst						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Brett Clark						
Directly	-	-	-	-	-[20]	N/A
Indirectly	-	-	-	-	-[21]	N/A
Total	**662,500**	**2,500,000**	**-**	**-**	**3,162,500**	**2,537,500**

[14] Balance held at appointment date, 1 February 2019
[15] Balance held at appointment date, 1 February 2019
[16] Balance held at resignation date, 1 February 2019
[17] Balance held at resignation date, 1 February 2019
[18] Not applicable as Director resigned during the financial year
[19] On 12 December 2018 the Company granted 2,500,000 unlisted options exercisable at $0.20 each, expiring 20 November 2021 under the Amended Employee performance Rights and Options Plan
[20] Balance held at resignation date, 1 February 2019
[21] Balance held at resignation date, 1 February 2019

The movement during the reporting period in the number of performance rights of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Performance Rights Held at 30 June 2018	Issue of Performance Rights	Conversino of Performance Rights	Other Changes	No. Performance Rights Held at 30 June 2019	No. Performance Rights Held at Date of this Report
Warren Hallam						
Directly	-[22]	-	-	-	-	-
Indirectly	-[23]	-	-	-	-	-
Peter Cook						
Directly	-	-	-	-	-[24]	N/A
Indirectly	-	-	-	-	-[25]	N/A
Adam Schofield						
Directly	-	1,500,000[26]	-	-	1,500,000	1,500,000
Indirectly	-	-	-	-	-	-
Stephen Brockhurst						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Brett Clark						
Directly	-	-	-	-	-[27]	N/A
Indirectly	-	-	-	-	-[28]	N/A
Total	**-**	**1,500,000**	**-**	**-**	**1,500,000**	**1,500,000**

REMUNERATION REPORT

<u>Introduction</u>

The Directors present the Remuneration Report for the Consolidated Entity for the year ended 30 June 2019. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Parent Entity.

[22] Balance held at appointment date, 1 February 2019
[23] Balance held at appointment date, 1 February 2019
[24] Balance held at resignation date, 1 February 2019
[25] Balance held at resignation date, 1 February 2019
[26] On 12 December 2018 the Company issued 1,500,000 performance rights, expiring 20 November 2021 under the Amended Employee performance Rights and Options Plan, refer to Note 14 for the valuation.
[27] Balance held at resignation date, 1 February 2019
[28] Balance held at resignation date, 1 February 2019

Remuneration Policy

The Company Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed $250,000 per annum. The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

Remuneration Report Approval at FY2019 AGM

The remuneration report for the period ended 30 June 2019 will be put to shareholders for approval at the Company's AGM which will be held during November 2019.

Details of Remuneration

Details of the remuneration of the Directors, other key management personnel of the Consolidated Entity and specified executives of the Consolidated Entity for the years ended 30 June 2019 and 30 June 2018 respectively are set out on the following tables:

		Fixed				STI	LTI	Total	Proportion of Remuneration		
	Year	Salary fees and leave $	Other Fees $	Termination Payment $	Superannuation $	Incentive Payments $	FV Securities $	$	Fixed %	STI %	LTI %
Non-Executive Directors											
Warren Hallam[29]	2019	**30,000**	**-**	**-**	**2,850**	**-**	**-**	**32,850**	**100%**	**-**	**-**
Peter Cook[30]	2019	**42,000**	**-**	**-**	**3,990**	**-**	**-**	**45,990**	**100%**	**-**	**-**
	2018	69,740	-	-	6,600	-	-	76,340	100%	-	-
Stephen Brockhurst[31]	2019	**20,000**	**-**	**-**	**1,900**	**-**	**-**	**21,900**	**100%**	**-**	**-**
Brett Clark[32]	2019	**28,000**	**-**	**-**	**2,660**	**-**	**-**	**30,660**	**100%**	**-**	**-**
	2018	47,500	-	-	4,560	-	-	52,060	100%	-	-
Total Non-Executive Directors	2019	**120,000**	**-**	**-**	**11,400**	**-**	**-**	**131,400**	**100%**	**-**	**-**
	2018	117,240	-	-	11,160	-	-	128,400	100%	-	-
Executive Directors											
Adam Schofield	2019	**131,248**	**-**	**-**	**12,469**	**-**	**223,583**	**367,300**	**39%**	**-**	**61%**
	2018	124,500	-	-	11,875	-	-	136,375	100%	-	-
Total Executive Directors	2019	**131,248**	**-**	**-**	**12,469**	**-**	**223,583**	**367,300**	**39%**	**-**	**61%**
	2018	124,500	-	-	11,875	-	-	136,375	100%	-	-

[29] Appointed 1 February 2019
[30] Resigned 1 February 2019
[31] Appointed 1 February 2019
[32] Resigned 1 February 2019

Consultancy Agreements

Adam Schofield is engaged as an executive director pursuant to a consultancy agreement with the Company. The consultancy agreement commenced on 1 April 2017 and will continue until it is terminated in accordance with its terms. For his role as an executive director, the Company will pay Adam Schofield a fee of $164,250 per annum, including superannuation (revised, effective 1 April 2019). In his role as executive director, Adam Schofield will, among other things:

- act with professional skill with a view to promoting, advancing and improving the business of the Company;
- implement strategic and tactical plans of the Company;
- review and initiate continuous improvement in support and administrative functions;
- use best endeavours to achieve the corporate objectives of the Company;
- formulate strategies to promote and improve the financial performance of the Company; and
- advise the Board in relation to all relevant issues affecting the Company and its performance.

Either party may terminate the agreement without cause by providing the other party with no less than 3 months' written notice. The Company may terminate the agreement by summary notice to Adam Schofield with cause in circumstances considered standard for agreements of this nature in Australia. The agreement is otherwise on terms and conditions considered standard for agreements of this nature in Australia.

Share Based Compensation

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%.

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.

No ordinary shares in the Company were provided as a result of an exercise of remuneration options to Directors and other key management personnel of the Consolidated Entity in this or the previous reporting period.

Related Party Transactions

Effective 1 March 2019 the Company entered into a sub-lease agreement with Kingfisher Mining Limited (a company of which both Warren Hallam and Adam Schofield are directors) for the occupancy of its premises. The transaction is on an arm's length term, expiring 31 October 2020.

End of Audited Remuneration Report.

ENVIRONMENTAL REGULATION

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities. The Directors are not aware of any significant breaches of these requirements during the year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no likely development of which the Directors are aware of which could be expected to significantly affect the results of the Company's operations in subsequent financial periods not otherwise disclosed in the 'Principal activities' and 'Review of operations' or the 'Significant events after the balance sheet date' sections of the Directors' report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all of the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

CORPORATE GOVERNANCE

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

NON AUDIT SERVICES

Criterion Audit Pty Ltd was appointed as the Company's auditor on 24 October 2016 and has not provided any non-audit services to the Company since its appointment.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the year 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 30 July 2019 the Company announced it had acquired an additional data package relating to its Woodline / Harvey Project from MRG Metals Limited (ASX:MRQ) including the results of 789m of Diamond Drilling (5 holes) and 1556m of RC Drilling (7 holes).

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2019 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.

____
Adam Schofield
Executive Director

26 September 2019

CRITERION AUDIT

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Nelson Resources Limited for the year ended 30 June 2019, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Louwrens.

ELIZABETH LOUWRENS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 26th day of September 2019

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
Revenue	3	**40,121**	16,978
Administration and other expenses		**(277,055)**	(178,536)
Accounting and audit fees		**(125,179)**	(93,522)
Consultancy fees		**(23,025)**	(10,000)
Depreciation		**(64,788)**	(481)
Directors' fees		**(170,118)**	(264,775)
Dispute settlement		**-**	(100,000)
Finance costs		**(1,405)**	(559)
Impairment of receivables		**-**	(405,113)
Legal fees		**(12,872)**	(53,394)
Marketing expenses		**(37,309)**	(9,000)
Occupancy expenses		**(30,652)**	(14,000)
Share based payments: options - Director	14	**(159,833)**	-
Share based payments: options - Employee	14	**(95,900)**	-
Share based payments: performance rights - Director	14	**(63,750)**	-
Travel and accommodation expenses		**(19,053)**	(14,350)
Tenement expenses		**(18,634)**	(18,921)
Write-off of tenement expenses		**(19,821)**	-
Loss before tax		**(1,079,273)**	(1,145,673)
Income tax benefit/(expense)	4	**-**	-
Net loss for the year from operations		**(1,079,273)**	(1,145,673)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,079,273)**	(1,145,673)
Basic and diluted loss per share (cents)	5	**(2.37)c**	(4.00)c

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**666,222**	3,648,290
Trade and other receivables	8	**108,463**	24,168
Other assets		**30,375**	18,763
Total Current Assets		**805,060**	3,691,221
Non-Current Assets			
Plant and equipment	9	**260,260**	12,385
Exploration and evaluation assets	10	**3,330,881**	1,463,937
Total Non-Current Assets		**3,591,141**	1,476,322
Total Assets		**4,396,201**	5,167,543
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**118,257**	132,993
Provisions	12	**20,687**	8,501
Total Current Liabilities		**138,944**	141,494
Total Liabilities		**138,944**	141,494
Net Assets		**4,257,257**	5,026,049
EQUITY			
Contributed equity	13	**36,163,913**	36,172,915
Reserves	14	**568,483**	249,000
Accumulated losses	15	**(32,475,141)**	(31,395,866)
Total Equity		**4,257,257**	5,026,049

The accompanying notes form part of these financial statements.

Consolidated Entity	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2018	**36,172,915**	**249,000**	**(31,395,866)**	**5,026,049**
Equity issue expenses	(9,002)	-	-	(9,002)
Share based payments	-	357,733	-	357,733
Cancellation of performance rights	-	(38,250)	-	(38,250)
Loss for the year	-	-	(1,079,273)	(1,079,273)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,079,273)	(1,079,273)
Balance at 30 June 2019	**36,163,913**	**568,483**	**(32,475,141)**	**4,257,257**

Consolidated Entity	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 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 year	-	-	(1,145,673)	(1,145,673)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,145,673)	(1,145,673)
Balance at 30 June 2018	**36,172,915**	**249,000**	**(31,395,866)**	**5,026,049**

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		**(793,088)**	(849,833)
Payment for exploration and evaluation assets		**(1,906,137)**	(361,966)
Interest paid		**(209)**	-
Interest received		**41,971**	7,917
Net cash (used in) operating activities	7	**(2,657,463)**	(1,203,882)
Cash flows from investing activities			
Proceeds from disposal of tenements		**1,000**	-
Payment for plant and equipment		**(316,603)**	-
Net cash (used in) investing activities		**(315,603)**	-
Cash flows from financing activities			
Proceeds from equity issues		**-**	5,000,000
Payment for costs of equity issues		**(9,002)**	(360,553)
Net cash from / (used in) financing activities		**(9,002)**	4,639,447
Net increase / (decrease) in cash held		**(2,982,068)**	3,435,565
Cash and cash equivalents at beginning of the year		**3,648,290**	212,725
Cash and cash equivalents at year end	7	**666,222**	3,648,290

The accompanying notes form part of these financial statements.

1. *Corporate information*

This annual report covers Nelson Resources Limited (the "Consolidated Entity"), a company incorporated in Australia for the year ended 30 June 2019. 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 26 September 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*

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Nelson Resources Limited is a for-profit entity for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars and have been prepared under the historical cost convention. The financial statements of the Company also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

b. Going concern

The annual financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of $1,079,273 for the year ended 30 June 2019 (2018: loss $1,145,673) and net cash outflows from operating activities of $2,657,463 (2018: $1,203,882). The net working capital position of the Consolidated Entity at 30 June 2019 was $666,116 (30 June 2018: $3,549,272 net working capital deficit). The Consolidated Entity has exploration commitments due within the next 12 months. The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is principally dependent upon the Company successfully raising additional share capital, full or partial divestment of assets, or containing expenditure in line with available funding. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern. The Directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial 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.

2. *Accounting policies (continued)*

In particular, given the Consolidated Entity's history of raising capital to date, the Directors are confident of the Consolidated Entity's ability to raise additional funds as and when they are required. Should the Consolidated Entity 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 Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

c. Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of Nelson Resources Limited and the results of all subsidiaries for the year then ended. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss, statement of financial position and statement of changes in equity respectively.

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Nelson Resources Limited. When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

2. *Accounting policies (continued)*

d. Comparatives
When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

e. Finance costs
Finance costs comprise interest expense on borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the profit or loss using the effective interest rate.

f. Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation expenditure
Determining the recoverability of exploration and evaluation expenditure capitalised, in accordance with the Company's accounting policy where a potential impairment is indicated, requires estimates and assumptions as to whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This assessment requires estimates and assumptions about the resources, the timing of expected cash flows and future capital requirements. If, after having capitalised the expenditure under accounting policy, a judgement is made that recovery of expenditure is unlikely, an impairment loss is recognised in the profit or loss. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits.

Such costs have been determined using estimates of future costs, current legal requirements and technology and discounted by a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the restoration works. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

2. *Accounting policies (continued)*

Recoverability of deferred tax assets

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

h. New or amended Accounting Standards and Interpretations adopted

In the year ended 30 June 2019, the Company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for current annual reporting. It has been determined by the Company 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 Company's accounting policies. The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company's accounting policies.

i. New accounting standards and interpretations

Reference	Title	Application date of standard
AASB 16	**Leases** This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity will adopt this standard from 1 July 2019. The Consolidated Entity has assessed the impact at 30 June 2019.	1 January 2019

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
3. *Revenue*		
Disposal of tenement	**4,608**	-
Interest revenue	**34,931**	16,978
Other revenue	**582**	-
	40,121	16,978

Accounting policy

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Other revenue is recognised when it is received or when the right to receive payment is established.

4. *Income tax*

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
<u>Income tax benefit</u>		
Current income tax	**-**	-
<u>Reconciliation of income tax benefit to prima facie tax</u>		
Loss before income tax benefit	**(1,079,273)**	(1,145,673)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	**(296,800)**	(315,060)
Movements in timing differences not recognised	**(702,019)**	213,773
Non-deductible expenses	**101,812**	(2,624)
Current year losses for which no deferred tax asset was recognised	**897,007**	103,911
Income tax expense	**-**	-
<u>Deferred tax balances not recognised</u>		
Tax losses	**1,901,689**	815,445
Exploration	**(326,148)**	100,083
Business related costs	**127,407**	172,854
Other	**2,461**	117,519
	1,705,409	1,205,901

4. *Income tax (continued)*

Tax losses

The tax benefit at 27.5% of estimated unused tax losses is currently under review and it has not been recognised as a deferred tax asset. The benefit of deferred tax assets will only be brought to account if future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised and the conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

Accounting policy

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period. Deferred tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the profit or loss.

4. *Income tax (continued)*

GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of amount of GST recoverable from, or payable to, the ATO.

5. *Earnings per share*

Loss used for basic and diluted loss per share are loss after tax of $1,079,273 (30 June 2018: loss after tax of $1,145,673). The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is 45,592,846 ordinary shares (30 June 2018: 32,353,835 ordinary shares). There were no potential ordinary shares that are considered dilutive in the current reporting year.

Accounting policy

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

6. *Segment reporting*

Operating segment are determined based on the reports reviewed by the Board of Directors, which are used to make strategic decisions. The Company does not have any operating segments with discrete financial information. All of the Company's assets and liabilities are located within Australia. The Company does not have any customers at this stage. Internal management reports for the Board of Directors' review are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
7. *Cash and cash equivalents*		
Cash in hand and at bank	**666,222**	3,648,290
	666,222	3,648,290
Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	**(1,079,273)**	(1,145,673)
Adjustments for:		
Depreciation	**64,788**	481
Impairment	**-**	405,113
Fixed assets write-off	**5,016**	-
Share based payments	**319,483**	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	**(90,395)**	425,671
(Increase)/decrease in other assets	**(11,612)**	(27,825)
(Increase)/decrease in exploration and evaluation expenditure	**(1,866,944)**	(782,941)
Increase/(decrease) in trade payables and accruals	**13,660**	(87,209)
Increase/(decrease) in provisions	**(12,186)**	8,501
Net cash used in operating activities	**(2,657,463)**	(1,203,882)

Accounting policy

Cash and cash equivalents include cash at bank and on hand and term deposits held at call with financial institutions with original maturities of three months or less but exclude any restricted cash. Restricted cash is not available for use by the Company and therefore is not considered highly liquid.

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
8. *Trade and other receivables*		
Accrued interest revenue	**2,022**	9,062
GST receivable	**81,911**	15,106
Mongolian projects receivable[33]	**624,025**	624,025
Impairment of Mongolian projects receivable[33]	**(624,025)**	(624,025)
Other receivables	**24,530**	-
	108,463	24,168

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected Credit Loss Rate %	Carrying Amount $	Allowance for Expected Credit Losses $
Not overdue	0%	101,863	-
0-3 months overdue	0%	6,600	-
3-6 months overdue	0%	-	-
>6 months overdue	100%	624,025	(624,025)
		732,488	**(624,025)**

Accounting policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses. The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

[33] On 9 June 2017, the Company entered into an agreement with an independent third party buyer to sell its interest in assets and projects in Mongolia for a cash consideration of USD500,000. Subsequently, the Company received an initial sum of USD20,000 or equivalent of AUD25,316 as a good faith payment, for the sale. 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. Ownership of the shares has already been transferred. In the prior year there was an amount of $649,341 recognised in the statement of profit or loss and other comprehensive income relating to the sale of the asset.

9. *Plant and equipment*

	Computer Equipment $	Office Equipment $	Motor Vehicles $	Exploration Equipment $	Total $
2019					
Written down value at beginning of year	4,950	-	1,114	6,321	**12,385**
Additions	16,263	13,157	129,877	158,382	**317,679**
Depreciation	(4,657)	(1,978)	(20,291)	(37,862)	**(64,788)**
Write-offs	-	-	-	(5,016)	**(5,016)**
Written down value at end of year	**16,556**	**11,179**	**110,700**	**121,825**	**260,260**

	Computer Equipment $	Office Equipment $	Motor Vehicles $	Exploration Equipment $	Total $
2018					
Written down value at beginning of year	-	-	-	-	**-**
Additions	5,219	-	1,170	6,477	**12,866**
Depreciation	(269)	-	(56)	(156)	**(481)**
Written down value at end of year	**4,950**	**-**	**1,114**	**6,321**	**12,385**

Accounting policy

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment in value. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Computer equipment – 2.5 years
Office equipment – 2.5 years
Motor vehicles – 4 years
Exploration equipment – 2.5 years

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
10. *Exploration and evaluation assets*		
Balance at beginning of year	**1,463,937**	-
Acquisition of 79 Exploration tenements	**-**	1,100,000
Exploration and evaluation expenditure incurred during the year	**1,879,200**	363,937
Write-off	**(12,256)**	-
Balance at end of year	**3,330,881**	1,463,937

Accounting policy

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
- the exploration and evaluation expenditure are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Indirect costs that are included in the cost of an exploration and evaluation asset include, among other things, charges for depreciation of equipment used in exploration and evaluation activities. If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
11. *Trade and other payables*		
Accrued expenses	**14,525**	38,653
Trade creditors	**103,732**	94,340
	118,257	132,993

Accounting policy

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period that are unpaid. They are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

12. *Provisions*

Annual leave provision	**20,687**	8,501
	20,687	8,501

Accounting policy

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

	Consolidated Entity 30 June 2019 No.	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 No.	Consolidated Entity 30 June 2018 $
13. *Contributed equity*				
Balance at beginning of year	**45,592,846**	**36,172,915**	14,839,017,257	30,045,293
Effect of consolidation of shares	-	-	(14,823,924,411)[34]	638,200
Share issue: 6 December 2017	-	-	25,000,000	5,000,000
Share issue: 6 December 2017	-	-	5,500,000	1,100,000
Share issue costs	-	**(9,002)**	-	(610,578)
Balance at end of year	**45,592,846**	**36,163,913**	45,592,846	36,172,915

	Consolidated Entity 30 June 2019 No.	Consolidated Entity 30 June 2018 No.
<u>Listed options</u>		
Balance at beginning of year	**12,500,000**	-
Options granted (free attaching)[35]	**-**	12,500,000
Balance at end of year	**12,500,000**	12,500,000
<u>Unlisted options</u>		
Balance at beginning of year	**3,000,000**	-
Options granted[36]	**4,000,000**	3,000,000
Balance at end of year	**7,000,000**	3,000,000

[34] At the Annual General Meeting of the Company held on 23 November 2016, the shareholders approved the consolidation of shares on a basis of 1,500 shares for each outstanding share.
[35] On 29 November 2017 12,500,000 listed options exercisable at $0.20 each, expriring 30 September 2019 were granted as free attaching under the prospectus.
[36] 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%. On 29 November 2017 3,000,000 unlisted options exercisable at $0.20 each, expiring 30 September 2019 were granted to the brokers assicuated with the capital raising.

	Consolidated Entity 30 June 2019 No.	Consolidated Entity 30 June 2018 No.
13. *Contributed equity (continued)*		
Performance rights		
Balance at beginning of year	**-**	-
Performance rights issued[37]	**2,400,000**	-
Performance rights cancelled[38]	**(900,000)**	-
Balance at end of year	**1,300,000**	-

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

[37] 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. Refer to the Notice of Annual General Meeting, dated and released on the ASX platform on 26 October 2018 for the terms and conditions of the performance rights. Refer to sub Note 40 for further details.

[38] On 2 May 2019 900,000 of the unlisted performance rights expiring 20 November 2021 were cancelled due to the employee leaving the Company.

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
14. *Reserves*		
Options reserve		
Balance at beginning of year	**249,000**	-
Grant of options[39]	**255,733**	249,000
Balance at end of year	**504,733**	249,000
Share based payments reserve		
Balance at beginning of year	**-**	-
Share based payments[40]	**102,000**	-
Cancellation of performance rights[41]	**(38,250)**	-
Balance at end of year	**63,750**	-
Total reserves	**568,483**	249,000

Accounting policy

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

[39] 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%.

[40] 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. The value of the performance rights was calculated by using the share price at issue date of $0.15 and given a probability of the milestone being achieved. The performance condition for Tranche 1 is that the performance rights will vest upon the Company achieving a market capitalisation of A$10 million provided that if this is achieved within 6 months of the Performance Rights being granted then they will not vest until 6 months from the time the Performance Rights were granted. The performance condition for Tranche 2 is that the performance rights will vest upon the Company achieving a market capitalisation of A$20 million provided that if this is achieved within 6 months of the Performance Rights being granted then they will not vest until 6 months from the time the Performance Rights were granted. The performance condition for Tranche 3 is that the performance rights will vest upon the Company's discovery of a 100,000oz JORC resource, provided that if this is achieved within 6 months of the Performance Rights being granted then they will not vest until 6 months from the time the Performance Rights were granted.

[41] On 2 May 2019 900,000 of the unlisted performance rights expiring 20 November 2021 were cancelled due to the employee leaving the Company.

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
15. *Accumulated losses*		
Balance at beginning of year	**(31,395,866)**	(30,250,193)
Loss for the year	**(1,079,273)**	(1,145,673)
Balance at end of year	**(32,475,141)**	(31,395,866)

16. *Financial instruments*

Financial risk management objectives, policies and processes

The Company has exposure to the following risks from their use of financial instruments:

- credit risk,
- liquidity risk, and
- market risk (including gold price risk, interest rate and currency risk).

This note presents information about the Company' exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Company's principal financial instruments comprise cash. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as receivables and payables which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments.

Financial instruments

Financial assets		
Cash and cash equivalents	**666,222**	3,648,290
Trade and other receivables	**108,463**	24,168
	774,685	3,672,458
Financial liabilities		
Trade and other payables	**118,257**	132,993
	118,257	132,993

16. *Financial instruments (continued)*

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually. The Company does not have any significant credit risk exposure to the National Australia Bank. The credit risk on liquid funds is reduced because the counterparty is a bank with high credit rating assigned by international credit rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at reporting date. The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

Details	<1 Year $	1-2 Years $	2-5 Years $	>5 Years $	Total $	Carrying Amount $
30 June 2019						
Trade and other payables	103,732	-	-	-	103,732	103,732
Accrued expenses	14,525	-	-	-	14,525	14,525
Total	**118,257**	**-**	**-**	**-**	**118,257**	**118,257**
30 June 2018						
Trade and other payables	94,340	-	-	-	94,340	94,340
Accrued expenses	38,653	-	-	-	38,653	38,653
Total	**132,993**	**-**	**-**	**-**	**132,993**	**132,993**

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company does not have short or long-term debt and therefore the risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

16. *Financial instruments (continued)*

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. The Company's cash and cash equivalents at 30 June 2019 are fixed interest rate financial instruments. Therefore, they are not subject to interest rate risk.

Fair value measurements

The fair values of cash, receivables, trade and other payables approximate their carrying amounts as a result of their short maturity. When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Accounting policy

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

16. *Financial instruments (continued)*

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

17. *Commitments and contingencies*

The Company had no capital expenditure contracted at the reporting date (30 June 2018: nil). There is a lease agreement, falling under the capital commitments at 30 June 2019. The Company has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the Company to avoid forfeiture of any tenement. The Company has a 100% share of tenements rental and expenditure commitments. These exploration commitments are not provided for in the financial statements and are payable:

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
17. *Commitments and contingencies (continued)*		
Not longer than 1 year	**122,362**	-
More than 1 year but not longer than 5 years	**260,454**	-
More than 5 years	**-**	-
	382,816	-

a. Contingent assets

There are no contingent assets as at 30 June 2019.

b. Contingent liabilities

There were no contingent liabilities at 30 June 2019 other than a bank guarantee for the office rent of $19,998. The Directors are not aware of any significant breaches of environmental legislation and requirements during the year.

	Consolidated Entity 30 June 2019 $	Consolidated Entity 30 June 2018 $
18. *Auditor's remuneration*		
Criterion Audit Pty Ltd: Audit and review of financial reports	**21,000**	21,000
Total auditor's remuneration	**21,000**	21,000
19. *Key management personnel compensation*		
Salary, fees and leave	**251,248**	241,740
Superannuation	**23,869**	23,035
Fair value of Share Options	**223,583**	-
Total key management personnel compensation	**498,700**	264,775

Effective 1 March 2019 the Company entered into a sub-lease agreement with Kingfisher Mining Limited (a company of which both Warren Hallam and Adam Schofield are directors) for the occupancy of its premises. The transaction is on an arm's length term, expiring 31 October 2020.

19. *Key management personnel compensation (continued)*

Directors' interests and benefits

Director	No. Shares Held at 30 June 2018	On-Market Purchases	Exercise of Options	Other Changes	No. Shares Held at 30 June 2019	No. Shares Held at Date of this Report
Warren Hallam						
Directly	-[42]	-	-	-	-	-
Indirectly	-[43]	-	-	-	-	-
Peter Cook						
Directly	-	-	-	-	-[44]	N/A
Indirectly	1,584,001	-	-	-	1,584,001[45]	N/A[46]
Adam Schofield						
Directly	75,000	-	-	-	75,000	75,000
Indirectly	-	-	-	-	-	-
Stephen Brockhurst						
Directly	-[47]	-	-	-	-	-
Indirectly	-[48]	-	-	-	-	-
Brett Clark						
Directly	-	-	-	-	-[49]	N/A
Indirectly	-	-	-	-	-[50]	N/A
Total	**1,659,001**	**-**	**-**	**-**	**1,659,001**	**75,000**

[42] Balance held at appointment date, 1 February 2019
[43] Balance held at appointment date, 1 February 2019
[44] Balance held at resignation date, 1 February 2019
[45] Balance held at resignation date, 1 February 2019
[46] Not applicable as Director resigned during the financial year
[47] Balance held at appointment date, 1 February 2019
[48] Balance held at appointment date, 1 February 2019
[49] Balance held at resignation date, 1 February 2019
[50] Balance held at resignation date, 1 February 2019

19. *Key management personnel compensation (continued)*

Director	No. Options Held at 30 June 2018	Grant of Options	Exercise of Options	Other Changes	No. Options Held at 30 June 2019	No. Options Held at Date of this Report
Warren Hallam						
Directly	-[51]	-	-	-	-	-
Indirectly	-[52]	-	-	-	-	-
Peter Cook						
Directly	-	-	-	-	-[53]	N/A
Indirectly	625,000	-	-	-	625,000[54]	N/A[55]
Adam Schofield						
Directly	37,500	2,500,000[56]	-	-	2,537,500	2,537,500
Indirectly	-	-	-	-	-	-
Stephen Brockhurst						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Brett Clark						
Directly	-	-	-	-	-[57]	N/A
Indirectly	-	-	-	-	-[58]	N/A
Total	**662,500**	**2,500,000**	**-**	**-**	**3,162,500**	**2,537,500**

[51] Balance held at appointment date, 1 February 2019
[52] Balance held at appointment date, 1 February 2019
[53] Balance held at resignation date, 1 February 2019
[54] Balance held at resignation date, 1 February 2019
[55] Not applicable as Director resigned during the financial year
[56] On 12 December 2018 the Company granted 2,500,000 unlisted options exercisable at $0.20 each, expiring 20 November 2021 under the Amended Employee performance Rights and Options Plan.
[57] Balance held at resignation date, 1 February 2019
[58] Balance held at resignation date, 1 February 2019

19. *Key management personnel compensation (continued)*

Director	No. Performance Rights Held at 30 June 2018	Issue of Performance Rights	Conversino of Performance Rights	Other Changes	No. Performance Rights Held at 30 June 2019	No. Performance Rights Held at Date of this Report
Warren Hallam						
Directly	-[59]	-	-	-	-	-
Indirectly	-[60]	-	-	-	-	-
Peter Cook						
Directly	-	-	-	-	-[61]	N/A
Indirectly	-	-	-	-	-[62]	N/A
Adam Schofield						
Directly	-	1,500,000[63]	-	-	1,500,000	1,500,000
Indirectly	-	-	-	-	-	-
Stephen Brockhurst						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Brett Clark						
Directly	-	-	-	-	-[64]	N/A
Indirectly	-	-	-	-	-[65]	N/A
Total	**-**	**1,500,000**	**-**	**-**	**1,500,000**	**1,500,000**

20. *Interests in controlled entities*

Company Name	Place of Incorporation	30 June 2019 % Ownership	30 June 2018 % Ownership
79 Exploration Pty Ltd	Australia	100%	100%
Nelson Exploration Services Pty Ltd	Australia	100%	-%

[59] Balance held at appointment date, 1 February 2019
[60] Balance held at appointment date, 1 February 2019
[61] Balance held at resignation date, 1 February 2019
[62] Balance held at resignation date, 1 February 2019
[63] On 12 December 2018 the Company issued 1,500,000 performance rights, expiring 20 November 2021 under the Amended Employee performance Rights and Options Plan, refer to Note 14 for the valuation
[64] Balance held at resignation date, 1 February 2019
[65] Balance held at resignation date, 1 February 2019

20. *Interests in controlled entities (continued)*

Nelson Resources Limited is the ultimate parent entity of the Company. The parent entity's financial performance and financial position are as follows:

	Company 30 June 2019 $	Company 30 June 2018 $
ASSETS		
Current Assets		
Cash and cash equivalents	**639,889**	3,648,290
Trade and other receivables	**49,996**	18,323
Other assets	**28,488**	18,763
Total Current Assets	**718,373**	3,685,376
Non-Current Assets		
Plant and equipment	**19,997**	6,064
Investments	**1,100,001**	1,100,000
Other receivables	**2,606,811**	347,521
Total Non-Current Assets	**3,726,809**	1,453,585
Total Assets	**4,445,182**	5,138,961
LIABILITIES		
Current Liabilities		
Trade and other payables	**92,756**	98,028
Provisions	**20,687**	8,501
Total Current Liabilities	**113,443**	106,529
Total Liabilities	**113,443**	106,529
Net Assets	**4,331,739**	5,032,432
EQUITY		
Contributed equity	**36,163,913**	36,172,915
Reserves	**568,483**	249,000
Accumulated losses	**(32,400,657)**	(31,389,483)
Total Equity	**4,331,739**	5,032,432

21. *Events after the end of the reporting year*

There are no matters or circumstances have arisen since the end of the year 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 30 July 2019 the Company announced it had acquired an additional data package relating to its Woodline / Harvey Project from MRG Metals Limited (ASX:MRQ) including the results of 789m of Diamond Drilling (5 holes) and 1556m of RC Drilling (7 holes).

The Directors of the Consolidated Entity declare that:

The financial statements and notes are in accordance with the *Corporations Act 2001* and:

a. comply with Australian Accounting Standards;
b. are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2 to the financial statements; and
c. give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of the performance for the year ended 30 June 2019;

In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Adam Schofield
Executive Director

26 September 2019

CRITERION AUDIT

Criterion Audit Pty Ltd

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Independent Auditor's Report

To the Members of Nelson Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Nelson Resources Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company.

In our opinion:

a. The financial report of Nelson Resources Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 2(b) to the annual report, which indicates that the Consolidated Entity incurred a net loss of $1,079,273 and as of that date, the Company had net cash outflows from operating activities of $2,657,463. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How our audit addressed the key audit matter**

Exploration and Evaluation Expenditure – $3,330,881
(Refer to Note 10)
 	
Exploration and evaluation is a key audit matter due to:
• The significance of the balance to the Consolidated Entity's consolidated financial position.
• The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.
• The assessment of impairment of exploration and evaluation expenditure being inherently difficult.
	Our procedures included, amongst others:
	
	• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programmes planned for those tenements.
	• For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;
	• We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;
	• We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
	• We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
	  • the licenses for the right to explore expiring in the near future or are not expected to be renewed;
	  • substantive expenditure for further exploration in the specific area is neither budgeted or planned

	• decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and • data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. • We assessed the appropriateness of the related disclosures in note 10 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 26th day of September 2019

As at 24 September 2019

Issued Securities

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	42,457,846	3,134,969	45,592,846
$0.20 unlisted options expiring 30-Sep-19	12,500,000	-	12,500,000
$0.20 unlisted options expiring 30-Sep-19	-	3,000,000	3,000,000
$0.20 unlisted options expiring 20-Nov-21	-	4,000,000	4,000,000
Total	**54,957,877**	**10,134,969**	**65,092,846**

[1] Exercise price will be the greater of 125% of the market value of the shares on the date on which the options are granted or $0.20 or the exercise price determined by the Board.

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	24	2,959	0.01%
1,001 - 5,000	74	300,565	0.66%
5,001 - 10,000	220	1,891,071	4.15%
10,001 - 100,000	228	7,812,221	17.13%
100,001 - and over	51	35,586,030	78.05%
Total	**597**	**45,592,846**	**100.00%**

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	HSBC Custody Nom Aust Ltd	5,337,556	11.71%
2.	ARFT Nom PL <RF Financing A/C>	3,705,632	8.13%
3.	Jewson Robert Andrew	2,750,000	6.03%
4.	Trust Co Aust Ltd <MOF A/C>	2,545,016	5.58%
5.	Gianni Peter Romeo	2,394,737	5.25%
6.	Croesus Mining PL <Second S/F A/C>	2,074,635	4.55%
7.	Ajava Hldgs PL	1,500,000	3.29%
8.	Jetosea PL	1,355,000	2.97%
9.	Cairnglen Inv PL	1,333,334	2.92%
10.	Farleigh Richard	1,250,000	2.74%
11.	Metals X Ltd	1,199,748	2.63%
12.	J P Morgan Nom Aust Ltd	925,515	2.03%
13.	Priest Steven Douglas	680,364	1.49%
14.	Khong Lim See	666,667	1.46%
15.	Prime Sec Inv Grp PL	500,000	1.10%
16.	Lim Kah Yan	500,000	1.10%
17.	Croesus Mining PL <Steinepreis S/F A/>	378,201	0.83%
18.	All-States Finance PL	350,000	0.77%
19.	Le Febour Warren Daniel <Evolution Fam A/C>	300,000	0.66%
20.	Noxid Nom PL <G A Dickson Fam A/C>	300,000	0.66%
Total		**30,046,405**	**65.90%**

The number of shareholdings held in less than marketable parcels is 188.

The Company has the following substantial shareholders listed in its register as at 24 September 2019:

Rank	Shareholder	Shares Held	% Issued Capital
1.	HSBC Custody Nom Aust Ltd	5,337,556	11.71%
2.	ARFT Nom PL <RF Financing A/C>	3,705,632	8.13%
3.	Jewson Robert Andrew	2,750,000	6.03%
4.	Trust Co Aust Ltd <MOF A/C>	2,545,016	5.58%
5.	Gianni Peter Romeo	2,394,737	5.25%

Ordinary Shares Voting Rights - Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Distribution of Listed Options

Spread of Holdings	Number of Holders	Number of Units	% of Total Options
1 - 1,000	-	-	-
1,001 - 5,000	141	704,219	5.63%
5,001 - 10,000	20	171,250	1.37%
10,001 - 100,000	109	2,960,000	23.68%
100,001 - and over	15	8,664,531	69.32%
Total	**285**	**12,500,000**	**100.00%**

Top 20 Listed Option Holders

Rank	Optionholder	Options Held	% of Total Options
1.	HSBC Custody Nom Aust Ltd	1,987,500	15.90%
2.	Metals X Ltd	1,250,000	10.00%
3.	Croesus Mining PL <Steinepreis S/F A/>	874,031	6.99%
4.	Citicorp Nom PL	750,000	6.00%
5.	Ajava Hldgs PL	625,000	5.00%
6.	Farleigh Richard	625,000	5.00%
7.	Jetosea PL	621,750	4.97%
8.	Bell Potter Nom Ltd <BB NOM A/C>	375,000	3.00%
9.	J P Morgan Nom Aust Ltd	375,000	3.00%
10.	Parlen PL <North Fam S/F A/C>	306,250	2.45%
11.	Trust Co Aust Ltd <MOF A/C>	250,000	2.00%
12.	All-States Finance PL	250,000	2.00%

13.	Darlington Tresor PL <Darlington Tresor>	125,000	1.00%
14.	SBD Drilling PL	125,000	1.00%
15.	Balcan PL <T E O'Connor S/F A/C>	125,000	1.00%
16.	Myall Res PL <Myall Grp S/F A/C>	100,000	0.80%
17.	Teragoal PL <Gray Fam A/C>	81,250	0.65%
18.	Plane Sailing Trails PL <PST Super A/C>	81,250	0.65%
19.	Feona Walker	80,000	0.64%
20.	Ian Donald McAuslin	75,000	0.60%
Total		**9,082,031**	**72.65%**

The Company has the following restricted securities on issue as at the date of this report:

Security Type	Number of Securities Escrowed	Escrow Duration	Escrow Date
Fully paid ordinary shares	3,134,969	24 months	07-Dec-19
Unlisted $0.20 30-Sep-19 options	3,000,000	24 months	07-Dec-19

Use of Funds

Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Replacement Prospectus dated 22 September 2017.

Schedule of Exploration Tenements

Project	Tenement	Interest Held
Socrates	E28/2633	100%
Grindall	E28/2679	100%
Wilga	P39/5586	100%
Yarri	P31/2085	100%
Yarri	P31/2086	100%
Yarri	P31/2087	100%
Bullen	E52/3695	100%