

Nelson partners with MEGA to advance the Yarri Gold Project under a signed mining contract agreement

Highlights:

- ① Nelson Resources has signed a Right to Mine Agreement with Goldfields mining services provider MEGA Resources (MEGA) for the 100% owned Yarri Project, 140 km northeast of Kalgoorlie.
- ① The Agreement provides for drilling, technical studies, mining, and haulage services at the Yarri Gold Project.
- ① MEGA to fully-fund operations and provide geological, engineering services and will manage all project permitting and approval requirements.
- ① Nelson will provide exploration support and will receive 30% of the profits from the sale of ore in supporting the Yarri mine plan.
- ① Planning is underway for drilling programs to progress the Project and support ongoing studies. An initial \$500k budget has been allocated. Subject to a decision to mine, MEGA will provide a financing facility of up to \$10 million in Yarri development working capital (repayable from project revenues) with no upfront funding requirement for Nelson.
- ① Commencement of mining is subject to completion of mining approvals and signing of a binding Ore Purchase Agreement with a third-party processing facility.

Right to Mine Agreement with MEGA Resources

Nelson Resources Limited (ASX: **NES**) (**Nelson** or the **Company**) is pleased to announce that it has executed a Right to Mine Agreement with MEGA Resources Pty Ltd (**MEGA**) for the Yarri Gold Project (**Yarri**) near Kalgoorlie, Western Australia.

MEGA is an Australian subsidiary of Bain Global Resources, and is part of the BGR Mining & Infra group (**BGR**). One of India's largest mining contractors, BGR boasts an order book exceeding AU\$18 billion, with MEGA established in Western Australia to provide turnkey mining solutions. MEGA has extensive expertise in mine planning, engineering and operations.

The terms of the Agreement provide for MEGA to sole fund exploration up to \$500k to a decision to mine, and undertake mining and haulage to a third-party processing plant, provide geological and engineering services, and fund up to A\$10 million in initial development and working capital.

The material terms of the Right to Mine Agreement include:

- **Scope:** MEGA will carry out mining, haulage, geological and engineering services, and manage project approvals.
- **Funding:** MEGA will provide up to A\$10 million in initial development and working capital, at MEGA's risk, and repayable only from project revenues. Nelson is not required to contribute upfront capital.
- **Mining Area:** The Agreement covers the area contained in Mining Lease Applications M31/503, M31/504 and M31/505.

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- **Profit Sharing:** Profits will be shared 70:30 between MEGA and Nelson.
- **Ore processing:** Ore will be sold under an agreement with a third-party processor. Discussions with a number of potential third-party ore processors are advancing.
- **Approvals and compliance:** MEGA is responsible for health, safety, environmental compliance and rehabilitation associated with its activities. Both parties are jointly required to maintain industry standard insurances.
- **Conditions Precedent:** The agreement is subject to the conversion of Prospecting Licences P31/2085, P31/2087, P31/2088, P31/2089 P31/2090, P31/2091, P31/2093 and P31/2096 into mining leases M31/503, M31/504 and M31/505. Other conditions are the signing of a general security deed for ore stockpiles and an ore purchasing agreement with a third-party processing facility.
- **Term and termination:** The agreement will remain in effect until completion of processing of ore from the approved Yarri Mine Plan and distribution of all related profits, and may be extended by mutual agreement to cover additional mine plans that may be developed over the course of the operations. Either party may terminate in standard circumstances such as insolvency or serious default. On expiry or termination, MEGA's sole recourse for any unrecovered development expenditure is limited to proceeds from ore stockpiles.

Nelson Executive Chairman Gernot Abl commented:

"I'm pleased to confirm our partnership with MEGA to progress the Yarri Gold Project. Partnering with a highly regarded mining contractor such as MEGA provides Nelson with access to additional technical expertise and a balance sheet to support disciplined project studies and eventual development.

Under the terms, MEGA will commit initial funding required to define the extent of mineralisation and mining engineering studies for the development of Yarri Gold Project. Upon a decision to mine, MEGA will provide up to A\$10 million in working capital, removing the need for additional funding to commence geological and engineering studies, and allowing for seamless transition into operations. As such, this agreement delivers an integrated financing and mining solution that strongly positions Nelson to expediently move towards production in a structured and de-risked manner.

The process to secure the necessary approvals and permits are currently underway, and the Nelson-MEGA team are busy finalising data acquisition programs via drilling and other site works".

-ENDS-

For further information please contact:

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Or

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Louis Bucci, a consulting geologist employed by Nelson Resources Limited. Dr Bucci is a Member Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Dr Bucci consents to the inclusion in the report of the matters in the form and context in which it appears.

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