NELSON RESOURCES LIMITED

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Nelson Resources Limited ("Nelson" or the "Company")
Chancery Hall
52 Reid Street
Hamilton HM12
Bermuda

Item 2. Date of Material Change

September 30, 2005

Item 3. News Release

A news release disclosing the nature and substance of the material change was issued through the facilities of Canada NewsWire on September 30, 2005 and was filed on SEDAR.

Item 4. Summary of Material Change

Nelson announced that it had entered into an agreement to negotiate with Lukoil Overseas Holding Ltd. ("Lukoil") concerning a proposal received from Lukoil to acquire 100% of the fully diluted common shares of Nelson for US$2 billion in cash.

Item 5. Full Description of Material Change

Nelson announced on September 30, 2005 that it had entered into an agreement to negotiate with Lukoil concerning a proposal received from Lukoil to acquire 100% of the fully diluted common shares of Nelson for US$2 billion in cash, which based on currency exchange rates as of September 29, 2005, equates to a per share value of approximately GBP1.24 (GBP/US$1.7618) and CDN$2.57 (CDN$/US$1.1725).

A special committee of Nelson's board of directors was established to review, with the assistance of independent counsel, this proposal and to protect shareholder interests, particularly minority interests, in this process. A financial advisor has been retained to render an opinion to the special committee with respect to the fairness of the consideration offered under the transaction to the shareholders. The special committee has been particularly focused on ensuring that any offer would treat all shareholders equitably.

Lukoil's proposal is subject to a number of customary conditions including support agreements with Nelson's principal shareholders owning in aggregate approximately 57% of outstanding shares, government and regulatory approvals, and negotiation and execution of definitive transaction agreements with customary provisions for transactions of this nature, including a 3% break fee. The parties have agreed to negotiate the definitive agreements by October 12, 2005. Nelson's obligation to proceed is subject to receiving the opinion of its financial advisor that the consideration under the offer is fair to the shareholders from a financial point of view.

There can be no assurance that a transaction will proceed or be successfully completed. Details of the terms of any final proposal will be disclosed upon signing of definitive agreements.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

For further information, please contact, Frederick Hodder, Vice President, Telephone: + 44 20 7 495 8908.

Item 9. Date of Report

Dated this 5th day of October, 2005.