

NEXUS GOLD CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2017 AND 2016**

Expressed in Canadian Dollars

Unaudited – Prepared by Management

Head office and registered and records office address

720-700 West Pender Street
Vancouver BC,
V6C 1G8

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

NEXUS GOLD CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED JULY 31, 2017 AND 2016

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NEXUS GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	July 31, 2017	January 31, 2017
ASSETS		
Current		
Cash	\$ 845,676	\$ 1,360,916
Commodity tax recoverable	14,372	16,959
Subscription receivable	-	10,500
Prepays (Note 9)	42,460	109,202
	902,508	1,497,577
Deposit	15,587	15,587
Reclamation bond (Note 4)	52,301	56,105
Exploration and evaluation advance	-	65,410
Exploration and evaluation assets (Note 4)	1,690,599	306,762
	\$ 2,660,995	\$ 1,941,441
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 333,276	\$ 619,379
Related party loans (Note 7 and 9)	-	112,500
Reclamation obligation (Note 4)	3,414	3,414
	336,690	735,293
Due to related parties (Note 9)	39,476	40,442
	376,166	775,735
Shareholders' equity		
Share capital (Note 8)	10,498,547	7,545,819
Share-based payment reserve (Note 8)	1,315,494	1,286,823
Subscriptions received in advance (Note 14)	15,000	741,100
Deficit	(9,544,212)	(8,408,036)
	2,284,829	1,165,706
	\$ 2,660,995	\$ 1,941,441

Nature and continuance of operations (Note 1)

Commitments (Note 13)

Subsequent events (Note 14)

On behalf of the Board:

"Peter D. Berdusco"

Director

"Alex Klenman"

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEXUS GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

Expressed in Canadian Dollars

Unaudited – Prepared by Management

	Three months ended July 31,		Six months ended July 31,	
	2017	2016	2017	2016
EXPENSES				
Interest accretion (Note 6)	\$ -	\$ 146,080	\$ -	\$ 288,984
Consulting fees (Note 9)	246,900	122,314	430,387	162,028
Corporate development	37,446	37,452	75,268	99,833
Filing fees	8,252	4,707	26,819	12,704
Foreign exchange loss (gain)	63,598	9,011	80,781	(21,539)
Insurance	1,800	-	3,600	-
Investor relations	16,017	63,750	41,517	90,750
Management fees (Note 9)	72,900	67,500	235,400	135,000
Office and miscellaneous	35,968	10,981	65,638	19,534
Professional fees	38,054	34,973	53,565	58,559
Share-based payments (Note 8)	4,206	-	4,206	-
Travel and promotion	22,455	11,280	118,995	11,373
Loss and comprehensive loss for the period	\$ (547,596)	\$ (508,048)	\$ (1,136,176)	\$ (857,226)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	128,882,235	60,693,909	124,254,878	58,659,170

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEXUS GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

Expressed in Canadian Dollars

Unaudited – Prepared by Management

	Number of shares	Share capital	Share-based payment reserve	Subscriptions received in advance	Deficit	Total equity
Balance, January 31, 2016	56,360,448	\$ 4,895,920	\$ 958,018	\$ -	\$ (4,234,927)	\$ 1,619,011
Shares issued for private placements	5,700,000	285,000	-	-	-	285,000
Share issuance for evaluation and exploration assets	1,850,000	64,750	-	-	-	64,750
Share issuance costs	-	(2,507)	-	-	-	(2,507)
Shares received in advance	-	-	-	41,000	-	41,000
Shares cancelled	(945,700)	-	-	-	-	-
Loss for the period	-	-	-	-	(857,226)	(857,226)
Balance, July 31, 2016	62,964,748	\$ 5,243,163	\$ 958,018	\$ 41,000	\$ (5,092,153)	\$ 1,150,028
Balance, January 31, 2017	101,711,263	\$ 7,545,819	\$ 1,286,823	\$ 741,100	\$ (8,408,036)	\$ 1,165,706
Shares issued for private placements	16,668,219	2,000,186	-	(741,100)	-	1,259,086
Share issuance costs	-	(92,235)	-	-	-	(92,235)
Share issuance costs - shares	528,050	63,366	-	-	-	63,366
Share issuance costs - warrants	-	(95,182)	95,182	-	-	-
Subscription received in advance	-	-	-	15,000	-	15,000
Share-based payments	-	-	4,206	-	-	4,206
Warrants exercised	9,910,091	924,073	(13,197)	-	-	910,876
Options exercised	1,125,000	152,520	(57,520)	-	-	95,000
Loss for the period	-	-	-	-	(1,136,176)	(1,136,176)
Balance, July 31, 2017	129,942,623	\$ 10,498,547	\$ 1,315,494	\$ 15,000	\$ (9,544,212)	\$ 2,284,829

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEXUS GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	Six months ended July 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,136,176)	\$ (857,226)
Items not affecting cash:		
Share-based payments	4,206	-
Interest accretion	-	288,984
Accrual of management fees	-	142,250
Shares issued for services	100,000	-
Foreign exchange gain	3,804	(20,773)
Changes in non-cash working capital items:		
Commodity tax recoverable	2,587	(14,665)
Prepaid expenses	66,742	1,821
Accounts payable and accrued liabilities	(181,306)	235,771
Net cash used in operating activities	(1,140,143)	(223,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of share capital	1,016,375	109,000
Share issue costs	(28,870)	(2,507)
Share subscriptions received in advance	15,000	41,000
Loan received from related party	-	24,000
Loan repayment to related party	(112,500)	-
Proceeds from warrants exercised	913,876	-
Proceeds from options exercised	102,500	-
Third party loans received	-	132,000
Third party loan repaid	-	(50,000)
Secured loan repayment	-	(92,372)
Net cash provided by financing activities	1,906,381	161,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,281,478)	(553)
Net cash used in investing activities	(1,281,478)	(553)
Change in cash for the period	(515,240)	(63,270)
Cash, beginning of the period	1,360,916	70,918
Cash, end of period	\$ 845,676	\$ 7,648

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NEXUS GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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1. NATURE AND CONTINUANCE OF OPERATIONS

Nexus Gold Corp. (the “Company”) incorporated under the Business Corporations Act of British Columbia on May 7, 2009, is a public company listed on the TSX Venture Exchange (the “TSXV”) and trades under the symbol NXS. The Company also trades under the ticker symbol “NXXGF” in the United States. The address of the Company’s corporate office and its principal place of business is 720 - 700 West Pender Street, Vancouver, BC.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied principally upon the support of creditors, related parties and issuance of securities for financing. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s recoverability of assets, classification of assets and liabilities, and results of operations should the Company be unable to continue as a going concern.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of operating revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company’s exploration and evaluation assets do not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis. The Company estimates that additional funding will be required to continue operations over the next 12 months. These material uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern.

These financial statements do not include any adjustments related to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

	July 31, 2017	January 31, 2017
Deficit	\$ (9,544,212)	\$ (8,408,036)
Working capital	\$ 565,818	\$ 762,284

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements for the year ended January 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Board of Directors of the Company on September 29, 2017.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company and the functional currency of its subsidiaries.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CSR (British Columbia) and Nexus Gold Corp Burkina (Burkina Faso). All significant inter-company balances and transactions have been eliminated upon consolidation.

Significant accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation and other equity based payments and the recoverability and measurement of deferred tax assets and liabilities.

Key estimates made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Significant accounting estimates and judgments (cont'd...)

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Decommissioning restoration provision

The Company's provision for decommissioning and restoration provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for the discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expenses.

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Financing cost

Management uses judgments to evaluate the accounting treatment of financing costs disclosed in Note 6.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and amortized over the estimated useful life of the property following commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of exploration and evaluation assets. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The Company does not accrue estimated future costs of maintaining its exploration and evaluation assets in good standing.

Capitalized costs as reported on the statements of financial position represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the exploration and evaluation property interests.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets (cont'd...)

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Write-downs due to impairment in value are charged to profit or loss.

General exploration costs not related to specific properties and general administrative expenses are charged to profit or loss in the period in which they are incurred.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation interests) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase warrants, and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Share-based compensation

The Company grants share purchase options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The Company uses the fair value based method of accounting for stock options granted to directors and for compensatory warrants. Under this method, the fair value of the stock options and compensatory warrants are determined using the Black-Scholes option pricing model. The fair value of stock options is recognized to expense over the vesting period, and the fair value of compensatory warrants is recognized as share issuance costs, with the offsetting credit to reserves. Consideration paid for the shares on the exercise of share purchase options is credited to share capital.

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, this calculation proved to be anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets (cont'd...)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies reclamation bonds, deposit and subscription receivable as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities, loans payable, related party loans, and due to related parties.

For the periods presented, the Company did not have any derivative financial assets and liabilities.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Deferred tax

Deferred tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2017. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Tentatively effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9 *Financial Instruments*

IFRS 9 adds new requirements for impairment of financial assets and makes changes to the classification and measurement of financial instruments. When complete, IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement*.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Standards issued but not yet effective (cont'd...)

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standard; however, there will be enhanced disclosure requirements.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash is determined using level 1 of the fair value hierarchy. The carrying values of the deposit, reclamation bond, accounts payable and accrued liabilities, loans payable, related party loans, and due to related parties approximate their fair values due to the expected maturity of these financial instruments.

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash, commodity tax recoverable, and subscription receivable. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is considered minimal.

The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial instrument risk exposure and risk management (cont'd...)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity price risk.

i. Interest rate risk

Some of the Company's accounts payable and accrued liabilities trade payables are subject to interest on unpaid balances.

ii. Foreign currency risk

The Company's functional currency is the Canadian dollar, however exploration costs and property option payments are transacted in US dollars and West African CFA franc. A one percent change in foreign exchange rates will result in an immaterial change to profit or loss.

iii. Commodity price risk

Commodity price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

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4. EXPLORATION AND EVALUATION ASSETS

During the six month period ended July 31, 2017 and the year ended January 31, 2017, the Company incurred the following exploration and evaluation costs.

	Walker Ridge Property, Nevada	Niangouela Property, West Africa	Bouboulou Property, West Africa	Total
Balance, January 31, 2016	\$ 2,182,951	\$ -	\$ -	\$ 2,182,951
Deferred exploration costs:				
Assay	136	-	-	136
Drilling	-	189,894	-	189,894
Field consulting	-	6,866	-	6,866
General field expenses	418	-	2,261	2,679
Geological	6,096	-	62,232	68,328
Staking and claim maintenance	49,759	-	-	49,759
Travel and accommodation	-	7,166	-	7,166
Total exploration costs	56,409	203,926	64,493	324,828
Acquisition costs:				
Cash	-	19,883	13,260	33,143
Shares	64,750	2,700	2,500	69,950
Total acquisition costs	64,750	22,583	15,760	103,093
Total expenditures for the year	121,159	226,509	80,253	427,921
Total before write-off	2,304,110	226,509	80,253	2,610,872
Write-off	(2,304,110)	-	-	(2,304,110)
Balance, January 31, 2017	-	226,509	80,253	306,762
Deferred exploration costs:				
Assay	-	59,786	-	59,786
Drilling	-	568,302	511,746	1,080,048
Field consulting	-	16,837	-	16,837
General field expenses	-	67,878	30,252	98,130
Geological	-	24,589	25,977	50,566
Travel and accommodation	-	35,122	43,348	78,470
Total exploration costs	-	772,514	611,323	1,383,837
Total expenditures for the period	-	772,514	611,323	1,383,837
Balance, July 31, 2017	\$ -	\$ 999,023	\$ 691,576	\$ 1,690,599

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Niangouela Property, Burkina Faso, West Africa

During the year ended January 31, 2017, the Company entered into an option agreement to acquire a 100% interest in the Niangouela Property located in Burkina Faso, West Africa.

To earn a 90% interest, the Company must make the following payments:

- i) pay US\$15,000 on closing (paid);
- ii) issue 30,000 common shares on closing (issued at a value of \$2,700);
- iii) pay US\$15,000 on or before November 30, 2017;
- iv) issue 70,000 common shares on or before November 30, 2017;
- v) pay US\$120,000 on or before November 30, 2018;
- vi) issue 200,000 common shares on or before November 30, 2018;
- vii) pay US\$220,000 on or before November 30, 2019;
- viii) issue 300,000 common shares on or before November 30, 2019.

Upon earning the 90% interest, the Company has a one year option to purchase the remaining 10% interest in the property for US\$1,000,000. Upon earning a 100% interest in the property, the Company shall pay the optionor a net smelter returns Royalty ("NSR") of 1%.

Bouboulou Property, Burkina Faso, West Africa

During the year ended January 31, 2017, the Company entered into an option agreement to acquire a 100% interest in the Bouboulou Exploration Permit located in Burkina Faso, West Africa.

The Company has an option to acquire up to 75% interest in the property, in consideration for cash payments of US\$500,000 and the issuance of 900,000 common shares of the Company, over a period of three years as follows:

- i) pay US\$10,000 (paid) and issue 50,000 shares (issued at a value of \$2,500);
- ii) pay US\$35,000 and issue 100,000 shares on or before April 5, 2018;
- iii) pay US\$125,000 and issue 250,000 shares on or before April 5, 2019; and
- iv) pay US\$330,000 and issue 500,000 shares on or before April 5, 2020.

Following the acquisition of a 75% interest in the Property, the Company will have the option to acquire the remaining 25% interest in the Property through a cash payment of US\$1,000,000 with a 1% NSR remaining with the Optionor.

Walker Ridge Gold Property, Nevada, USA

On October 1, 2011, the Company entered into an option agreement, amended on June 1, 2016, to purchase 100% interest in the Walker Ridge Group of mining claims located in the Elko County, Nevada.

During the year ended January 31, 2017, the Company abandoned the option agreement, resulting in a write-off of exploration and evaluation assets of \$2,304,110.

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Walker Ridge Gold Property, Nevada, USA (cont'd...)

The Company is obligated to take down, dismantle and remove all equipment, machinery and materials from its drill location and remediate any land disturbances. The total undiscounted amount of the estimated cash flows of the reclamation costs is \$3,414 (US\$2,600). The reclamation cost was calculated without using a discount rate as it is expected to be incurred within one year. Other assumptions used by management to determine the carrying amount of the reclamation costs are labour costs based on current market place wages required to hire contractors to dismantle and remove the equipment, and to perform all other required site refurbishment. The Company has made a USD\$42,900 (\$52,301) (January 31, 2017 - USD\$42,900 (\$56,105)) reclamation deposit required by the Bureau of Land Management (Nevada) in relation to future exploration programs.

Rakounga Gold Property, Burkina Faso, West Africa

On July 11, 2017, the Company entered a letter of intent with Belemyida SA (the "Optionor"), pursuant to which the Company will acquire the right to earn up to 100% interest in the Rakounga Gold Property located in Burkina Faso, West Africa.

The Company will have an option to acquire a 90% interest in the property, in consideration for cash payments of US\$400,000 and the issuance of 575,000 common shares of Nexus, over a period of three years as follows:

- i) pay US\$10,000 and issue 25,000 shares (issued subsequently) upon signing of a definitive agreement;
- ii) pay US\$15,000 and issue 50,000 shares on or before August 31, 2018;
- iii) pay US \$125,000 and issue 200,000 shares on or before August 31, 2019; and
- iv) pay US\$250,000 and issue 300,000 shares on or before August 31, 2020.

Following the acquisition of a 90% interest in the Property, the Company will have the option to acquire the remaining 10% interest in the property through a cash payment of US\$1,000,000 with a 1% net smelter return royalty remaining with the Optionor.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of as at:

	July 31, 2017	January 31, 2017
Trade payables	\$ 312,776	\$ 583,879
Accrued liabilities	20,500	35,500
	\$ 333,276	\$ 619,379

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6. LOANS PAYABLE

During the year ended January 31, 2017, the Company received \$142,000 in loans from third parties and repaid them in full. The loans were non-interest bearing with no fixed terms for repayment.

	Six Months Ended July 31, 2017	Year Ended January 31, 2017
Secured loan balance	\$ -	\$ 57,546
Financing cost, beginning of period	-	(290,571)
Less: interest accretion	-	290,571
Net financing cost, end of period	-	-
Net secured loan balance	-	348,417
Less: cash paid	-	(182,372)
Foreign exchange	-	(22,178)
Gain on settlement	-	(143,867)
Total loans payable	\$ -	\$ -

On January 8, 2016, the Company entered into a settlement agreement with More Core Drilling Services Ltd. to provide for the repayment of an account payable of \$348,417 (US\$249,395). The settlement agreement provides for repayments of US\$35,000 on February 1, 2016 (paid), April 1, 2016 (paid) and June 1, 2016, with the balance of the loan being payable on August 1, 2016.

The Company defaulted on the June 1, 2016 payment, and More Core exercised their right to seize the remaining shares held as security for the cash payments. The value of the shares applied against the debt resulted in a gain on settlement of \$133,913.

More Core further exercised their right to collect the remaining outstanding loan balance subsequent to the payment default. More Core accepted a final payment of \$90,000 to settle the balance, resulting in a gain on settlement of \$9,954.

On January 20, 2016, the Company had originally issued 3,623,971 common shares as security for the performance under the agreement, of which, 945,700 were returned for cancellation. Upon issuance of the shares during the year ended January 31, 2016, the Company had valued the shares at a fair value of \$0.085 per share for a total value of \$308,038 in accordance with IFRS 2, and has accounted for the cost thereof as a financing fee which is applied against the loan balance and thereafter accreted from the issuance date through to the maturity date of August 1, 2016. During the period ended July 31, 2017, the Company recorded interest accretion of \$Nil (2016 – \$288,984).

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7. RELATED PARTY LOANS

	Loans Payable
Balance, January 31, 2016	\$ 88,500
Received	24,000
Balance, January 31, 2017	112,500
Repaid	(112,500)
Balance, July 31, 2017	\$ -

On May 10, 2016, the Company entered into a \$24,000 loan agreement with a director of the Company. The loan is non-interest bearing and has no fixed term of repayment. During the period ended July 31, 2017, the Company repaid it in full.

On January 29, 2016, the Company entered into a \$71,000 loan agreement with a director of the Company. The loan is non-interest bearing and has no fixed term of repayment. During the period ended July 31, 2017, the Company repaid it in full.

On September 1, 2015, the Company entered into a \$15,000 loan agreement with a director of the Company. The loan is non-interest bearing and has no fixed term of repayment. During the period ended July 31, 2017, the Company repaid it in full.

At July 31, 2017, the Company had a \$Nil (January 31, 2017 - \$2,500) non-interest bearing loan owing to a director. The loan passed the repayment date of September 11, 2015 with no penalty. During the period ended July 31, 2017, the Company repaid it in full.

8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Share Capital

During the period ended July 31, 2017, the Company:

- i) issued 1,125,000 common shares pursuant to exercise of options for gross proceeds of \$95,000 resulting in a reallocation of share-based compensation of \$57,520 from reserves to share capital.
- ii) issued 9,910,091 common shares pursuant to exercise of warrants for gross proceeds of \$924,073 resulting in a reallocation of share-based compensation of \$13,197 from reserves to share capital.
- iii) completed a private placement of 16,668,219 units for a gross proceeds of \$2,000,186 of which \$242,712 was for non-cash proceeds. Each unit consists of one common share and one-half share purchase warrant. Each full warrant will entitle the holder to purchase one additional shares at \$0.18 until February 23, 2019. During the year ended January 31, 2017, the Company received \$741,100 of subscriptions in advanced.

In connection with completion of the offering the Company paid \$28,870 and issued 528,050 common shares (valued at \$63,366) and 393,492 of finders' warrants (valued at \$95,183).

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8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Share Capital (cont'd...)

During the year ended January 31, 2017, the Company:

- i) completed a private placement of 3,600,000 units for gross proceeds of \$180,000 of which \$78,750 was for non-cash proceeds. Each unit consists of one common share and one-half share purchase warrant. Each full warrant will entitle the holder to purchase one additional shares at \$0.075 until April 15, 2018.
- ii) cancelled 945,700 common shares pursuant to a debt settlement agreement (Note 6).
- iii) issued 1,850,000 common shares for the Walker Ridge Gold property option payment valued at \$64,750 (Note 4).
- iv) issued 50,000 common shares for the Bouboulou option payment valued at \$2,500 (Note 4).
- v) completed a private placement of 2,100,000 units for gross proceeds of \$105,000 of which \$47,250 was for non-cash proceeds. Each unit consists of one common share and one-half share purchase warrant. Each full warrant will entitle the holder to purchase one additional shares at \$0.075 until July 6, 2018.
- vi) completed a non-brokered private placement of 25,100,000 units at a price of \$0.05 per unit for gross proceeds of \$1,255,000 of which \$133,115 was for non-cash proceeds. Each unit consists of one common share and one-half-of-one common share purchase warrant. Each warrant will entitle the holder to purchase one additional share at a price of \$0.075 until August 24, 2018.

In connection with completion of the offering the Company paid \$20,240 and issued 967,000 common shares (valued at \$48,350) and 1,071,800 warrants (valued at \$44,692) to certain finders.

- vii) issued 1,666,666 common shares (valued at \$141,667) to settle outstanding indebtedness of \$112,500 owing to holding companies controlled by directors of the Company, resulting in a loss of \$29,167.
- viii) issued 10,182,849 common shares pursuant to the exercise of warrants for gross proceeds of \$835,149 of which \$55,105 was for non-cash proceeds.
- ix) issued 750,000 common shares pursuant to the exercise of options for gross proceeds of \$87,750.
- x) issued 30,000 common shares for the Nianguouela property option payment valued at \$2,700 (Note 4).

Escrowed shares

At July 31, 2017, there were 1,626,981 (January 31, 2017 – 3,253,964) shares held in escrow. Under the applicable escrow agreements 1,626,981 shares were released during the period ended July 31, 2017. On a prospective basis, 1,626,981 shares are subject to release every six months.

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8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Options

At July 31, 2017, the Company had outstanding share purchase options as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
1,875,000	\$ 0.10	August 8, 2019	2.02 years
200,000	0.10	September 8, 2019	2.11 years
150,000	0.05	October 4, 2019	2.18 years
1,465,000	0.12	September 17, 2020	3.13 years
2,400,000	0.09	September 6, 2021	4.10 years
1,625,000	0.16	January 24, 2022	4.49 years
7,715,000			

A summary of changes in share purchase options during the period is as follows:

	Number of Options	Weighted average exercise price
Balance, January 31, 2016	4,990,000	\$ 0.11
Granted	5,350,000	0.11
Exercised	(750,000)	0.12
Cancelled	(500,000)	0.11
Balance, January 31, 2017	9,090,000	0.11
Exercised	(1,125,000)	0.08
Cancelled	(250,000)	0.12
Balance, July 31, 2017	7,715,000	\$ 0.08
Number of options currently exercisable	7,715,000	\$ 0.08

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8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Options (cont'd...)

The fair value of options granted was estimated at the date of grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

	July 31, 2017	January 31, 2017
Risk free interest rate	-	0.81%
Expected life of options	-	4.89 years
Annualized volatility	-	66.19%
Dividend yield	-	0%
Exercise price	-	\$0.11
Fair value per option	-	\$0.06

Warrants

A summary of changes in warrants during the period is as follows:

	Number	Weighted average exercise price
Balance, January 31, 2016	23,428,513	\$ 0.16
Repriced	(10,543,554)	0.20
Repriced	10,543,554	0.08
Granted	16,471,800	0.08
Exercised	(10,182,849)	0.08
Expired	(1,525,000)	0.08
Balance, January 31, 2017	28,192,464	0.09
Granted	8,727,606	0.12
Exercised	(9,910,091)	0.09
Expired	(150,000)	0.08
Balance, July 31, 2017	26,859,979	\$ 0.10

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8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Warrants (cont'd...)

As at July 31, 2017, the Company has the following warrants outstanding:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
1,654,167	\$ 0.12	September 21, 2017	0.14 years
2,148,666	0.12	October 22, 2017	0.23 years
*500,000	0.075	April 15, 2018	0.71 years
**2,133,331	0.075	July 21, 2018	0.97 years
***7,817,250	0.075	August 24, 2018	1.07 years
****2,975,000	0.125	January 16, 2019	1.46 years
8,727,606	0.120	February 23, 2019	1.57 years
903,959	0.125	March 12, 2019	1.61 years
26,859,979			

- * 500,000 warrants exercised subsequently
- ** 1,533,332 warrants exercised subsequently
- *** 848,750 warrants exercised subsequently
- **** 250,000 warrants exercised subsequently

The fair value of the compensatory share purchase warrants was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of fair value at grant date of the share purchase warrants are:

	July 31, 2017	January 31, 2017
Risk free interest rate	0.76%	0.57%
Expected life of warrants	2 years	2 years
Annualized volatility	95.39%	85.23%
Dividend yield	0%	0%
Exercise price	\$0.12	\$0.075

9. RELATED PARTY TRANSACTIONS AND MANAGEMENT COMPENSATION

Management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the period ended July 31, 2017, the Company incurred the following:

- a) management fees of \$235,400 (2016 - \$135,000) to companies controlled by directors and officers of the Company.
- b) geological consulting fees of \$104,900 (2016 - \$30,000) to a director of the Company.

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9. RELATED PARTY TRANSACTIONS AND MANAGEMENT COMPENSATION (cont'd...)

Loans (Note 7)

	Six Months Ended July 31, 2017	Year Ended January 31, 2017
Balance, beginning of period	\$ 112,500	\$ 88,500
Advances	-	24,000
Repaid	(112,500)	-
Balance, end of period	\$ -	\$ 112,500

Due to related parties

As at July 31, 2017, the Company owed \$39,476 (January 31, 2017 - \$40,442) to companies controlled by directors and officers and is included in Due to Related Parties. The amounts owing are unsecured and non-interest bearing and the parties have agreed not to seek repayment on or before January 31, 2018.

During the year ended January 31, 2017, \$14,175 was prepaid to management for management fee and the amount was expensed during the six months ended July 31, 2017.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the six months ended	July 31, 2017	July 31, 2016
Common shares issued for interest in exploration and evaluation assets	\$ -	\$ 64,750
Common shares issued for accounts payable	\$ 83,712	\$ 176,000
Common shares issued for exploration expenditures	\$ 24,000	\$ -
Common shares issued as finders' fees	\$ 63,366	\$ -
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	\$ 119,845	\$ -
Warrants issued as finder's fee	\$ 95,182	\$ -
Fair value of exercised options	\$ 57,520	\$ -
Exploration and evaluation advance allocated to exploration and evaluation assets	\$ 65,410	\$ -
Fair value of exercised warrants	\$ 13,198	\$ -

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11. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets, located in the United States and Burkina Faso. Geographic information is disclosed in Note 4.

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholder's equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended July 31, 2017. The Company is not subject to externally imposed capital requirements.

13. COMMITMENTS

The Company has an obligation under a rental agreement for payments of \$2,326 per month for the first three years and \$2,431 per month for the last two years for a five year period beginning on June 1, 2013 and ending on May 31, 2018 as follows:

<u>Fiscal</u>	<u>Total (\$)</u>
2018	14,586
2019	9,724

14. SUBSEQUENT EVENTS

Subsequent to July 31, 2017, the Company

- i) issued 3,132,082 common shares pursuant to exercise of warrants for gross proceeds of \$247,406, of which \$15,000 has been received during the period.
- ii) issued 25,000 common shares for Rakounga Gold property option payment valued at \$4,625 (Note 4).