

NEXUS GOLD CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017**

Expressed in Canadian Dollars

Head office and registered and records office address

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Nexus Gold Corp.

We have audited the accompanying consolidated financial statements of Nexus Gold Corp., which comprise the consolidated statements of financial position as at January 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Nexus Gold Corp. as at January 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Nexus Gold Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

May 31, 2018

NEXUS GOLD CORP.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017

<u>INDEX</u>	<u>Page</u>
Consolidated Financial Statements	
Consolidated Statements of Financial Position	1
Consolidated Statements of Loss and Comprehensive Loss	2
Consolidated Statements of Changes in Shareholders' Equity	3
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5 - 25

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JANUARY 31,
Expressed in Canadian Dollars

	2018	2017
ASSETS		
Current		
Cash	\$ 53,524	\$ 1,360,916
Commodity tax recoverable	50,764	16,959
Subscription receivable	-	10,500
Prepays (Note 9)	276,604	109,202
	380,892	1,497,577
Deposit	15,587	15,587
Reclamation bond (Note 4)	52,930	56,105
Exploration and evaluation advance	-	65,410
Exploration and evaluation assets (Note 4)	2,015,446	306,762
	\$ 2,464,855	\$ 1,941,441
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 223,733	\$ 619,379
Related party loans (Note 7 and 9)	-	112,500
Reclamation obligation (Note 4)	-	3,414
	223,733	735,293
Due to related parties (Note 9)	113,396	40,442
	337,129	775,735
Shareholders' equity		
Share capital (Note 8)	11,405,029	7,545,819
Share-based payment reserve (Note 8)	1,432,817	1,286,823
Subscriptions received in advance (Note 8)	30,000	741,100
Deficit	(10,740,120)	(8,408,036)
	2,127,726	1,165,706
	\$ 2,464,855	\$ 1,941,441
Nature and continuance of operations (Note 1)		
Commitments (Note 14)		
Subsequent events (Note 15)		
On behalf of the Board:		
<i>"Peter D. Berdusco"</i> Director <i>"Alex Klenman"</i> Director		

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

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED JANUARY 31,
Expressed in Canadian Dollars

	2018	2017
EXPENSES		
Consulting fees	\$ 549,382	\$ 553,252
Corporate development	252,083	130,198
Filing fees	44,620	51,136
Foreign exchange loss (gain)	36,838	(15,582)
Insurance	7,775	(1,511)
Interest accretion (Note 6)	-	290,572
Interest expense	-	256
Investor relations	95,286	101,250
Management fees (Note 9)	416,600	274,000
Marketing and media	443,119	-
Office and miscellaneous	196,975	59,110
Professional fees	104,712	141,948
Share-based payments (Note 8)	23,574	333,774
Travel and promotion	161,120	79,294
	(2,332,084)	(1,997,697)
Gain on settlement of reclamation obligation	-	13,998
Gain on settlement of loans payable (Note 6)	-	143,867
Loss on settlement of account payable (Note 8)	-	(29,167)
Write-off exploration and evaluation assets (Note 4)	-	(2,304,110)
Loss and comprehensive loss for the year	\$ (2,332,084)	\$ (4,173,109)
Basic and diluted loss per common share	\$ (0.18)	\$ (0.50)
Weighted average number of common shares outstanding	13,124,905	8,369,313

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

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars

	Number of shares	Share capital	Share-based payment reserve	Subscriptions received in advance	Deficit	Total equity
Balance, January 31, 2016	5,636,045	\$ 4,895,920	\$ 958,018	\$ -	\$ (4,234,927)	\$ 1,619,011
Shares issued for private placements	3,080,000	1,540,000	-	-	-	1,540,000
Shares issued for debt settlement	166,666	141,667	-	-	-	141,667
Share issuance for evaluation and exploration assets	193,000	69,950	-	-	-	69,950
Share issuance costs	-	(77,936)	-	-	-	(77,936)
Share issuance costs - shares	96,700	48,350	-	-	-	48,350
Share issuance costs - warrants	-	(44,692)	44,692	-	-	-
Subscription received in advance	-	-	-	741,100	-	741,100
Share-based payments	-	-	333,774	-	-	333,774
Shares cancelled	(94,570)	-	-	-	-	-
Warrants exercised	1,018,285	835,149	-	-	-	835,149
Options exercised	75,000	87,750	-	-	-	87,750
Fair value of exercised options	-	49,661	(49,661)	-	-	-
Loss for the year	-	-	-	-	(4,173,109)	(4,173,109)
Balance, January 31, 2017	10,171,126	7,545,819	1,286,823	741,100	(8,408,036)	1,165,706
Shares issued for private placements	2,687,239	2,663,457	102,042	(741,100)	-	2,024,399
Share issuance for evaluation and exploration assets	19,500	16,175	-	-	-	16,175
Share issuance costs	-	(116,692)	-	-	-	(116,692)
Share issuance costs - shares	52,805	63,366	-	-	-	63,366
Share issuance costs - warrants	-	(91,095)	91,095	-	-	-
Subscription received in advance	-	-	-	30,000	-	30,000
Share-based payments	-	-	23,574	-	-	23,574
Warrants exercised	1,304,217	1,171,479	(13,197)	-	-	1,158,282
Options exercised	112,500	152,520	(57,520)	-	-	95,000
Loss for the year	-	-	-	-	(2,332,084)	(2,332,084)
Balance, January 31, 2018	14,347,387	\$ 11,405,029	\$ 1,432,817	\$ 30,000	\$ (10,740,120)	\$ 2,127,726

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

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 31, 2018
Expressed in Canadian Dollars

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (2,332,084)	\$ (4,173,109)
Items not affecting cash:		
Share-based payments	23,574	333,774
Interest accretion	-	290,572
Shares issued for services	-	153,125
Gain on settlement of reclamation obligation	-	(13,998)
Loss on settlement of accounts payable	-	29,167
Gain on settlement of loans payable	-	(143,867)
Shares issued for services	100,000	-
Foreign exchange loss (gain)	3,175	(20,952)
Write-off of exploration and evaluation assets	-	2,328,698
Changes in non-cash working capital items:		
Commodity tax recoverable	(33,805)	(1,378)
Prepaid expenses	(167,402)	(90,223)
Accounts payable and accrued liabilities	(118,764)	196,757
Reclamation obligation	-	(24,588)
Net cash used in operating activities	(2,525,306)	(1,136,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of share capital	1,781,665	1,286,125
Share issue costs	(53,326)	(29,588)
Share subscriptions received in advance	30,000	741,100
Loan received from related party	-	24,000
Loan repayment to related party	(112,500)	-
Proceeds from warrants exercised	1,165,804	772,545
Proceeds from options exercised	98,000	84,750
Third party loans received	-	142,000
Third party loan repaid	-	(60,000)
Secured loan repayment	-	(182,372)
Net cash provided by financing activities	2,909,643	2,778,560
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,691,729)	(287,130)
Exploration and evaluation advances	-	(65,410)
Net cash used in investing activities	(1,691,729)	(352,540)
Change in cash for the year	(1,307,392)	1,289,998
Cash, beginning of the year	1,360,916	70,918
Cash, end of year	\$ 53,524	\$ 1,360,916

Supplemental disclosure with respect to cash flows (Note 10)

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

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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.

Effective April 13, 2018, the Company consolidated its common shares on a 10:1 basis. These financial statements reflect the share consolidation.

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.

	January 31, 2018	January 31, 2017
Deficit	\$ (10,740,120)	\$ (8,408,036)
Working capital	\$ 157,159	\$ 762,284

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements 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 May 28, 2018.

Basis of presentation

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

Principles of consolidation

These 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 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.

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.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

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

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 first tested for impairment and 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.

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.

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

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.

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.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

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.

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.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

Financial instruments (cont'd...)

Financial assets (cont'd...)

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.

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.

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

Income taxes (cont'd...)

Deferred tax (cont'd...)

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, 2018. 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*.

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.

(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.

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

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

(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.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

4. EXPLORATION AND EVALUATION ASSETS

During the years ended January 31, 2018 and 2017, the Company incurred the following exploration and evaluation costs.

	Walker Ridge Property, Nevada	Niangouela Property, West Africa	Bouboulou Property, West Africa	Rakounga 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	-	16,295	-	18,289	34,584
Drilling	-	651,420	378,371	197,921	1,227,712
General field expenses	-	23,556	15,021	(1,518)	37,059
Geological	-	74,338	148,605	10,079	233,022
Travel and accommodation	-	47,807	53,548	21,537	122,892
Total exploration costs	-	813,416	595,545	246,308	1,655,269
Acquisition costs:					
Cash	-	18,562	-	18,678	37,240
Shares	-	4,550	7,000	4,625	16,175
Total acquisition costs	-	23,112	7,000	23,303	53,415
Total expenditures for the year	-	836,528	602,545	269,611	1,708,684
Balance, January 31, 2018	\$ -	\$ 1,063,037	\$ 682,798	\$ 269,611	\$ 2,015,446

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 3,000 common shares on closing (issued at a value of \$2,700);
- iii) pay US\$15,000 on or before November 30, 2017 (paid);
- iv) issue 7,000 common shares on or before November 30, 2017 (issued at a value of \$4,550);
- v) pay US\$120,000 on or before November 30, 2018;
- vi) issue 20,000 common shares on or before November 30, 2018;
- vii) pay US\$220,000 on or before November 30, 2019;
- viii) issue 30,000 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%.*

*The mining permit on the Niangouela Property is in the process of being renewed with the ministry of mines and energy.

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 90,000 common shares of the Company, over a period of three years as follows:

- i) pay US\$10,000 (paid) and issue 5,000 shares (issued at a value of \$2,500);
- ii) pay US\$35,000 (paid subsequently) and issue 10,000 shares on or before April 5, 2018 (issued at a value of \$7,000);
- iii) pay US\$125,000 and issue 25,000 shares on or before April 5, 2019; and
- iv) pay US\$330,000 and issue 50,000 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.

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.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

Rakounga Gold Property, Burkina Faso, West Africa (cont'd...)

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 57,500 common shares of Nexus, over a period of three years as follows:

- i) pay US\$15,000 (paid) and issue 2,500 shares (issued at a value of \$4,625) upon signing of a definitive agreement;
- ii) pay US\$15,000 and issue 5,000 shares on or before August 31, 2018;
- iii) pay US \$120,000 and issue 20,000 shares on or before August 31, 2019; and
- iv) pay US\$250,000 and issue 30,000 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% 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.

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 was \$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 (\$52,930) (January 31, 2017 - USD\$42,900 (\$56,105)) reclamation deposit required by the Bureau of Land Management (Nevada) in relation to future exploration programs.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	January 31, 2018	January 31, 2017
Trade payables	\$ 193,733	\$ 583,879
Accrued liabilities	30,000	35,500
	\$ 223,733	\$ 619,379

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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.

	2018	2017
Secured loan balance	\$ -	\$ 57,546
Financing cost, beginning of year	-	(290,571)
Less: interest accretion	-	290,571
Net financing cost, end of year	-	-
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 362,397 common shares as security for the performance under the agreement, of which, 94,570 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 \$0.85 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 year ended January 31, 2018, the Company recorded interest accretion of \$Nil (2017 – \$290,572).

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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, January 31, 2018	\$ -

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 year ended January 31, 2018, 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 year ended January 31, 2018, 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 year ended January 31, 2018, the Company repaid it in full.

At January 31, 2018, the Company had a \$Nil (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 year ended January 31, 2018, the Company repaid it in full.

8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Share Capital

During the year ended January 31, 2018, the Company:

- i) issued 112,500 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 1,304,217 common shares pursuant to exercise of warrants for gross proceeds of \$1,158,282 resulting in a reallocation of share-based compensation of \$13,197 from reserves to share capital.
- iii) completed a private placement of 1,666,822 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 \$1.80 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 52,805 common shares (valued at \$63,366) and 39,349 of finders' warrants (valued at \$84,237).

- iv) issued 2,500 common shares pursuant to the acquisition of Rakounga Gold Property (Note 4).

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

Share Capital (cont'd...)

- v) completed a private placement of 533,317 units for a gross proceeds of \$399,988. Each unit consists of one common share and one-half share purchase warrant (valued at \$53,332). Each full warrant will entitle the holder to purchase one additional shares at \$1.20 until October 25, 2019.

In connection with completion of the offering the Company paid \$2,799 and issued 3,732 of finders' warrants (valued at \$1,004) exercisable at \$1.20 until October 27, 2019.

- vi) completed a private placement of 487,100 units for a gross proceeds of \$365,325. Each unit consists of one common share and one-half share purchase warrant (valued at \$48,710). Each full warrant will entitle the holder to purchase one additional shares at \$1.20 until October 27, 2019.

In connection with completion of the offering the Company paid \$13,809 and issued 21,762 of finders' warrants (valued at \$5,854) exercisable at \$1.20 until October 27, 2019.

- vii) issued 7,000 shares pursuant to the acquisition of Niangouela Property (Note 4).

- viii) issued 10,000 shares pursuant to the acquisition of Bouboulou Property (Note 4).

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

- i) completed a private placement of 360,000 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 \$0.75 until April 15, 2018.
- ii) cancelled 94,570 common shares pursuant to a debt settlement agreement (Note 6).
- iii) issued 185,000 common shares for the Walker Ridge Gold property option payment valued at \$64,750 (Note 4).
- iv) issued 5,000 common shares for the Bouboulou option payment valued at \$2,500 (Note 4).
- v) completed a private placement of 210,000 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 \$0.75 until July 6, 2018.
- vi) completed a non-brokered private placement of 2,510,000 units at a price of \$0.50 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 \$0.75 until August 24, 2018.

In connection with completion of the offering the Company paid \$20,240 and issued 96,700 common shares (valued at \$48,350) and 107,180 warrants (valued at \$44,692) to certain finders.

- vii) issued 166,666 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 1,018,285 common shares pursuant to the exercise of warrants for gross proceeds of \$835,149 of which \$55,105 was for non-cash proceeds.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

Share Capital (cont'd...)

- ix) issued 75,000 common shares pursuant to the exercise of options for gross proceeds of \$87,750.
- x) issued 3,000 common shares for the Niangouela property option payment valued at \$2,700 (Note 4).

Escrowed shares

At January 31, 2018, there were Nil (2017 – 325,396) shares held in escrow. Under the applicable escrow agreements 325,396 shares were released during the year ended January 31, 2018.

Options

At January 31, 2018, the Company had outstanding share purchase options as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
130,000	\$ 1.00	August 8, 2019	1.52 years
20,000	1.00	September 8, 2019	1.60 years
15,000	0.50	October 4, 2019	1.67 years
146,500	1.20	September 17, 2020	2.63 years
240,000	0.85	September 6, 2021	3.60 years
162,500	1.60	January 24, 2022	3.98 years
714,000			

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

	Number of Options	Weighted average exercise price
Balance, January 31, 2016	499,000	\$ 1.10
Granted	535,000	1.10
Exercised	(75,000)	1.20
Cancelled	(50,000)	1.10
Balance, January 31, 2017	909,000	1.08
Exercised	(112,500)	0.84
Expired/Cancelled	(82,500)	1.06
Balance, January 31, 2018	714,000	\$ 1.12
Number of options currently exercisable	714,000	\$ 1.12

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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:

	January 31, 2018	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 year is as follows:

	Number	Weighted average exercise price
Balance, January 31, 2016	2,342,851	\$ 1.60
Repriced	(1,054,355)	2.00
Repriced	1,054,355	0.80
Granted	1,647,180	0.80
Exercised	(1,018,285)	0.80
Expired	(152,500)	0.80
Balance, January 31, 2017	2,819,246	0.94
Granted	1,408,455	1.57
Exercised	(1,304,217)	0.89
Expired/Cancelled	(395,283)	1.18
Balance, January 31, 2018	2,528,201	\$ 1.28

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

Warrants (cont'd...)

As at January 31, 2018, the Company has the following warrants outstanding:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
59,999	\$ 0.75	February 18, 2018	0.05 years
696,850	0.75	August 24, 2018	0.56 years
272,500	1.25	January 16, 2019	0.96 years
872,753	1.80	February 23, 2019	1.06 years
90,396	1.25	March 12, 2019	1.11 years
535,703*	1.20	October 27, 2019	1.74 years
2,528,201			

*260,000 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:

	January 31, 2018	January 31, 2017
Risk free interest rate	1.02%	0.57%
Expected life of warrants	2 years	2 years
Annualized volatility	99.70%	85.23%
Dividend yield	0%	0%
Exercise price	\$1.40	\$0.75

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 year ended January 31, 2018, the Company incurred the following:

- management fees of \$416,600 (2017 - \$274,000) to companies controlled by directors and officers of the Company.
- geological consulting fees of \$146,900 (2017 - \$47,850) to a director of the Company.
- consulting fees of \$15,600 (2017 - \$Nil) to a director of the Company.
- share-based payments for stock options granted to directors and officers recorded at a fair value of \$Nil (2017 - \$226,961).

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

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

Loans (Note 7)

	January 31, 2018	January 31, 2017
Balance, beginning of year	\$ 112,500	\$ 88,500
Advances	-	24,000
Repaid	(112,500)	-
Balance, end of year	\$ -	\$ 112,500

Due to related parties

As at January 31, 2018, the Company owed \$118,007 (2017 - \$40,442) to companies controlled by directors and officers and is included in Due to Related Parties and accounts payable. The amounts owing are unsecured and non-interest bearing and the parties have agreed not to seek repayment on or before January 31, 2019.

During the year ended January 31, 2018, \$Nil (2017 - \$14,175) was prepaid to officers for management fees and \$14,175 (2017 - \$Nil) was expensed.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the year ended	January 31, 2018	January 31, 2017
Common shares issued for interest in exploration and evaluation assets	\$ 16,175	\$ 69,950
Common shares issued on exercised of warrants	\$ -	\$ 55,106
Common shares issued for accounts payable	\$ 78,000	\$ 221,875
Common shares issued for settlement of debt	\$ -	\$ 141,667
Common shares issued for loans payable	\$ -	\$ 82,000
Common shares issued for exploration expenditures	\$ 64,712	\$ -
Common shares issued for prepaid expenses	\$ -	\$ 18,750
Subscription receivable	\$ -	\$ 10,500
Common shares issued as finders' fees	\$ 63,366	\$ 48,350
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	\$ 12,554	\$ 141,896
Warrants issued as finder's fee	\$ 91,095	\$ 44,692
Fair value of exercised options	\$ 57,520	\$ 49,661
Fair value of warrants included in unit offering	\$ 102,042	\$ -
Exploration and evaluation advance allocated to exploration and evaluation assets	\$ 65,410	\$ -
Fair value of exercised warrants	\$ 13,197	\$ -

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.

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
Loss of the year	\$ (2,332,084)	\$ (4,173,109)
Expected income tax (recovery)	\$ (608,000)	\$ (1,085,000)
Change in statutory rate, FX and other	(47,000)	(12,000)
Permanent Difference	10,000	88,000
Share issue cost	(30,000)	(20,000)
Adjustment to prior year provision versus statutory returns	38,000	(65,000)
Change in unrecognized deductible temporary differences	637,000	1,094,000
	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2018	2017
Deferred Tax Assets		
Exploration and evaluation assets	\$ 653,000	\$ 671,000
Share issue cost	75,000	72,000
Asset retirement obligation	1,000	1,000
Non-capital losses available for future period	1,822,000	1,170,000
	2,551,000	1,914,000
Unrecognized deferred tax assets	(2,551,000)	(1,914,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 2,415,000	No expiry date	\$ 2,572,000	No expiry date
Canadian eligible capital (CEC)	2,000	No expiry date	2,000	No expiry date
Share issue cost	280,000	2037 to 2041	277,000	2036 to 2040
Asset retirement obligation	3,000	No expiry date	3,000	No expiry date
Non-capital losses available for future period	6,745,000	2022 to 2037	4,501,000	2028 to 2036

NEXUS GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2018 AND 2017
Expressed in Canadian Dollars

13. 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 year ended January 31, 2018. The Company is not subject to externally imposed capital requirements.

14. 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>
<u>2019</u>	<u>9,724</u>

15. SUBSEQUENT EVENTS

Subsequent to January 31, 2018, the Company:

- i) issued 260,000 common shares pursuant to exercise of warrants for gross proceeds of \$312,000.
- ii) closed a non-brokered private placement of 20,027,123 units, at a price of \$0.15 per unit, for gross proceeds of \$3,004,068, of which \$2,923,546 has been received subsequently and \$30,000 received during the year ended January 31, 2018. Each unit consists of one common share of the Company, and one-half-of-one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share of the Company at a price of \$0.25 per share until May 25, 2019.

The Company entered into a NSR Royalty agreement with Sandstorm Gold Ltd. for a 1% NSR on the Niangouela, Bouboulou, and Rakounga Properties.