



NEXUSMINERALS

NEXUS MINERALS LIMITED

ABN: 96 122 074 006

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

NEXUS MINERALS LIMITED

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NEXUS MINERALS LIMITED

CORPORATE INFORMATION

Directors

Paul Boyatzis (Non-Executive Chairman)
Andy Tudor (Managing Director)
Dr. Mark Elliott (Non-Executive Director)
Bruce Maluish (Non-Executive Director)

Company secretary

Phillip MacLeod

Registered office

108 Forrest Street
Cottesloe WA 6011
Australia

Principal place of business

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West Perth WA 6005
Australia

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Website: www.nexusminerals.com.

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth WA 6000
Australia

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011
Australia

Share register

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Australia

NEXUS MINERALS LIMITED

DIRECTORS' REPORT

The directors of Nexus Minerals Limited submit herewith the interim financial report of Nexus Minerals Limited ("Nexus" or "the Company") and its subsidiaries ("Consolidated entity" or "Group") for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the Company during the half-year are:

Mr. P. Boyatzis	Non-Executive Chairman
Mr A. Tudor	Managing Director (appointed 6 July 2016)
Dr. M. Elliott	Non-Executive Director
Mr B. Maluish	Non-Executive Director
Mr. P. MacLeod	Non-Executive Director (resigned 6 July 2016)

Directors were in office for the entire period unless otherwise stated.

About Nexus

Nexus Minerals is a well-funded resource company with a portfolio of gold projects in Western Australia. With a well-credentialed Board, assisted by an experienced management team, the Company is well placed to capitalise on opportunities as they emerge in the resource sector.

REVIEW OF OPERATIONS

(a) Overview

The Pinnacles JV Gold Project (Farm-in/JV agreement with Saracen Mineral Holdings (Saracen)), in the Eastern Goldfields of Western Australia was the focus of exploration activity during the period. The Company is undertaking multiple drill programs within the Pinnacles East Resource area culminating in a resource update and the commencement of mine option studies. Pinnacles regional exploration activities were also commenced over the complete 100km² tenement package.

During the half-year the Company also undertook a number of due diligence project investigations in regards to gold opportunities in Western Australia, other states of Australia and overseas.

(b) Review of operations

The Group incurred an after tax loss for the half-year ended 31 December 2016 of \$1,215,831 (2015: \$432,832).

REVIEW OF OPERATIONS (CONTINUED)

Company Tenements

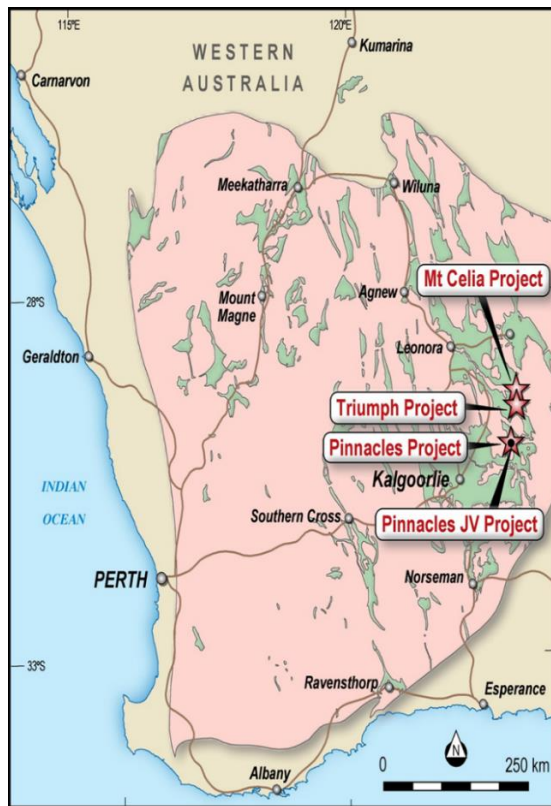


Figure 1. Project locations, Western Australia.

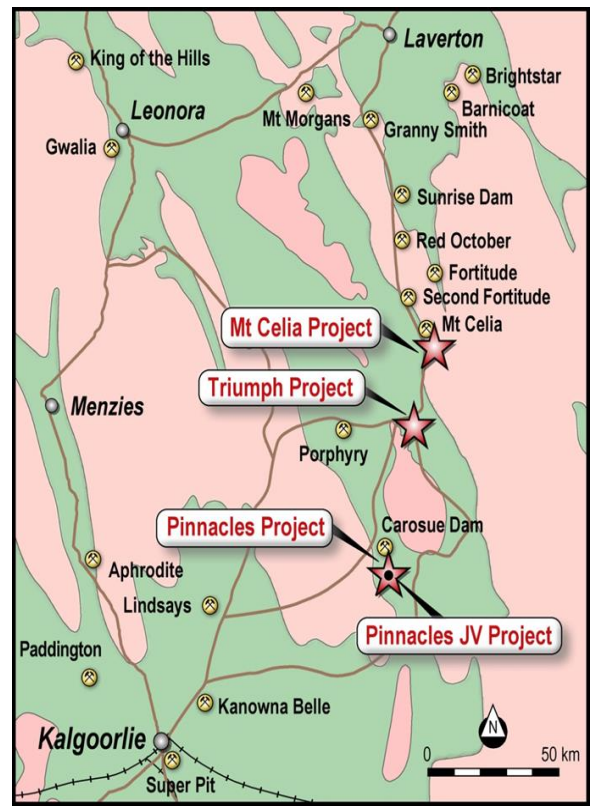


Figure 2. Project locations, Eastern Goldfields, Western Australia.

Pinnacles JV Gold Project

The Pinnacles JV Project is located in the Eastern Goldfields of Western Australia, some 100km northeast of Kalgoorlie (figures 1 and 2).

Work undertaken on the Pinnacles JV Gold Project during the period resulted in the company earning a 74% farm-in and joint venture interest in the project (with Saracen) as per the agreement announced on 17 September 2015.

The Farm-in & Joint Venture not only allows for the opportunity to access a project with significant exploration drill results to date and high expectations for further exploration success, but also allows for access to the Carosue Dam Mine and processing plant facilities, infrastructure and access roads.

The project previously contained a JORC-2012 mineral resource, completed by Saracen, of 413,000t @ 2.1g/t Au for 28,000oz gold (see Saracen Mineral Holdings Limited's ASX release 9 October 2014 '2014 Mineral Resources and Ore Reserves' and '2014 Mineral Resource and Ore Reserve Statement Explanatory Notes and Table'). This mineral resource was defined from surface to a depth of 130m.

NEXUS MINERALS LIMITED

REVIEW OF OPERATIONS (CONTINUED)

During the period the Company completed 4174m of RC drilling, and 492m of diamond drilling at the Pinnacles JV Gold Project. This resulted in the company announcing an updated JORC 2012 mineral resource of 550,000t @ 4.6g/t Au for 82,000 ounces, representing a 193% increase above the previous Saracen JORC 2012 mineral resource. The additional drilling undertaken by Nexus has allowed the previous resource model to be extended to a depth of 350m, approximately 220m deeper than the previous estimate, resulting in the tonnage increasing to 550,000t, up from 413,000t. The additional drill hole data has also allowed for a more selective interpretation of the geological controls on the mineralisation, resulting in the increase of the mineral resource grade to 4.6g/t Au, up from 2.1g/t Au.

	Measured			Indicated			Inferred			Total			Cut Off Grade g/tAu
	Tonnes (t)	Grade (g/t Au)	Ounce (oz)	Tonnes (t)	Grade (g/t Au)	Ounce (oz)	Tonnes (t)	Grade (g/t Au)	Ounce (oz)	Tonnes (t)	Grade (g/t Au)	Ounce (oz)	
Pinnacles Oxide	-	-	-	75,900	3.5	9,000				75,900	3.5	9,000	0.7
Pinnacles Tran/Fresh	-	-	-	184,300	5.6	31,000	290,700	4.7	42,000	474,900	5.1	74,000	2
Pinnacles Total	-	-	-	-	-	-	-	-	-	<u>551,200</u>	<u>4.6</u>	<u>82,000</u>	

Table 1. Nexus Minerals JORC 2012 Mineral Resource Estimate

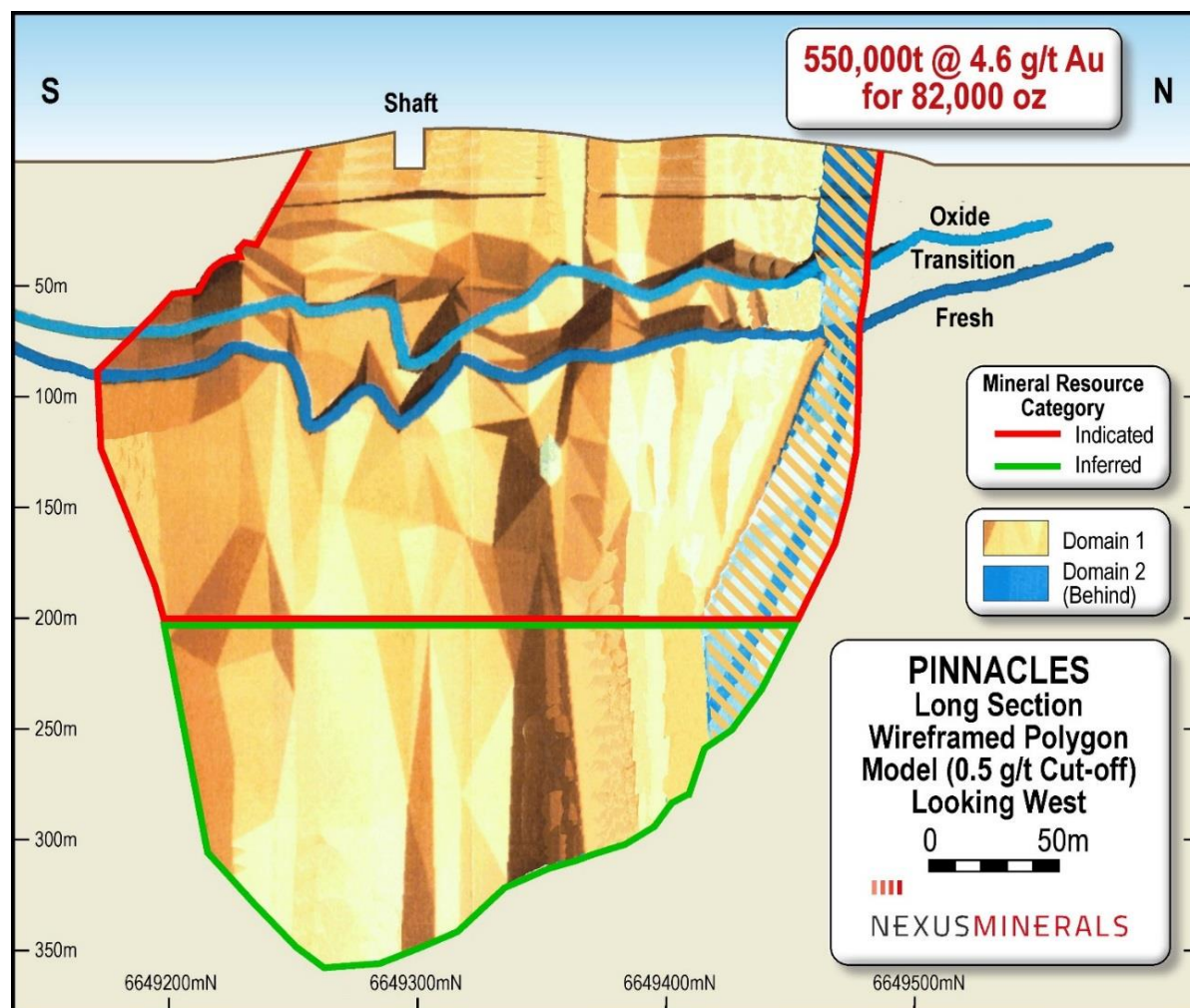


Figure 3. Pinnacles East Mineral Resource Wire Framed Polygon Model (0.5g/tAu Cut-off)

REVIEW OF OPERATIONS (CONTINUED)

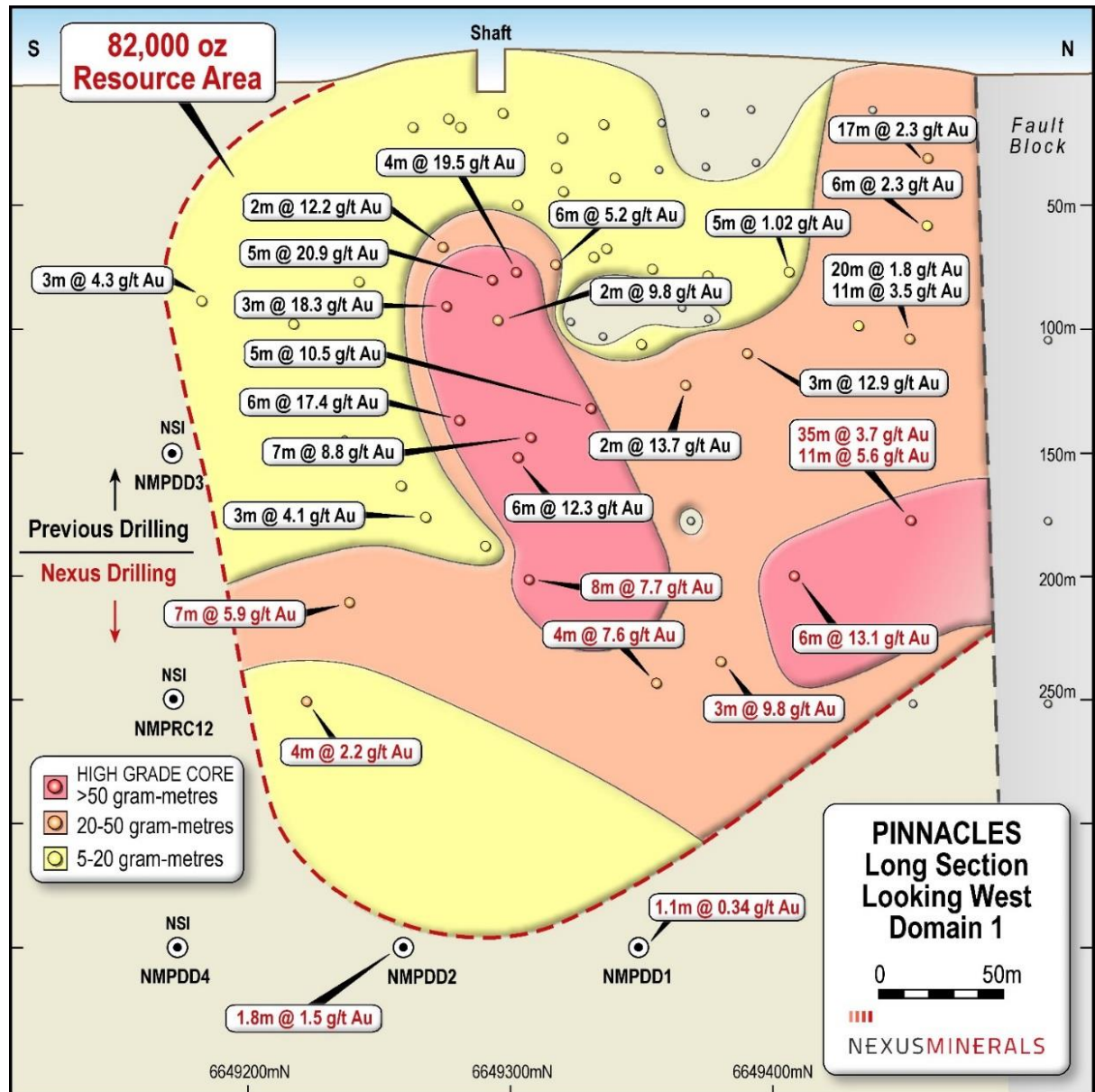


Figure 4. Pinnacles East Resource Area Long Section – Domain 1

Nexus consultants were engaged to undertake a pit optimization study, and underground mine development plan options to assist in determining the financial viability of establishing a gold mining operation at Pinnacles East Resource Area.

Previous JORC-2012 compliant Indicated and Inferred Mineral Resource, completed by Saracen Mineral Holdings Limited, of 413,000t @ 2.1g/t Au for 28,000oz gold (see Saracen Mineral Holdings Limited's ASX release 9 October 2014 '2014 Mineral Resources and Ore Reserves' and '2014 Mineral Resource and Ore Reserve Statement Explanatory Notes and Table').

No Ore Reserves have currently been defined on the Pinnacles JV Gold Project. There has been insufficient exploration and technical studies to estimate an Ore Reserve and it is uncertain if further exploration and/or technical studies will result in the estimation of an Ore Reserve. The potential for the development of a mining operation and sale of ore from the Pinnacles JV Gold Project has yet to be established.

NEXUS MINERALS LIMITED

REVIEW OF OPERATIONS (CONTINUED)

Nexus completed a 6 hole 825m RC drill program, within the Pinnacles JV Project tenement, but outside of the resource area. Positive anomalous gold results were returned in the drill program, in association with strongly silicified stratigraphy, quartz-carbonate veining, extensive alteration, hydrothermal brecciation and up to 10% pyrite content – all provide encouragement for regional exploration success.

Hole ID	GDA_94 East	GDA_94 North	Azimuth	Dip	From (m)	To (m)	Length (m)	Grade (g/t)
NMPRC14	439639	6650086	90	-60				NSI
NMPRC15	439404	6650324	90	-60	37	39	2	0.24
NMPRC16	439363	6650320	90	-60	28	35	7	0.75
incl					28	30	2	1.77
					44	48	4	0.39
					64	68	4	0.25
NMPRC17	439377	6650427	90	-60	46	47	1	0.10
NMPRC18	439334	6650413	90	-60				NSI
NMPRC19	439738	6650492	90	-60				NSI

Table 2. RC Drill Results (>0.1g/tAu).

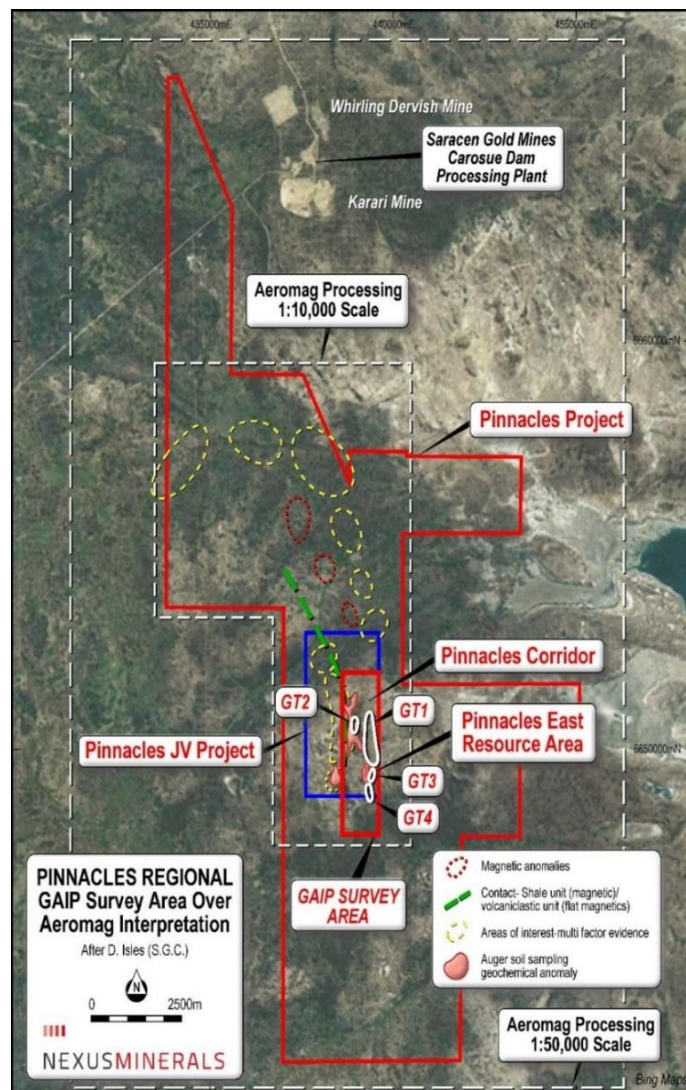


Figure 5. Pinnacles JV Gold Project (Blue) surrounded by Nexus Regional Tenement Package (Red).

REVIEW OF OPERATIONS (CONTINUED)

GT1 Anomaly

Two drill holes were designed to a depth of 200m to test anomalies identified from a Gradient Array Induced Polarisation (**GAIP**) survey undertaken by Nexus in June 2016. This GT1 anomaly contains coincident high order resistivity (up to 650 ohm.m) and chargeability (up to 40mV/V) anomalism also coincident with previously identified aeromagnetic highs, representing potential high level intrusions.

Both drill holes encountered strongly silicified stratigraphy, with quartz-carbonate veining, extensive hydrothermal brecciation and up to 10% sulphide content – explaining the GAIP survey anomaly. Whilst no mineralised intersections were returned in this location, the presence of intense silicification and alteration provide for the existence of a large scale regional alteration system.

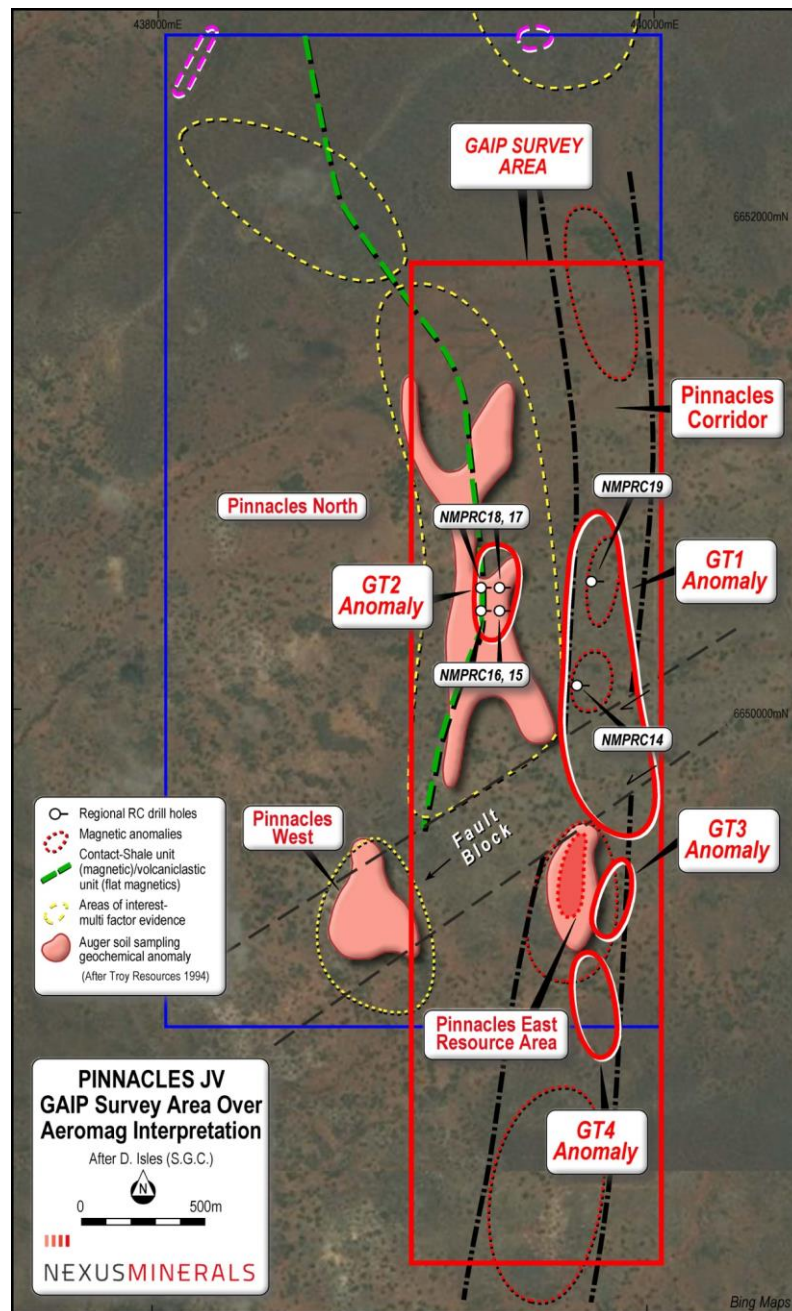


Figure 6. Nexus Pinnacles JV Tenement with Anomalies and Drill Hole Locations

REVIEW OF OPERATIONS (CONTINUED)

GT2 Anomaly

Four drill holes were designed to a depth of ~100m to test a geochemical/geophysical anomaly. The GT2 anomaly was centered over the Pinnacles North 1.6km x 300m geochemical coincident gold (>15ppb) arsenic (>50ppm) anomaly (after Troy 1994), and coincident resistivity high, identified in the survey undertaken by Nexus in June 2016. This resistivity high appears to occur along contact zones of magnetic / non-magnetic rock units as interpreted from aeromagnetic data.

As can be seen in Table 2 three of the four holes drilled into the GT2 anomaly intersected elevated gold mineralisation, with the best intersection being 2m @ 1.77g/t Au. The holes intersected a regolith profile of clays to approximately 30m, grading into a fine to medium grained sandstone. Alteration products observed included quartz +/- chlorite +/- carbonate +/- pyrite.

The mineralisation in these holes is interpreted to be associated with a supergene horizon at the weathering boundary and as such prospectivity remains for the discovery of a proximal primary gold bearing system. This area will be assessed as part of the broader regional tenement geological exploration program.

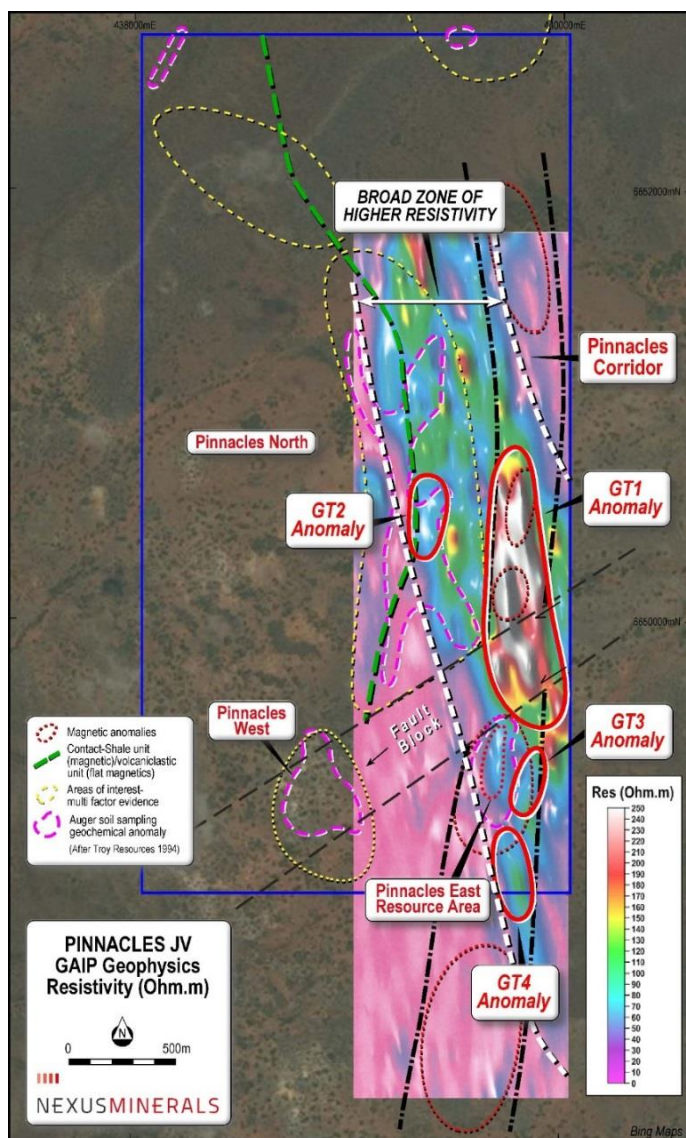


Figure 7. Pinnacles JV tenement GAIP Resistivity over Aeromagnetic & Soil Geochem Anomalies

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REVIEW OF OPERATIONS (CONTINUED)

Pinnacles Regional Project

The Pinnacles Project tenements cover approximately 100km². The tenement area is immediately to the south of Saracen Gold Mines' Carosue Dam mining operation, which includes the Karari underground gold mine, currently in operation. The Carosue Dam district exhibits a large scale mineralised hydrothermal gold system having produced multi-million ounces of gold to date, and still today contains >4Moz gold in regional resources.

The geological setting provides for a location between two large granite batholiths, where the basal sequence of basalt and dolerite is overlain by a volcanoclastic sedimentary sequence. Structurally, the Project is within a major regional shear zone, with the Yilgangi Fault (the southern extension of the Keith-Kilkenny Fault) and numerous large scale north-south regional structures evident. The district represents a large Archaean intrusion related alteration system that hosts significant gold mineralisation.

The Pinnacles project area is considered prospective for gold mineralization, and as such, a full compilation of historic data was completed. This will be used in conjunction with regional geological, geophysical and structural interpretation to enable targeted and focused field programs to be undertaken over the most prospective areas identified.

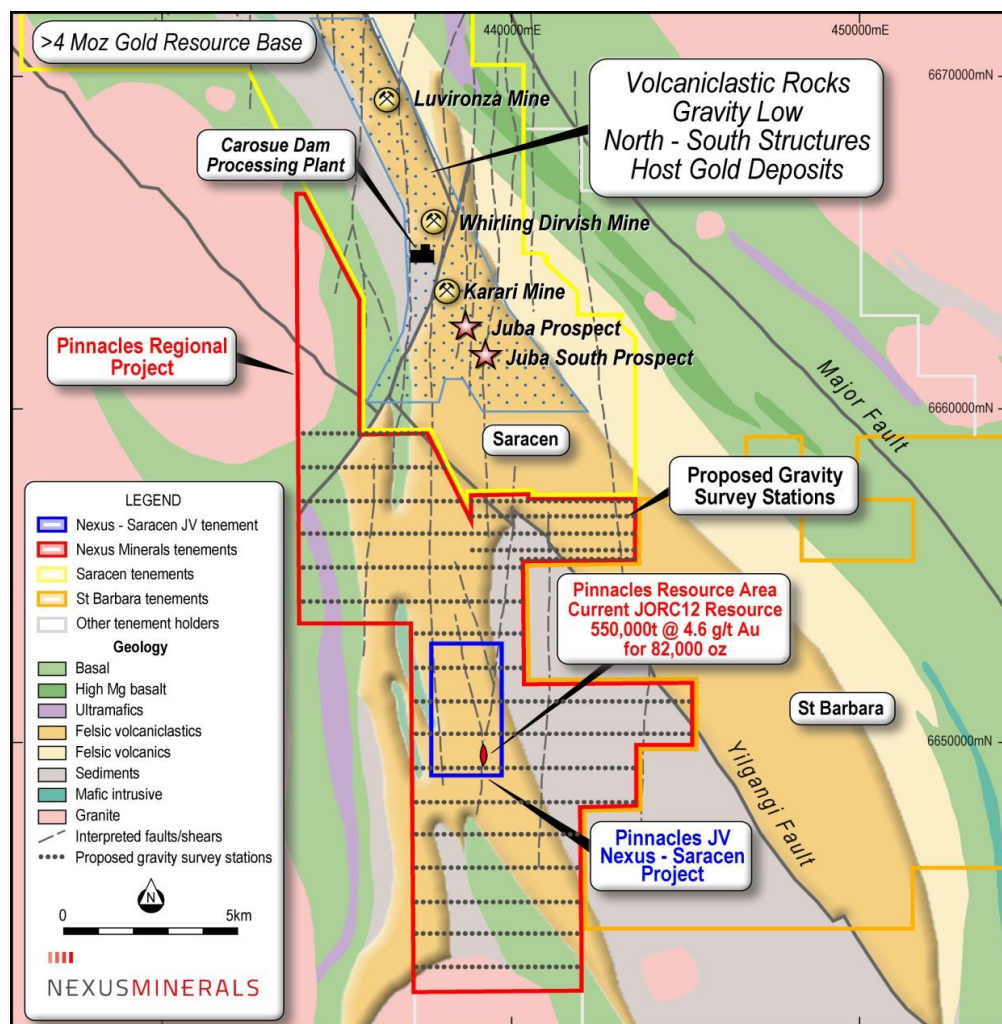


Figure 8. Nexus Regional Tenement Package (Red) surrounds Pinnacles JV Gold Project (Blue) with proposed Gravity Survey Station Locations

NEXUS MINERALS LIMITED

REVIEW OF OPERATIONS (CONTINUED)

Gravity Survey

The successful use of a gravity survey to identify major deposits in the Carosue Basin by Saracen, on their tenement immediately to the north of Nexus regional tenements, has provided Nexus with the encouragement to undertake its own gravity survey, covering the Company's 100km² regional package.

Saracen reported in its ASX release of 27 July 2016 that: the gravity survey successfully defined the prospective corridor of late basin volcanoclastic sediments which host the major deposits in the Carosue Dam corridor. The key stratigraphy is defined in the gravity data as a gravity low. Many of the deposits in the Carosue district are hosted in this gravity low and are generally proximal to north south striking faults.

Nexus commenced its gravity survey in the first week of November with the program consisting of approximately 700 stations on 1,000m spaced lines and 200m spaced stations. The program was approximately 70% completed at the end of this reporting period, with the balance to be completed early in 2017.

Areas of interest will have additional data collected from infill lines and stations. This data will be integrated with regional geological and structural assessment, to prioritize regional first pass auger drill programs.

Triumph Project

The Triumph Gold Project is located 145km northeast of Kalgoorlie and comprises both 100% owned tenements (46km²) and a Farm-In/JV agreement (24km²). The total project area covers ~70km². To date, the Company has undertaken multiple IP ground geophysical programs, which identified a central high strain zone. When layered with geology, structural interpretation and ground magnetics, the structural controls on mineralisation are better understood. Nexus completed an RC drill program totalling 4,034m in early 2015 to test four high priority areas, with high grade mineralisation intersected at Triumph and Glengarry prospects.

A follow up IP ground geophysical program was undertaken during the June 2016 quarter, to cover the most prospective areas identified in previous IP ground geophysical and drill programs. The Gradient Array IP program was designed to measure multiple dipole receiver separations – at line spacings of 200m and receiver spacings of 25m, 50m and 100m. The 25m and 50m separation providing more specific shallow anomaly targeting information with the 100m most effective for first pass survey work to characterise the regional setting. The data has been processed and interpreted and has successfully highlighted and constrained the north west striking chlorite schist alteration package known to host gold mineralisation. The data also identified anomalous zones where later north-north west to south-south east oriented structures intersect the primary north west striking rock package. Further ground work will be undertaken to determine the significance of these features.

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REVIEW OF OPERATIONS (CONTINUED)

Mt Celia Project

The Mt Celia Gold Project lies 180km north east of Kalgoorlie within the southern part of the Laverton Tectonic Zone (LTZ). This structure hosts numerous major gold mines and currently contains Resources of some 20 million ounces. The project area is along strike directly south of Legacy Iron's Blue Peter project that contains an Inferred Resource of 239,232t@3.97g/t for 30,554oz gold (1g/t cut-off) (see Legacy Iron Ore Limited website).

The project area contains numerous small historic gold workings, within a shear zone extending locally over 3km in length, and consisting of quartz filled shears within mafic lithologies.

Geological interpretation continued during the period.

Other Company Tenements

Nexus continued to undertake geological assessments and maintain its commitments on all Company tenements and project areas.

Competent Persons' Statements

The information in the report to which this statement is attached that relates to Mineral Resources based upon information compiled by Mr Paul Blackney, a Competent Person who is a member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Blackney is a full-time employee of Optiro Pty Ltd, consultants to Nexus Minerals Limited. Mr Blackney has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Blackney consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Andy Tudor, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tudor is a full-time employee of Nexus Minerals Limited. Mr Tudor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australia Code for Reporting and Exploration Results, Mineral Resources and Ore Reserves". The exploration results are available to viewed on the Company website www.nexus-minerals.com. The Company confirms it is not aware of any new information that materially affects the information included in the original announcements, and in the case of Mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements. Mr Tudor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

No Ore Reserves have currently been defined on the Pinnacles JV Gold Project. There has been insufficient exploration and technical studies to estimate an Ore Reserve and it is uncertain if further exploration and/or technical studies will result in the estimation of an Ore Reserve. The potential for the development of a mining operation and sale of ore from the Pinnacles JV Gold Project has yet to be established.

NEXUS MINERALS LIMITED

REVIEW OF OPERATIONS (CONTINUED)

Corporate

During the period Nexus Managing Director Andy Tudor presented to a number of stockbrokers, fund managers and high net worth investors in Sydney/Melbourne/Perth. He also presented at the Melbourne and Sydney RIU Investment Roadshow, the 121 Hong Kong Investment Conference and the Precious Metal Summit in Zurich. The presentations were well received and provided an update of the Company's activities including the Pinnacles Joint Venture and Farm-In Agreement with Saracen Gold Mines, and the status of the Pinnacles JV Gold project, the Pinnacles Regional Gold project and other Company projects.

During the period the Company raised \$2,290,500 before issue costs through the placement of 11,746,150 shares at an issue price of 19.5 cents per share to professional and sophisticated investor clients of Hartleys Pty Limited. In addition, following shareholder approval, Managing Director Andy Tudor participated in the issue of 153,850 shares, representing \$30,000, on the same terms as the placement. The funds raised from the placement will be used to finance drilling on the Company's Pinnacles JV tenement and Pinnacles Regional tenements as well as working capital requirements.

The Company also received \$82,000 through the exercise of 1,000,000 options at an exercise price of 8.2 cents per option.

During the period the Company issued 800,000 options as part of an agreement with Hartleys Pty Limited for the provision of corporate advisory services. The options are exercisable at 25 cents per option and have an expiry date of 15 December 2018.

EVENTS AFTER THE BALANCE DATE

No matter or circumstance has arisen subsequent to the balance date, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Nexia Perth Audit Services Pty Ltd, to provide the Directors of the Company with an independence declaration in relation to the review of the interim financial report. This independence declaration is set out on page 14 of the directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

P Boyatzis

Director

Perth, 15 March 2017

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Nexus Minerals Limited,

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2016 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

**Nexia Perth Audit Services**

PTC Kloppe
Director

Perth
15 March 2017

NEXUS MINERALS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	CONSOLIDATED Half-year ended 31 December 2016 \$	CONSOLIDATED Half-year ended 31 December 2015 \$
Revenue from continuing operations	178,341	240,158
Exploration and evaluation expenditure expensed as incurred	(1,030,490)	(429,429)
Employee benefits	(9,348)	(6,353)
ASX and regulatory expenses	(38,656)	(33,894)
Depreciation	(4,431)	(2,988)
Directors' fees	(67,140)	(71,140)
Insurance	(8,325)	(9,463)
Legal and professional fees	(67,135)	(53,169)
Occupancy expenses	(24,688)	(29,160)
Marketing	(111,691)	(33,840)
Share based compensation	(38,435)	(25,045)
Travel expenses	(10,635)	(6,867)
Other expenses	(42,050)	(45,034)
Loss from operating activities	(1,274,683)	(506,224)
Financial income	59,430	73,804
Financial expenses	(578)	(412)
Net financing income	58,852	73,392
Loss before income tax benefit/(expense)	(1,215,831)	(432,832)
Income tax benefit/(expense)	-	-
Loss for the period	(1,215,831)	(432,832)
Other comprehensive income/(expenses)		
Items that may be reclassified subsequently to profit or loss:		
Net change in fair value of available for sale financial assets	(30,000)	2,500
Other comprehensive income/(expenses) for the period	(30,000)	2,500
Total comprehensive loss for the period	(1,245,831)	(430,332)
Loss per share		
Basic and diluted loss per share (cents per share)	(1.54) cents	(0.61) cents

The accompanying notes form part of these financial statements.

NEXUS MINERALS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

		CONSOLIDATED	CONSOLIDATED
		31 December 2016	30 June 2016
	Note	\$	\$
Current assets			
Cash and cash equivalents		6,001,154	5,116,377
Trade and other receivables		229,521	43,225
Other assets		21,882	28,628
Total current assets		6,252,557	5,188,230
Non-current assets			
Available for sale financial assets		75,000	90,000
Plant and equipment		17,863	22,294
Total non-current assets		92,863	112,294
Total assets		6,345,420	5,300,524
Current liabilities			
Trade and other payables		141,416	116,460
Borrowings		-	24,402
Provisions		31,638	25,772
Total current liabilities		173,054	166,634
Total liabilities		173,054	166,634
Net assets		6,172,366	5,133,890
Equity			
Issued capital	2	19,428,205	17,182,333
Reserves	3	86,440	187,209
Accumulated losses		(13,342,279)	(12,235,652)
Total equity		6,172,366	5,133,890

The accompanying notes form part of these financial statements.

NEXUS MINERALS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	CONSOLIDATED Half-year ended 31 December 2016 \$	CONSOLIDATED Half-year ended 31 December 2015 \$
Cash flows from operating activities		
Cash receipts from customers	544	240,158
Interest received	59,430	73,804
Finance costs	(578)	(412)
Exploration expenditure	(838,827)	(449,234)
Payments to suppliers and employees	(542,262)	(321,968)
Net cash used in operating activities	(1,321,693)	(457,652)
Cash flows from investing activities		
Payment for available for sale financial assets	(15,000)	(15,000)
Payments for purchases of plant and equipment	-	(180)
Net cash used in investing activities	(15,000)	(15,180)
Cash flows from financing activities		
Proceeds from issue of shares	2,320,500	-
Proceeds from conversion of options	82,000	-
Repayment of borrowings	(24,402)	-
Share issue expenses	(156,628)	-
Net cash from investing activities	2,221,470	-
Net increase/(decrease) in cash and cash equivalents	884,777	(472,832)
Cash and cash equivalents at the beginning of the period	5,116,377	6,252,427
Cash and cash equivalents at the end of the period	6,001,154	5,779,595

The accompanying notes form part of these financial statements.

NEXUS MINERALS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued capital	Share based payment reserve	Available for sale reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	17,182,333	485,228	-	(11,444,324)	6,223,237
<i>Total comprehensive loss for the period</i>					
Loss for the period	-	-	-	(432,832)	(432,832)
<i>Other comprehensive income/(expenses)</i>					
Change in the fair value of available for sale financial assets	-	-	2,500	-	2,500
Total comprehensive loss for the period	-	-	2,500	(432,832)	(430,332)
Share based payment transaction	-	25,045	-	-	25,045
Changes in equity due to cancellation of options	-	(180,444)	-	180,444	-
Balance at 31 December 2015	17,182,333	329,829	2,500	(11,696,712)	5,817,950
Balance at 1 July 2016	17,182,333	147,209	40,000	(12,235,652)	5,133,890
<i>Total comprehensive loss for the period</i>					
Loss for the period	-	-	-	(1,215,831)	(1,215,831)
<i>Other comprehensive income/(expenses)</i>					
Change in the fair value of available for sale financial assets	-	-	(30,000)	-	(30,000)
Total comprehensive loss for the period	-	-	(30,000)	(1,215,831)	(1,245,831)
Share based payment transaction	-	38,435	-	-	38,435
Shares issued for cash	2,320,500	-	-	-	2,320,500
Conversion of options	82,000	(32,722)	-	32,722	82,000
Expiry of options	-	(76,482)	-	76,482	-
Share issue expenses	(156,628)	-	-	-	(156,628)
Balance at 31 December 2016	19,428,205	76,440	10,000	(13,342,279)	6,172,366

The accompanying notes form part of these financial statements.

NEXUS MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed Consolidated interim financial report does not include full disclosure of the type normally included in an annual financial report, and accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX listing rules.

Basis of preparation

The condensed Consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Consolidated entity, comprising Nexus Minerals Limited, Nexus Minerals Australia Pty Ltd, Nexus Pinnacles Pty Ltd, Nexus Gold Pty Ltd and Nexus Triumph Pty Ltd, is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2016. For the purpose of preparing the report the half-year has been treated as a discrete reporting period.

Amendments to AASBs and new Interpretations which are mandatorily effective for the current reporting period

There were no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) applicable to the Consolidated entity for the current half-year.

Significant Accounting Judgements and Key Estimates

The preparation of this interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report the significant judgements made by management in applying the Consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2016.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2016 and received \$177,803 subsequent to the period ended 31 December 2016.

NEXUS MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Issued capital

	31 December 2016	30 June 2016
	\$	\$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	19,428,205	17,182,333
	Six months to 31 December 2016 Number	Year to 30 June 2016 Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	70,383,575	70,383,575
Shares issued for cash	11,900,000	-
Shares issued on exercise of options	1,000,000	-
Balance at end of period	83,283,575	70,383,575
	Six months to 31 December 2016 Number	Year to 30 June 2016 Number
<i>Movements in options on issue</i>		
At beginning of period	3,500,000	8,100,000
Options issued during the period	800,000	900,000
Options exercised during the period	(1,000,000)	-
Options expired during the period	(1,000,000)	(5,500,000)
Balance at end of period	2,300,000	3,500,000

3. Reserves

	Six months to 31 December 2016 \$	Year to 30 June 2016 \$
<i>Movements in share based payment reserve</i>		
Balance at beginning of period	147,209	485,228
Options exercised during the period	(32,722)	-
Options expired during the period	(76,482)	(363,064)
Share based payments	38,435	25,045
Balance at end of period	76,440	147,209
<i>Movements in available for sale asset reserve</i>		
Balance at beginning of period	40,000	-
Increase/(decrease) in fair value recognised in reserve	(30,000)	40,000
Balance at end of period	10,000	40,000
Total reserves	86,440	187,209

NEXUS MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Share based payments

The following share based payment arrangements were in place during the period:

Option series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
No.4 ⁽¹⁾	1,000,000	28 March 2012	23 July 2016	0.211	76,482
No.5 ⁽²⁾	1,000,000	18 November 2013	17 October 2016	0.082	32,722
No.6	600,000	7 July 2014	30 June 2017	0.105	12,960
No.7	900,000	10 November 2015	9 November 2018	0.118	25,045
No.8	800,000	19 September 2016	15 December 2018	0.250	38,435

(1) Expired during the period

(2) Exercised during the period

Movements during the period

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the period:

	6 months to December 2016 Number	2016 Weighted average exercise price \$	12 months to June 2016 Number	2015 Weighted average exercise price \$
Outstanding at the beginning of the period	3,500,000	0.132	8,100,000	0.167
Exercised during the period	(1,000,000)	0.082	-	-
Expired during the period	(1,000,000)	0.211	(5,500,000)	0.192
Granted during the period	800,000	0.250	900,000	0.118
Outstanding at the end of the period	2,300,000	0.161	3,500,000	0.132
Exercisable at the end of the period	2,300,000	0.161	3,500,000	0.132

The outstanding balance as at 31 December 2016 is represented by 2,300,000 options over ordinary shares with an exercise price of between \$0.105 and \$0.250 each, exercisable up to dates of between 30 June 2017 and until 15 December 2018.

NEXUS MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Share based payments (continued)

The inputs to the options valuation were:

	Series No.4	Series No.5	Series No.6	Series No.7	Series No.8
Dividend yield (%)	n/a	n/a	n/a	n/a	n/a
Expected volatility (%)	100	97	93	67	80
Risk-free interest rate (%)	3.61	3.00	2.67	2.06	1.62
Expected life of option (years)	4.33	2.92	2.98	3.00	2.24
Exercise price (cents)	21.1	8.2	10.5	11.8	25
Grant date share price (cents)	12.0	6.0	5.0	8.0	15

The options were valued using the Black-Scholes model.

1,000,000 options were exercised during the period (2015: nil). 1,000,000 options expired during the period (2015: 5,500,000).

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of the Company is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

5. Contingencies and commitments

	31 December 2016 \$	30 June 2016 \$
Commitments		
<i>Operating lease commitments</i>		
Office premises		
not later than 1 year	10,420	42,566
Later than 1 year but not later than 5 years	2,178	-
	<u>12,598</u>	<u>42,566</u>
<i>Exploration expenditure commitments</i>		
Minimum exploration expenditure:		
not later than 1 year	301,960	301,960
Later than 1 year but not later than 5 years	833,440	1,207,840
	<u>1,135,400</u>	<u>1,509,800</u>

In the opinion of the directors there were no contingent liabilities at the date of this report.

NEXUS MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Segment information

The Consolidated entity's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Consolidated entity's operations and allocation of working capital.

Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Group operates in one business segment and one geographical segment, namely the mineral exploration industry in Western Australia.

The revenues and results of this segment are those of the group as a whole and are set out in the statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the group and are set out in the statement of financial position.

7. Events after the balance date

No matter or circumstance has arisen, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

8. Related parties

Transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2016 annual financial report. No other related party transactions were entered into during the half year ended 31 December 2016.

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share based payments.

NEXUS MINERALS LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

P Boyatzis
Director

Perth, 15 March 2017

Independent Auditor's Review Report to the members of Nexus Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nexus Minerals Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the period.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nexus Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nexus Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nexus Minerals Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



Nexia Perth Audit Services Pty Ltd



PTC Kloppe

Director

Perth
15 March 2017