

NEXUS MINERALS LIMITED

ABN 96 122 074 006



NEXUSMINERALS

A N N U A L R E P O R T 2 0 1 8

## Corporate Directory

### 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, Western Australia, 6011

### Principal Office

41-47 Colin Street  
West Perth, Western Australia, 6005  
(08) 9387 1749  
[www.nexus-minerals.com](http://www.nexus-minerals.com)

### Solicitors

Fairweather Corporate Lawyers  
595 Stirling Highway  
Cottesloe, Western Australia, 6011

### Auditor

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

### Share Registry

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands, Western Australia, 6009  
(08) 9389 8033

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## Letter from the Board to Shareholders

Dear Shareholder

The past year has been a very busy and exciting time for Nexus Minerals Limited ("Nexus" or "the Company"), as the Company continued to advance its gold projects in the eastern goldfields of Western Australia.

In line with the Company's strategy of investing in scalable gold exploration projects, Nexus through its unique and positive relationship with successful ASX-listed gold producer, Saracen Mineral Holdings Limited ("Saracen"), negotiated and acquired the Wallbrook Gold Project ("Wallbrook") in January 2018 from Saracen. The 60km<sup>2</sup> Wallbrook tenement package is considered highly prospective for the discovery of significant gold mineralisation. The transaction was completed by way of share consideration and Saracen also agreed to subscribe for Nexus shares, resulting in Saracen holding an approximate 6% equity stake in Nexus.

Following completion of geological and alteration mapping, in conjunction with geochemistry, gravity / IP survey and historical aeromagnetic data, an initial RC drill program was undertaken. Gold enrichment encountered in this first pass drill program provided a broad low-grade mineralised halo, with higher-grade zones including:

- 3m @ 19.36g/t Au (incl 2m @ 27.18g/t Au)
- 3m @ 6.04g/t Au (incl 1m @ 14.76g/t Au)
- 3m @ 4.88g/t Au (incl 1m @ 9.70g/t Au)
- 2m @ 3.65g/t Au (incl 1m @ 6.03g/t Au)
- 2m @ 2.93g/t Au (incl 1m @ 4.75g/t Au)

The Company has continued to work with its JV partner Saracen on the Pinnacles Joint Venture Gold Project ("Pinnacles JV"), located 120km north east of Kalgoorlie, and 13km to the south of Saracen's Carouse Dam mining operation.

Nexus has also made excellent progress through the year at the 125km<sup>2</sup> Pinnacles Regional Gold Project, that encapsulates the Pinnacles JV tenement. The Company has conducted multiple phase auger soil sampling programs and extensive ground geological investigations. Three high priority gold targets were subjected to multi-phase RC and Air core drill programs during the year.

The Company continues to maintain a strong financial position and held \$3.9 million in cash as at 30 June 2018.

Finally, I would like to thank management, staff and contractors for their tireless efforts and Nexus shareholders for their support during the past twelve months. I am encouraged with the progress made to date and excited by what the Company aims to achieve in the next 12 months.

Paul Boyatzis

Chairman

For and on behalf of the Board

## Review of Operations

### Exploration

Nexus Minerals Ltd (“Nexus” or “the Company”) provides this Review of Operations report.

Nexus’ strategy has been to invest in gold exploration assets. In line with the Company’s strategy, Nexus acquired from a subsidiary of successful ASX-listed gold producer Saracen Mineral Holdings Limited (“Saracen”), the Wallbrook Gold Project (“Wallbrook”) in January 2018. The 60km<sup>2</sup> Wallbrook tenement package is considered highly prospective for the discovery of significant gold mineralisation.

The acquisition of the Wallbrook exploration tenements was completed for consideration to Saracen of 1,490,000 Nexus shares. Saracen also agreed to subscribe for 3,800,000 of Nexus shares at a price of 8.4 cents per share and a 1 for 2 attaching option raising \$319,200. Following both transactions, Saracen holds an approximate 6% equity stake in Nexus.

Nexus had previously entered into a Farm-In and Joint Venture Agreement with Saracen over the Pinnacles JV Project (“Pinnacles JV”) in September 2015. After three years of exploration activities on the JV tenement, Nexus now holds an 88% interest in the tenement. The Company also holds the Pinnacles Gold Project (“PGP”), with tenements that cover approximately 125km<sup>2</sup> and encapsulate the Pinnacles JV Project.

Nexus is actively exploring for gold deposits on its highly prospective tenement packages in the Eastern Goldfields of Western Australia. The addition of the Wallbrook tenement package will further advance these gold exploration efforts.

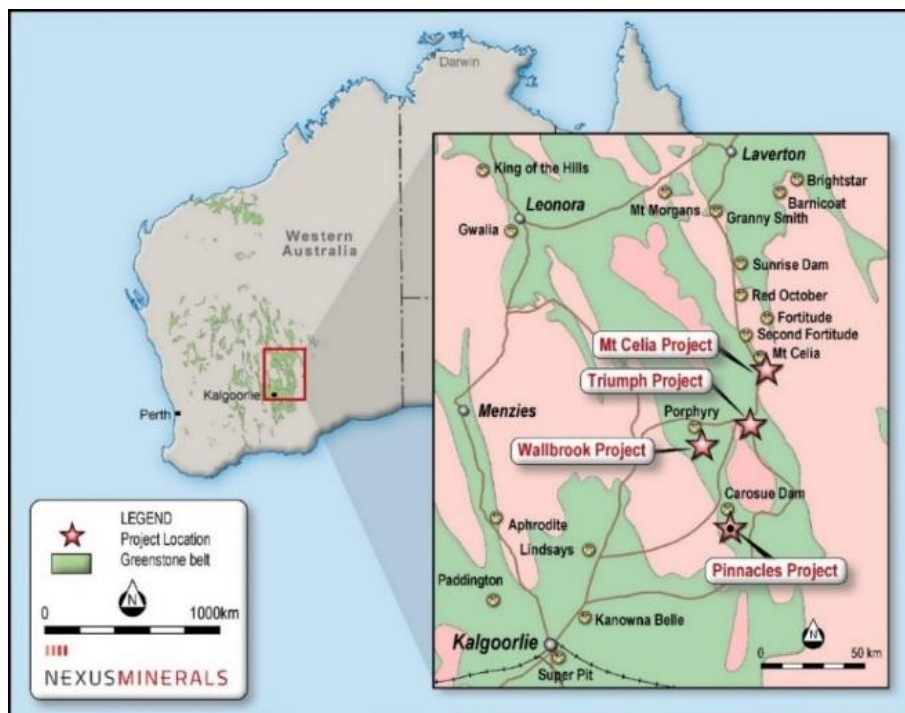


Figure 1: Nexus Minerals Project Locations

## Review of Operations

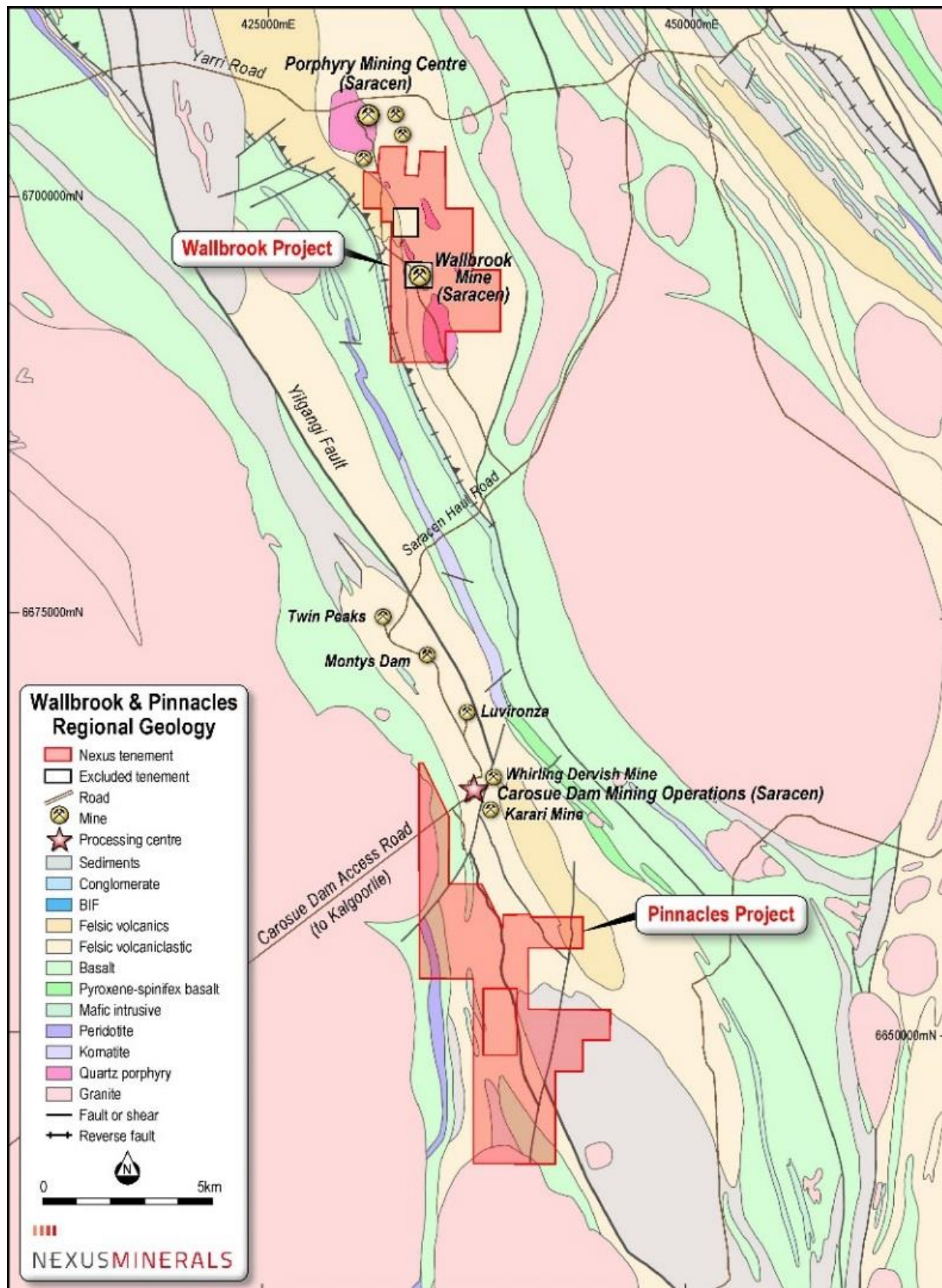


Figure 2: Nexus Minerals Wallbrook and Pinnacles Project Locations



## Review of Operations

### Wallbrook Gold Project

The region is dominated by metamorphosed volcanoclastic sediments, andesite, basalt and other sedimentary and variously metamorphosed rock units. These rock units have been intruded by numerous small, variably mineralised, porphyritic intrusions. The majority of these intrusions identified to date are under cover or very weathered. Their composition varies from syenite to quartz monzonite to tonalite. These intrusions are discordant with respect to the lithological layering and major regional structures, suggesting emplacement late in the tectonic evolution of the greenstone belt, indicating mineralisation associated with the intruded porphyries may be relatively “local” to the position of the intruded porphyry.

Gold mineralisation has been identified and mined historically in a belt stretching from the Porphyry mining district to the Wallbrook area 8km to the southeast. Over 350,000 ounces of gold have been produced from multiple operations from 1921 to 2012. This same region today contains a current JORC 2012 mineral resource inventory of 31Mt@1.5g/t for 1.5M ounces gold (all Saracen, see their 2017 Annual Report).

The main sites of gold mineralisation in the district are on the margins of porphyritic intrusions. Mineralisation is known to occur within the margins of these porphyries themselves and developed within the intruded sheared and altered greenstone sequence lithologies and as mineralised quartz vein stockworks.

#### Previous Exploration Activities

The Wallbrook project contains no prior commercial mining operations. A number of shafts exist at the Eastward Reefs prospect, which was mined by prospectors in the early 1900's.

An extensive search of the Western Australian Department of Mines and Petroleum (DMP) database has shown Wallbrook to have undergone a number of periods of exploration activities by different exploration companies between 1977 to 2011. These activities including geological mapping and rock chip sampling, geophysical surveys, as well as RAB, RC and diamond drilling campaigns. The majority of the Wallbrook geology is under cover with limited areas of outcrop identified at the Eastward Reefs, Jedi and Paint prospects. There are 552 rock chip results available with 79 samples returning >1g/t Au and 34 samples returning >3g/t Au.

There have been 12 series of drill programs between 1977 and 2011. RAB drill holes represent 1772 holes for 39,000m, with the majority of these holes less than 10m in depth effectively representing surface geochemistry. RC drill holes represent 275 holes for 21,000m (average depth 76m), and a sole diamond drill hole 159m deep.

### Nexus Exploration Activities

Historical data review was completed with various data sets being assembled. These data sets were brought into a central database system for more efficient management and interpretation. The main sites of gold mineralisation in the district are on the margins of porphyritic intrusions. Mineralisation is known to occur within the margins of these porphyries themselves and developed within the intruded sheared and altered greenstone sequence lithologies and as mineralised quartz vein stockworks. Exploration activities were developed to target these styles of mineralisation.

Geological mapping of the tenement package began on completion of the transaction and is ongoing.

A gravity survey was undertaken covering the complete tenement package. Gravity is an effective tool used to map the location of non-outcropping porphyritic intrusives and dyke stocks above larger intrusive bodies. The gravity survey comprised 2,011 stations with 400m line spacing and 100m station spacing along the lines. The survey successfully mapped out the broader areas of interest (Figure 3) with gravity lows outlining intrusive bodies.

Three Induced Polarization / resistivity lines were completed over prospective areas outlined in the gravity survey. IP resistivity highs being associated with possible intrusive bodies or siliceous alteration and chargeability highs with disseminated sulphides often associated with mineralisation (Figure 3).

## Review of Operations

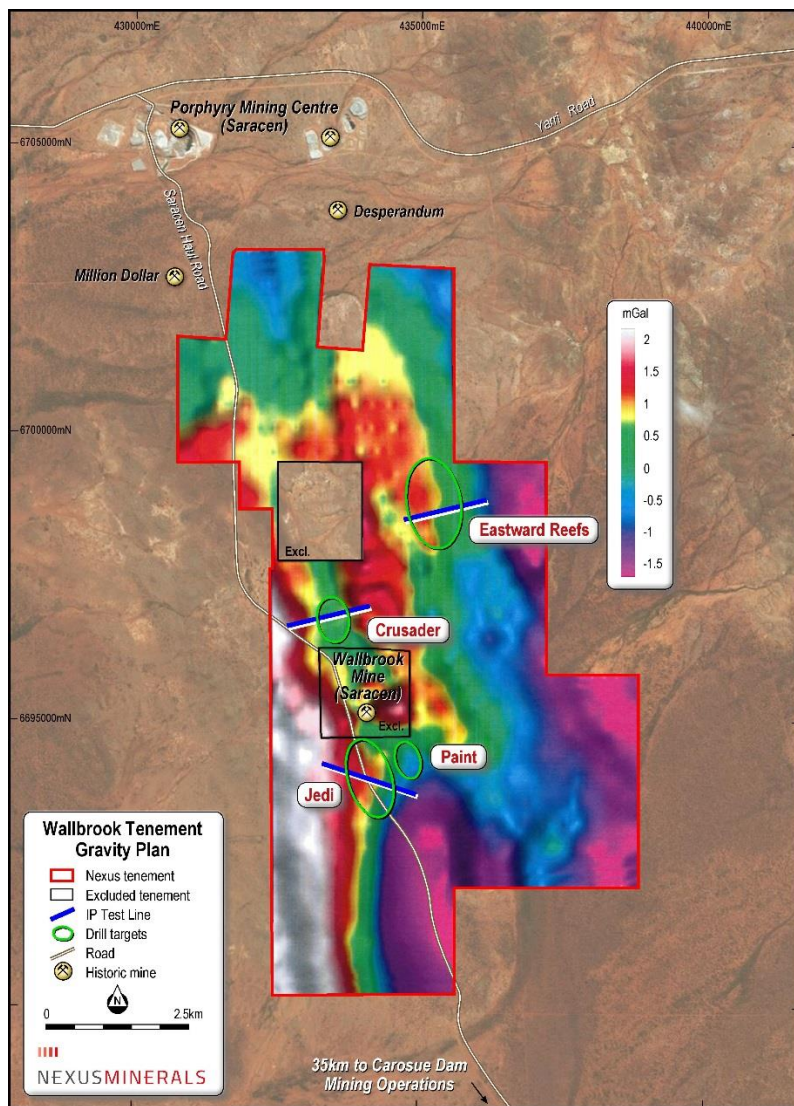


Figure 3: Wallbrook Gold Project – Eastern Goldfields, Western Australia  
Gravity Survey and IP Survey Lines

Utilizing surface geology and geochemistry, in conjunction with gravity / IP survey results and historical aeromagnetic data, an initial 18 hole RC drill program was designed and undertaken in June 2018 for a total of 3,992m (Figure 4).

Gold enrichment encountered in this first pass drill program provided a broad low-grade mineralised halo, as identified by 4m composite sampling of all drill holes ( $>0.1\text{g/t Au}$ ). Drilling by Nexus returned mineralised intervals including 64m @  $0.32\text{g/t Au}$ , 48m @  $0.36\text{g/t Au}$ , 32m @  $0.43\text{g/t Au}$  and 40m @  $0.24\text{g/t Au}$ .

## Review of Operations

Within these broad low-grade zones narrower higher-grade zones were identified (Figure 5) and these zones were re-sampled using 1m intervals. The higher-grade mineralised zones, often exhibiting brick-red coloured hematitic alteration, have returned results including:

- 3m @ 19.36g/t Au (incl 2m @ 27.18g/t Au)
- 3m @ 6.04g/t Au (incl 1m @ 14.76g/t Au)
- 3m @ 4.88g/t Au (incl 1m @ 9.70g/t Au)
- 2m @ 3.65g/t Au (incl 1m @ 6.03g/t Au)
- 2m @ 2.93g/t Au (incl 1m @ 4.75g/t Au)

Gold mineralisation in the Wallbrook area is known to be closely associated with quartz +/- pyrite and brick-red coloured hematitic alteration of high level porphyry intrusives and their volcanic/ sedimentary host rocks.

Drilling intersected the altered intrusive and volcanic rocks down to 300m depth across a width of approximately 800m and contain broad zones of prospective brick-red hematitic hydrothermal alteration and associated elevated mineralisation.

Results from Nexus drilling show that the prospective rocks are being mapped quite accurately with the use of gravity and IP geophysics. These prospective altered rocks occur over an extensive corridor striking 10's of kilometres with widths of up to 1km within the Nexus tenement package and are widely gold mineralised within this zone. This now provides 'proof of concept' and focus for ongoing exploration planning throughout the complete 60km<sup>2</sup> tenement package.

Targeted exploration of the project area will utilize surface geology and geochemistry, in conjunction with gravity / IP survey results and historical aeromagnetic data, to guide future exploration drill programs.

Refer to the Nexus ASX announcements of 6 August 2018 and 6 September 2018 for full results.



## Review of Operations

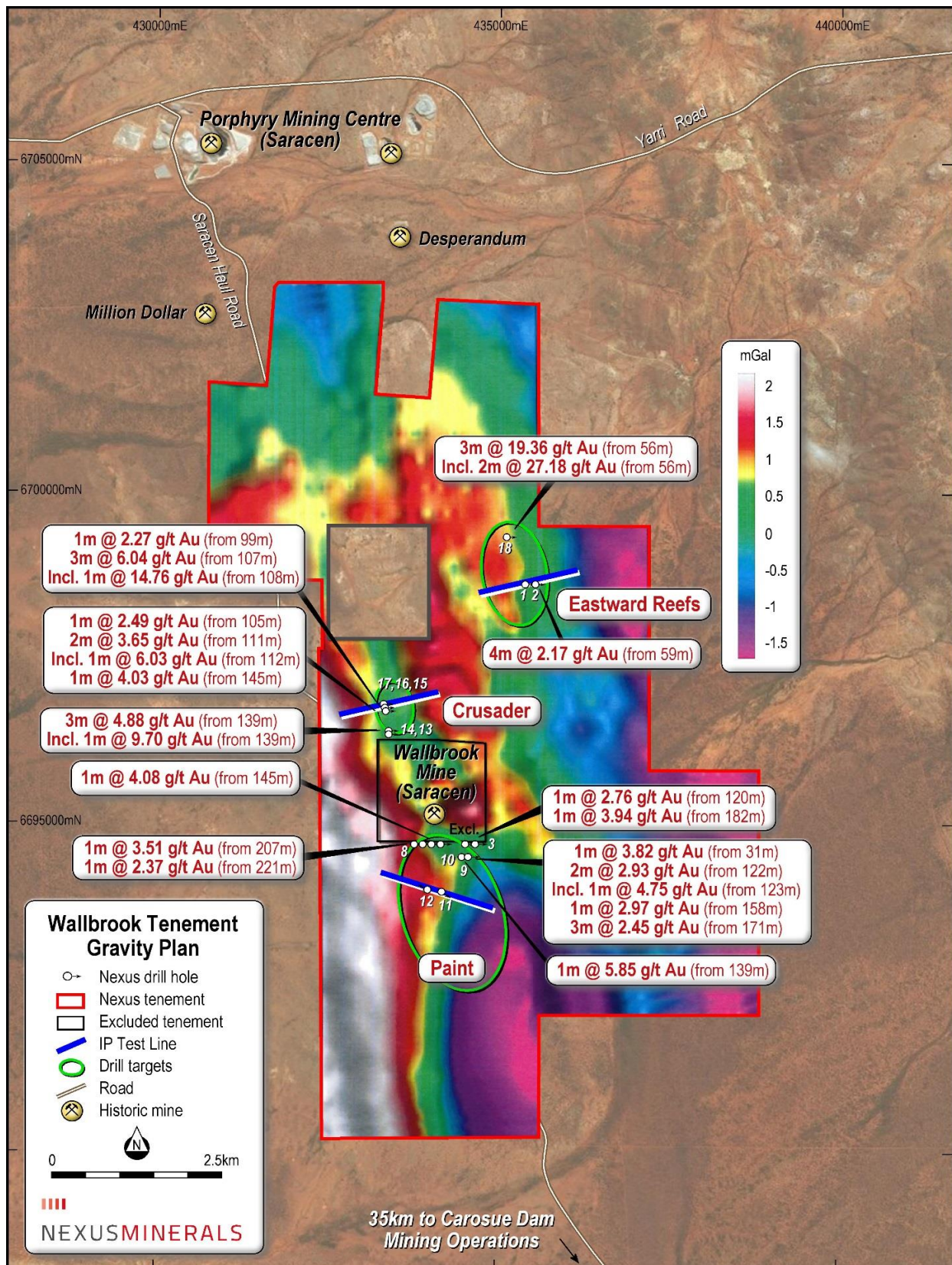


Figure 4: Wallbrook Gold Project – Eastern Goldfields, Western Australia

1m Assay Results from RC Drill Holes (>2g/t Au), Gravity Survey and IP Survey Lines

## Review of Operations

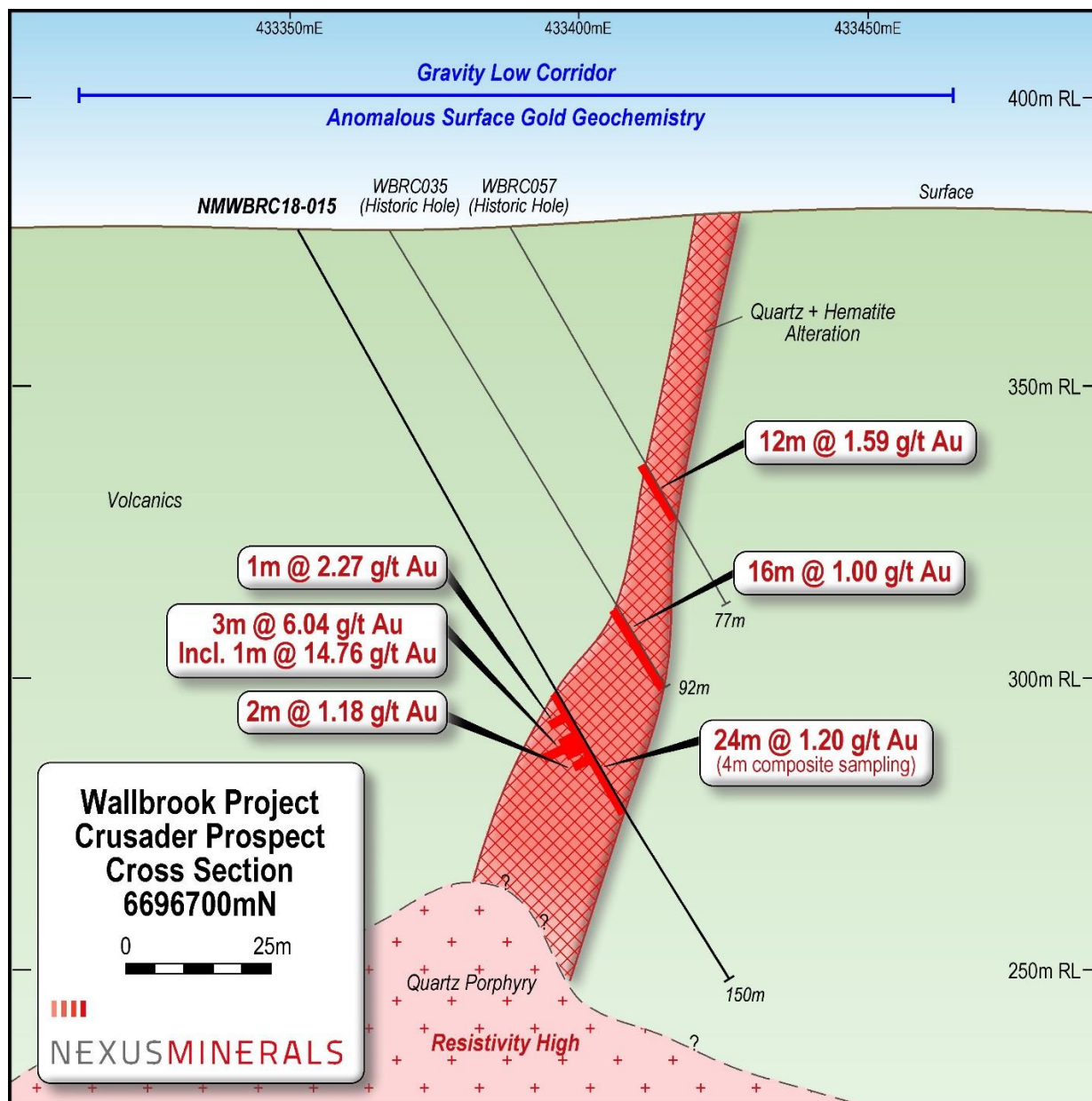


Figure 5: Crusader Prospect Cross Section 6696700mN  
(Cut-off grade 1m samples >1g/t Au, Composite samples >0.1g/t Au)



## Review of Operations

## Pinnacles Gold Project

The Pinnacles Gold Project covers approximately 125km<sup>2</sup>. The tenement area is immediately to the south of Saracen's Carosue Dam Operation (CDO), which includes the Karari underground gold mine currently in operation. During the year, Saracen produced 162,614 ounces of gold from CDO. CDO contains a current mineral resource base of 5.00Moz and ore reserves of 1.2Moz. Karari and Whirling Dervish mines alone contain 2.18Moz of resources and 1Moz of reserves.

The Pinnacles Regional tenement package surrounds the Pinnacles JV tenement (Figure 6). Nexus regional tenement package is contiguous with Saracen's Carosue Dam mining tenements, which includes the Whirling Dervish and Karari gold mines. The Pinnacles Gold Project area is considered to be prospective for gold mineralisation.

During the year regional ground geological, geophysical and geochemical exploration programs were undertaken, and followed up with drill programs to prospects GT5, GT6 and GT8 (Figure 6).

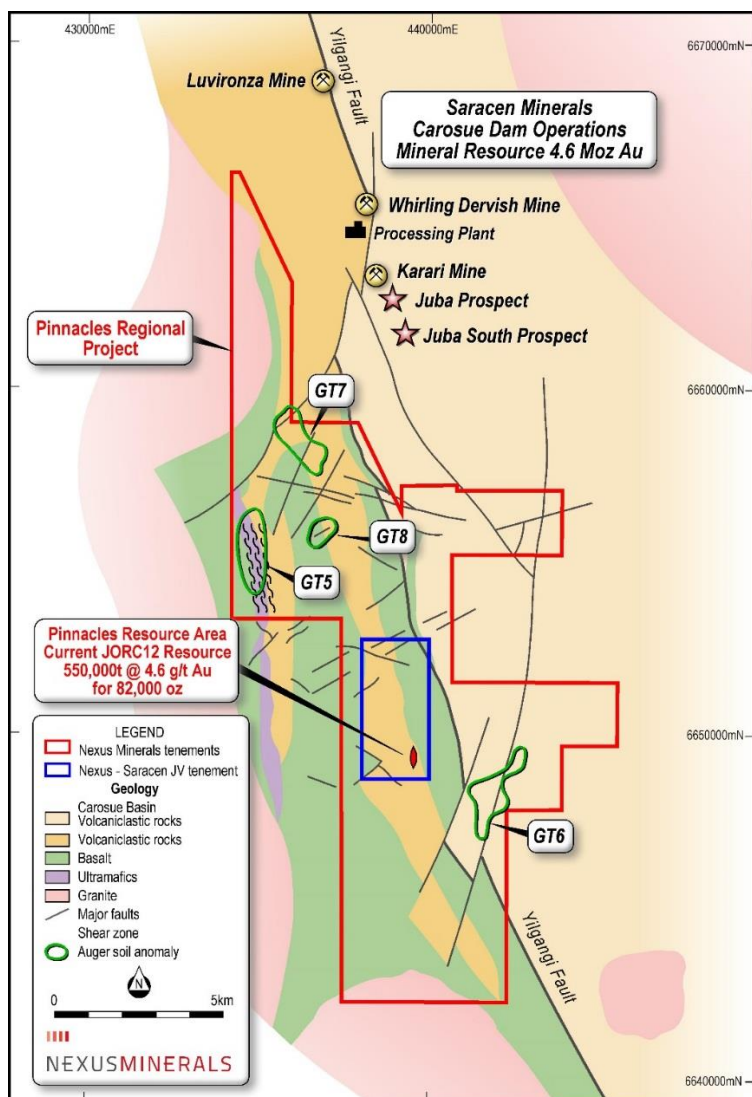


Figure 6: Pinnacles Gold Project

Pinnacles JV (Blue) surrounded by Pinnacles Regional Tenement Package (Red).

## Review of Operations

### Pinnacles JV Gold Project

The Pinnacles JV is a mining tenement located 13km to the south of Saracen's CDO. The Pinnacles JV project contains a JORC2012 Mineral Resource of 550,000t @ 4.6g/t Au for 82,000oz gold (see Nexus Minerals ASX release 13 October 2016).

	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

### Pinnacles Regional Gold Project

The combined Pinnacles Gold Project area covers 125km<sup>2</sup> of highly deformed Archaean greenstone sequence of basalts, dolerites, and co-magmatic high-level intrusions. This mafic volcanic association is overlain by a series of medium to coarse grained volcanoclastic sandstones and subordinate felsic volcanic rocks. These greenstones have been intruded and disrupted by the forceful intrusion of a series of granitoid rocks. This geological and structural setting is considered to be highly prospective for gold mineralisation.

### Auger Soil Geochemical Program

Multiple auger soil surveys were undertaken to cover areas of prospective geological units, and north-south structures that also exhibit gravity lows – the “ingredients” of Carosue Dam style mineralisation (Figure 7). The auger program was completed over the tenement area during the year. This resulted in a number of high order gold and pathfinder element anomalies being identified and followed up with infill sampling programs and geological ground truthing.

Drill testing was then undertaken on three of these anomalies GT5, GT6 and GT8.

## Review of Operations

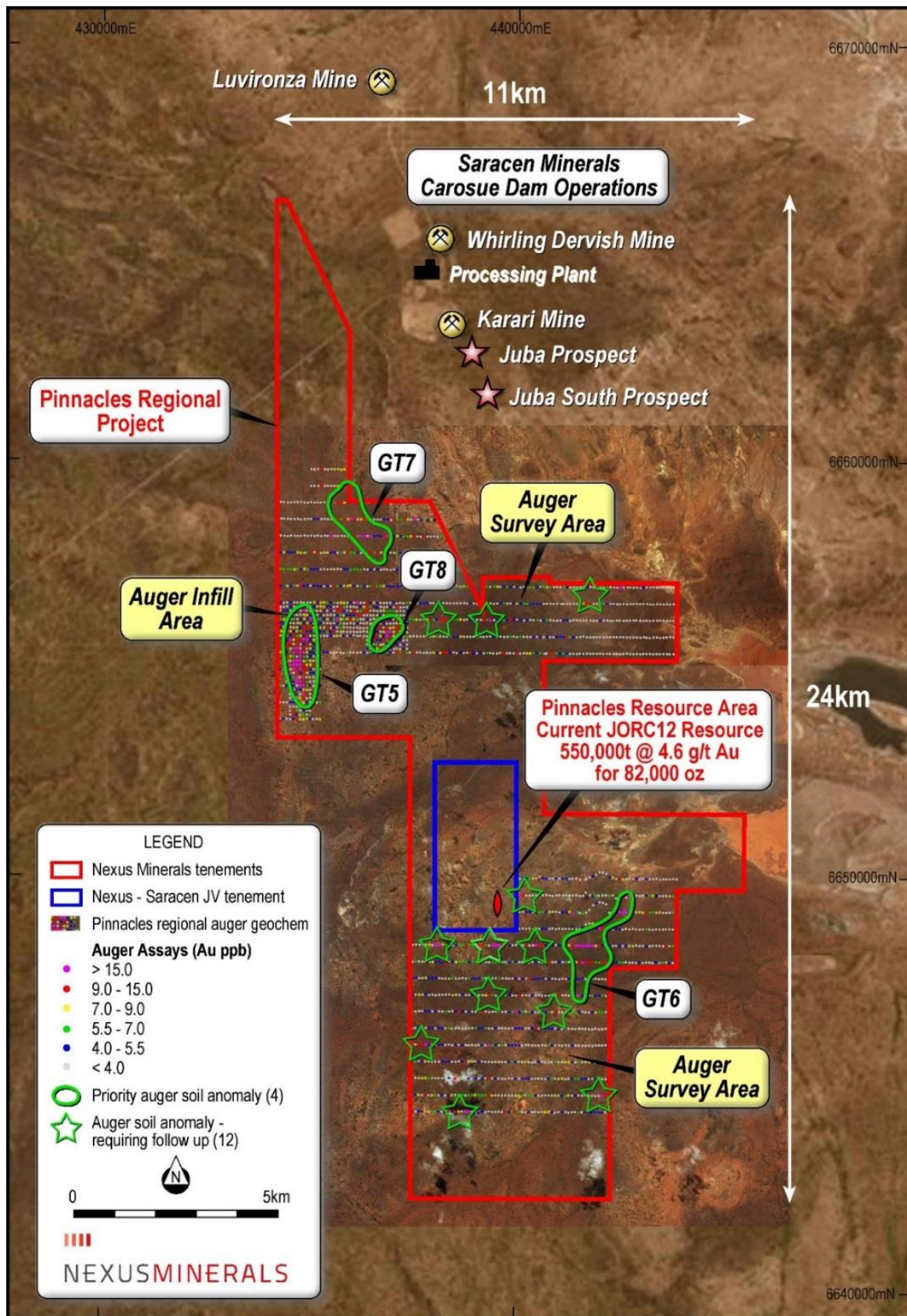


Figure 7: Nexus Pinnacles Auger Soil Survey Results



## Review of Operations

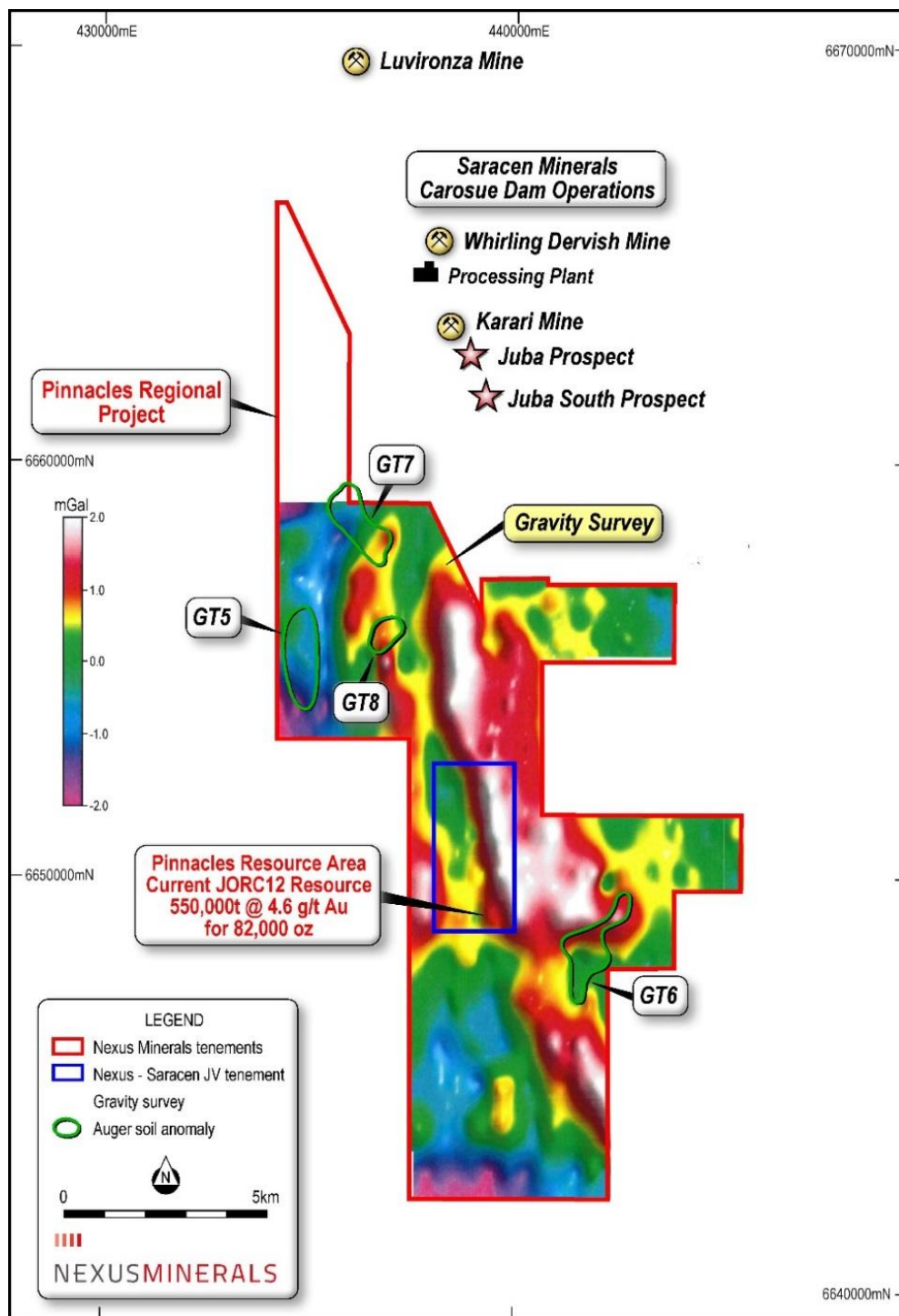


Figure 8: Nexus Pinnacles Regional Gravity Survey with Auger Geochemistry anomalies

## Review of Operations

### Pinnacles Regional Drill Programs

#### GT6 Drill Results

34 RC holes for 2,498m and 112 Air core drill holes for 8,828m were drilled at GT6 to test the surface calcrete gold anomaly (Figure 9).

The 2017 drill programs were designed to test the surface calcrete anomaly, in conjunction with geological, structural and gravity survey data. Two drill holes drilled to the northeast of the main calcrete anomaly returned significant mineralised intersections of 24m @ 0.47g/t Au from surface (incl. 8m @ 1.15g/t Au) and 24m @ 0.46g/t Au from 20m (incl. 12m @ 0.71g/t Au). Follow up RC drilling was undertaken targeting extensions to the mineralised zone. Best results were 21m @ 0.88g/t Au, including 10m @ 1.66g/t Au (from 18m) and 22m @ 0.78g/t Au, including 14m @ 1.02g/t Au (from 9m).

The drill results from the 2017 programs at GT6 provided the Company with encouragement to test the full 3km x 600m extent of the anomalous gold zone in early 2018. The geological and mineralisation features exhibited to date were consistent with results returned from initial exploration programs at the Karari gold mine, 20 kilometers to the north, in the mid 1990's.

A single anomalous result was returned from the air core drill program, being 12m @ 3.27g/t Au. Gold mineralisation was intersected from 100m-112m (end of hole) in quartz + carbonate + pyrite altered Carosue Dam sediments, adjacent to the major Yilgarn Fault splay regional structure, over a gravity low. This intersection, in conjunction with the previous Nexus drill intercepts 800m to the north east, and the high-level auger geochemical gold anomaly, highlighted this mineralised corridor for a follow up air core drill program.

The 4,156m follow up air core program completed at the GT6 prospect consisted of 56 air core holes, along 7 drill lines 150m apart, with 50m drill centres along the lines. They were drilled to top of fresh rock with samples subjected to multi-element geochemical analysis and geological / alteration mapping. Minimal alteration was observed in the end of hole rock chip samples, with low anomalous gold and multi-element geochemistry returned.

Refer to the Nexus ASX announcement 16 February 2018, 23 April 2018, 8 May 2018 and 6 August 2018 for full results.

## Review of Operations

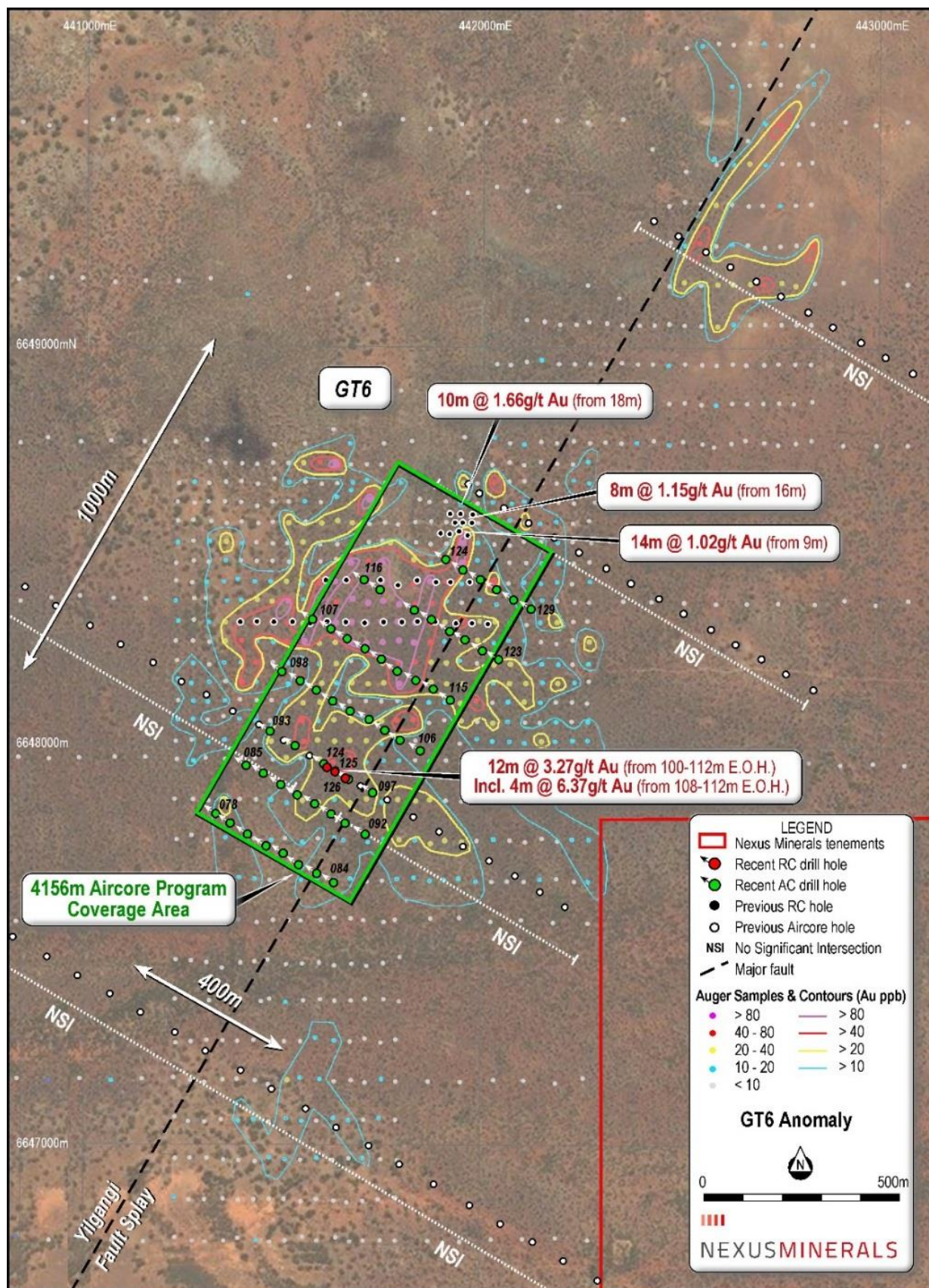


Figure 9: Nexus Pinnacles GT6 Drill Collar Locations



## Review of Operations

### GT5 and GT8 Anomaly Drill Results

42 RC holes for 4,202m were drilled at GT5 to test the surface calcrete gold anomaly (Figure 10).

The geology observed in GT5 drill holes included a series of sheeted quartz porphyry dykes, with sheared basalt contacts and disseminated sulphides. The mineralised intersections are observed at the weathering boundary, on the top of fresh rock. No primary zones of mineralisation were intersected.

The best 4m composite sample received was 4m @ 19.74g/t Au, and the best 1m composite samples were 1m @ 20.53g/t Au and 1m @ 5.60g/t Au.

5 RC holes for 500m were drilled at GT8 to test the surface calcrete anomaly, with one drill hole containing an anomalous intersection.

Refer to the Nexus ASX announcements 25 January 2018 and 16 February 2018 for full results.

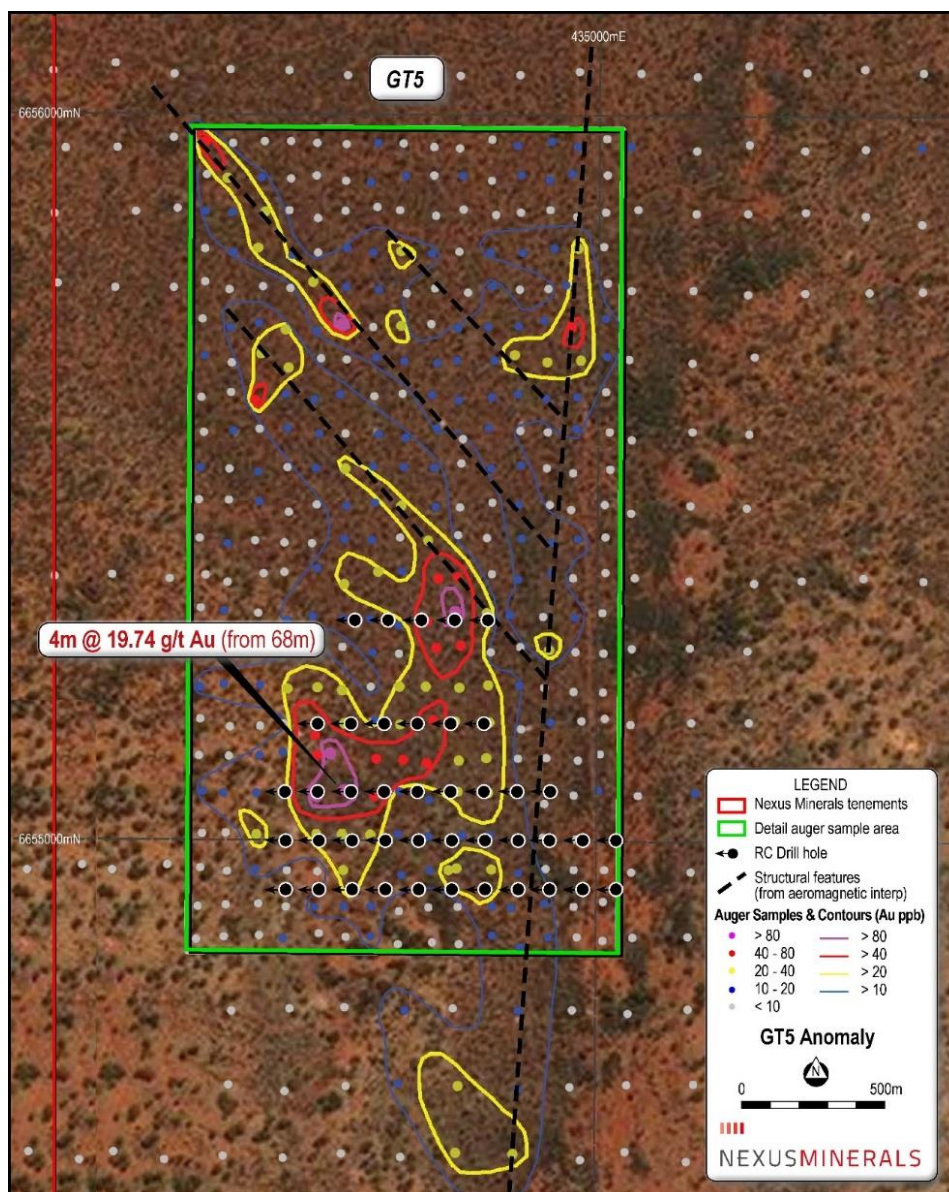


Figure 10: Nexus Pinnacles GT5 Drill Collar Locations

## Review of Operations

### Triumph Gold Project

The Triumph Gold Project is located 145km north east of Kalgoorlie. Nexus is targeting high grade gold deposits within the Triumph Gold Project tenements.

Geological field investigations were undertaken during the year.

### Mt Celia Gold Project

The Mt Celia Gold Project is located 180km north east of Kalgoorlie. The tenement lies within the Laverton Tectonic Zone and this structure has hosted numerous major gold mines. 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 field investigations were undertaken during the year.

### Resources

*As at 30 June 2018, Nexus Minerals Limited Mineral's Resource Estimate is 551,200 tonnes at 4.6gpt Au for 82,000 ounces (refer Table 1). The Company's Mineral Resource remains unchanged from June 2017.*

### Mineral Resource and Ore Reserve Governance and Internal Controls

*Nexus Minerals ensures that the Mineral Resource estimate quoted is subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external reviews of Mineral Resource estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues. The Company has finalised its governance framework in relation to the Mineral Resource estimate in line with its business structure. Nexus Minerals reports its Mineral Resource on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Competent Persons named by Nexus Minerals are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code.*



## Review of Operations

### Competent Person's Statement

*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](http://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 reports of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to the Nexus Minerals Limited Pinnacles JV Mineral Resource is based upon information from the Company's announcement dated 13 October 2016 and is available to view on the Company's website at [www.nexus-minerals.com](http://www.nexus-minerals.com). The information was 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'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

*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.*

### Corporate

During the year the Company issued 1,490,000 shares to Saracen Gold Mines Pty Ltd (Saracen) as consideration for the Wallbrook gold project. A further 3,800,000 shares were issued to Saracen at 8.4 cents per share raising \$319,200. The shares were issued with 1,900,000 attaching options exercisable at 16.8 cents with an expiry date of 5 April 2020.

7,000,000 unlisted options were issued to directors during the year as approved by shareholders at the Annual General Meeting held on 30 November 2017. The options have an exercise price of 11.1 cents per option and expire on 30 November 2020.

During the year the Company received \$216,581 under the R&D tax incentive for 2017.

## Directors' Report

The directors present their report together with the financial report of the Group consisting of Nexus Minerals Limited ("the Company") and the entities it controlled for the financial year ended 30 June 2018 and the auditor's report thereon.

### 1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

**Paul Boyatzis – Chairman, Non-Executive Director, appointed 6 October 2006**

**B.Bus, ASA, MSDIA**

Mr Boyatzis has over 30 years' experience in the commercial, investment and equity markets, and has assisted many emerging growth companies within the resources and financial services sectors. He has served as Chairman and Director of a number of public and private companies.

Mr Boyatzis is a director of Ventnor Resources Limited and Aruma Resources Limited. During the past three years Mr Boyatzis has served as a director of Transaction Solutions International Limited (to 30 June 2017).

**Andy Tudor – Managing Director, appointed 6 July 2016**

**BAppSc(Geol) MAusIMM MAIG**

Mr Tudor has over 30 years' experience encompassing roles from Managing Director/CEO of ASX listed companies to General Manager, Country Manager and Exploration Manager roles as well as Exploration and Mine Geology functions.

In addition to his extensive management experience Mr Tudor has also held the position of General Manager & Principal Consultant of a global mineral consulting firm where his role concentrated on project assessment, due diligence and evaluation studies, in conjunction with geological and resource assessments.

During the past three years Mr Tudor has not served as a director of any other listed company.

**Dr Mark Elliott – Non-Executive Director, appointed 6 October 2006**

**Dip App Geol, PhD, FAICD, FAusIMM (CPGeo), FAIG**

Dr Elliott is a chartered practising geologist with expertise in multiple mineral commodities and energy sectors. Dr Elliott has a proven track record in corporate management and growing successful businesses in the resource sector.

Dr Elliott is a Non-Executive Director of Aruma Resources Limited (1 July 2017 – present) and Mako Gold Limited (14 March 2017 – present). During the last 3 years he has also served as a director of HRL Holdings Limited (to 23 November 2017).

**Bruce Maluish – Non-Executive Director appointed 1 July 2015**

**BSc (Surv), Dip Met Min**

Mr Maluish has more than 30 years' experience in the mining industry and has had numerous roles as Managing Director and General Manager with companies such as Monarch Group, Abelle, Hill 50 and Forsyth Mining, while mining a variety of commodities from gold, nickel and mineral sands from both open pits and underground.

His management experience includes the set up and marketing of IPOs from commencement of exploration to full production, to the identification, development and identification, development and expansion of projects including mergers and acquisitions.

During the past three years Mr Maluish has served as a director of Ventnor Resources Limited (24 September 2010 – present).

## Directors' Report

### Phillip MacLeod – Company Secretary appointed 6 October 2006

B.Bus, ASA, FGIA, MAICD

Mr MacLeod has over 20 years' commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to a number of public and private companies involved in the resource, technology, property and healthcare industries.

## 2. DIRECTORS' MEETINGS

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Company during their term in office during the financial year is as follows.

Director	Meetings Held	Meetings Attended
Paul Boyatzis	5	5
Andy Tudor	5	5
Mark Elliott	5	5
Bruce Maluish	5	5

The Company does not have any committees. Matters usually considered by an audit, remuneration or nomination committee were dealt with by the directors during regular Board meetings.

## 3. DIRECTORS' AND EXECUTIVES' INTERESTS

The relevant interest of each director and executive in the shares and options of the Company and its subsidiaries as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Directors	Fully Paid Ordinary Shares	Share Options
	Number	Number
Mr P Boyatzis	9,088,568	2,000,000
Mr A Tudor	320,516	2,900,000
Dr M Elliott	1,251,600	1,500,000
Mr B Maluish	40,000	1,500,000

## Directors' Report

### 4. SHARE OPTIONS

#### Unissued shares under option

There are 10,600,000 options over unissued shares in Nexus Minerals Limited (2017: 1,700,000).

Number of Shares Under Option	Exercise Price of Options (cents)	Expiry Date of Options
900,000	11.8	9 November 2018
800,000	25.0	15 December 2018
1,900,000	16.8	5 April 2020
7,000,000	11.1	30 November 2020

#### *Share options expired*

During the year no options were cancelled (2017: nil). No options expired during the year (2017: 1,600,000).

#### *Shares issued on exercise of options*

No ordinary shares were issued as a result of the exercise of options during the year (2017: 1,000,000).

#### Share options granted to directors and key management personnel

During and since the financial year, 7,000,000 share options were granted to key management personnel of the Company and the entities it controlled as part of their remuneration (2017: none).

### 5. PRINCIPAL ACTIVITY

The principal activity of the Group during the course of the year was mineral exploration in Australia.

### 6. REVIEW OF OPERATIONS

The Group made a loss after tax for the year of \$2,528,563 (2017: \$1,845,287). The Group had cash and cash equivalent balances at 30 June 2018 of \$3,914,154, a decrease of \$1,571,478 on the prior year.

Information on the operations of the Group and its business strategies are set out on pages 3 to 18 of the annual report.

### 7. DIVIDENDS

No dividends were paid or declared by the Company during the year or since the end of the year.

## Directors' Report

### 8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Nexus executed a sale and purchase agreement to acquire a 190km<sup>2</sup> tenement package from Newmont Exploration Pty Ltd adjacent to the existing Wallbrook Gold Project. Nexus will acquire the tenements for a consideration of \$13,100 and a 2% net smelter royalty on all mineral product extracted and received from the tenements. Completion is conditional on receipt of government approvals and execution of third-party deeds.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### 9. LIKELY DEVELOPMENTS

The Group will continue planning and executing mineral exploration work on its existing projects as well as any new projects or investments which come under review during the financial year.

### 10. ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report. The board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

### 11. INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into Director and Officer Protection Deeds (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against the officers in their capacity as officers of the Company.

The Company has paid insurance premiums during the year in respect of liability for any past, present or future directors, secretary, officers and employees of the Company or related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy. The Company has not provided any insurance or indemnification for the Auditor of the Company.



## Directors' Report

### 12. REMUNERATION REPORT (Audited)

#### 12.1 Principles of compensation

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Nexus Minerals Limited for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company and other executives. Key management personnel comprise the directors of the Company and other executives.

#### Key Management Personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

##### Directors

Paul Boyatzis	Chairman (Non-executive)
Andy Tudor	Managing Director
Mark Elliott	Non-executive
Bruce Maluish	Non-executive

The named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration levels for key management personnel and other staff of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives and take account of factors such as length of service, particular experience and expertise. The directors obtain independent advice on the appropriateness of compensation packages of the Company given trends in comparative local companies and the objectives of the Company's compensation strategy. Non-executive directors receive a fixed fee of up to \$24,000 plus statutory superannuation, if applicable. The Chairman receives a fixed fee of \$84,000 per annum. Currently key management personnel remuneration is not dependent on the satisfaction of any performance condition.

#### 12.2 Directors' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company are shown in Table 1 on page 24.

#### 12.3 Share-based payments granted as compensation for the current financial year

During the year 7,000,000 share options over unissued shares were granted to directors (2017: none).

#### 12.4 Service agreements

On 6 July 2016 the Company appointed Mr Andy Tudor to the position of Managing Director (previously appointed 7 July 2014 as Chief Executive Officer). Mr Tudor receives a basic salary of \$251,142 plus superannuation of 9.50% of salary.

The service agreement is open ended and may be terminated by either party with one month's notice.

## Directors' Report

### 12. REMUNERATION REPORT (Audited)

Details of the nature and amount of each major element of remuneration for each director are as follows:

Nexus Minerals Limited		Short-term				Post Employment	Other Long-term		Share-based Payments		Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		Salaries & Fees \$	Cash Bonus \$	Non-monetary Benefits \$	Total \$	Superannuation Benefits \$	\$	Termination Benefit \$	Options & Rights \$	Total \$	%	%
Directors	Year											
Mr P Boyatzis	2018	84,000	-	-	84,000	-	-	-	57,635	141,635	-	40.69
	2017	84,000	-	-	84,000	-	-	-	-	84,000	-	-
Mr A Tudor <sup>(1)</sup>	2018	251,142	-	-	251,142	23,858	-	-	57,635	332,635	-	17.33
	2017	251,142	75,000	-	326,142	23,858	-	-	-	350,000	-	-
Dr M Elliott <sup>(2)</sup>	2018	40,000	-	-	40,000	-	-	-	43,226	83,226	-	51.94
	2017	40,000	-	-	40,000	-	-	-	-	40,000	-	-
Mr B Maluish	2018	24,000	-	-	24,000	2,280	-	-	43,226	69,506	-	62.19
	2017	24,000	-	-	24,000	2,280	-	-	-	26,280	-	-
Mr P MacLeod <sup>(3)</sup>	2017	36,000	-	-	36,000	-	-	-	-	36,000	-	-
Directors Total	2018	399,142	-	-	399,142	26,138	-	-	201,722	627,002	-	32.17
	2017	435,142	75,000	-	510,142	26,138	-	-	-	536,280	-	-

1 Appointed Managing Director 6 July 2016. Previously, Chief Executive Officer appointed 7 July 2014

2 Includes fees of \$16,000 for geological consulting services (2017: \$16,000)

3 Includes fees of \$36,000 for Company Secretarial services. Resigned as a director 6 July 2016.

## Directors' Report

### 12. REMUNERATION REPORT (Audited)

#### 12.5 Share-based payments granted as compensation to key management personnel during the current financial year

There were 7,000,000 options over ordinary shares granted as compensation to key management personnel during the current financial year (Series No.9).

No options that were previously granted to key management personnel as part of their compensation were exercised during the year by key management personnel.

The inputs to the valuation of options granted as share-based compensation during the year were as follows:

	<b>Series No.9</b>
Dividend yield (%)	n/a
Expected volatility (%)	77
Risk-free interest rate (%)	1.89
Expected life of option	3.00
Exercise price (cents)	11.11
Grant date share price	7.22

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.

## Directors' Report

### 12. REMUNERATION REPORT (Audited)

#### 12.6 Key management personnel equity holdings

The movement during the year in the number of ordinary shares in Nexus Minerals Limited held, directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

	Held at 1 July 2017	Granted as compensation	Received on exercise of options	Other changes	Held at 30 June 2018
<b>Directors</b>					
Mr P Boyatzis	9,088,568	-	-	-	9,088,568
Mr A Tudor	320,516	-	-	-	320,516
Dr M Elliott	1,251,600	-	-	-	1,251,600
Mr B Maluish	40,000	-	-	-	40,000

	Held at 1 July 2016	Granted as compensation	Received on exercise of options	Other changes	Held at 30 June 2017
<b>Directors</b>					
Mr P Boyatzis	8,188,568	-	500,000	400,000	9,088,568
Mr A Tudor*	166,666	-	-	153,850	320,516
Dr M Elliott	751,600	-	500,000	-	1,251,600
Mr B Maluish	40,000	-	-	-	40,000
Mr P MacLeod**	139,000	-	-	(139,000)	-

\*Appointed Managing Director 6 July 2016, previously Chief Executive Officer

\*\*Resigned 6 July 2016

## Directors' Report

### 12. REMUNERATION REPORT (Audited)

#### 12.6 Key management personnel equity holdings

The movement during the year in the number of options over ordinary shares in Nexus Minerals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as compensation	Options exercised	Other changes	Held at 30 June 2018	Vested during the year	Vested and exercisable at 30 June 2018
<b>Directors</b>							
Mr P Boyatzis	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
Mr A Tudor	900,000	2,000,000	-	-	2,900,000	2,000,000	2,900,000
Dr M Elliott	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000
Mr B Maluish	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000

	Held at 1 July 2016	Granted as compensation	Options exercised	Other changes	Held at 30 June 2017	Vested during the year	Vested and exercisable at 30 June 2017
<b>Directors</b>							
Mr P Boyatzis	500,000	-	(500,000)	-	-	-	-
Mr A Tudor*	1,500,000	-	-	(600,000)	900,000	-	900,000
Dr M Elliott	500,000	-	(500,000)	-	-	-	-
Mr B Maluish	-	-	-	-	-	-	-
Mr P MacLeod**	-	-	-	-	-	-	-

\*Appointed Managing Director 6 July 2016, previously Chief Executive Officer

\*\*Resigned 6 July 2016

**END OF REMUNERATION REPORT (AUDITED)**



## Directors' Report

### 13. NON-AUDIT SERVICES

During the year Nexia Perth Audit Services Pty Ltd, the Group's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditors and has resolved that it is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the *Corporations Act 2001*. The non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES110 (*Code of ethics for professional accountants*), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to Nexia Perth Audit Services Pty Ltd and their related practices for audit and non-audit services provided during the year are set out below:

	2018 \$	2017 \$
<b>Audit and review services:</b>		
Nexia Perth	32,058	31,420
	<u>32,058</u>	<u>31,420</u>
<b>Non-audit services:</b>		
Nexia Perth	5,200	5,350
	<u>5,200</u>	<u>5,350</u>

### 14. AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 29.

### 15. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of directors there were no significant changes in the state of affairs of the Group that occurred during the year other than as previously disclosed in this report.

Signed in accordance with a resolution of the directors:



P Boyatzis  
Chairman  
Perth, Western Australia  
Dated 25<sup>th</sup> September 2018

**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 audit for the financial year ended 30 June 2018 there have been:

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

**Nexia Perth Audit Services Pty Ltd****PTC Klopper**

Director

Perth, Western Australia

25 September 2018

## Consolidated Statement of Comprehensive Income For the Year Ended 30 June 2018

		CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
	Note		
Revenue from continuing operations	3	243,611	210,642
Exploration expenditure expensed as incurred		(2,051,932)	(1,404,497)
Employee benefits		(9,602)	(84,855)
ASX and regulatory expenses		(69,742)	(69,011)
Depreciation	16	(8,095)	(8,029)
Directors' fees		(134,280)	(134,280)
Insurance		(15,414)	(16,104)
Legal and professional fees		(130,826)	(135,300)
Marketing and promotion		(66,811)	(124,719)
Travel expenses		(6,799)	(12,704)
Occupancy expenses		(81,968)	(57,235)
Share-based compensation	23	(201,722)	(38,435)
Other expenses		(101,131)	(86,248)
<b>Loss for the year before financial income</b>	4	<b>(2,634,711)</b>	<b>(1,960,775)</b>
Financial income		106,148	116,079
Financial expenses		-	(591)
<b>Net financial income</b>	5	<b>106,148</b>	<b>115,488</b>
<b>Loss from continuing operations before tax</b>		<b>(2,528,563)</b>	<b>(1,845,287)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(2,528,563)</b>	<b>(1,845,287)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss			
Net change in the fair value of available-for-sale assets	14	46,875	(30,000)
Other comprehensive income for the year net of tax		46,875	(30,000)
<b>Total comprehensive loss for the year</b>		<b>(2,481,688)</b>	<b>(1,875,287)</b>
<b>Earnings/(loss) per share</b>			
Basic and diluted loss per share	7	(2.99) cents	(2.28) cents

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

### As at 30 June 2018

	Note	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Current assets</b>			
Cash and cash equivalents	10	3,914,154	5,485,632
Trade and other receivables	11	113,727	39,318
Other financial assets	12	56,305	55,579
Other assets	13	20,726	16,503
<b>Total current assets</b>		<b>4,104,912</b>	<b>5,597,032</b>
<b>Non-current assets</b>			
Available-for-sale assets	14	121,875	75,000
Exploration assets	15	125,160	
Plant and equipment	16	21,692	14,765
<b>Total non-current assets</b>		<b>268,727</b>	<b>89,765</b>
<b>Total assets</b>		<b>4,373,639</b>	<b>5,686,797</b>
<b>Current liabilities</b>			
Trade and other payables	17	643,076	106,452
Provisions	18	26,873	37,435
<b>Total current liabilities</b>		<b>669,949</b>	<b>143,887</b>
<b>Total liabilities</b>		<b>669,949</b>	<b>143,887</b>
<b>Net assets</b>		<b>3,703,690</b>	<b>5,542,910</b>
<b>Equity</b>			
Issued capital	19	19,868,951	19,428,205
Reserves	20	322,057	73,460
Accumulated losses	21	(16,487,318)	(13,958,755)
<b>Total equity</b>		<b>3,703,690</b>	<b>5,542,910</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cashflows

### For the Year Ended 30 June 2018

		CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
	Note		
<b>Cash flows from operating activities</b>			
Receipts from exploration activities		243,611	202,467
Interest received		98,947	116,079
Interest paid		-	(591)
Exploration expenditure		(1,540,300)	(1,395,287)
Payments to suppliers and employees		(673,574)	(704,304)
<b>Net cash used in operating activities</b>	26(b)	(1,871,316)	(1,781,636)
<b>Cash flows from investing activities</b>			
Transfer to term deposit investments		(726)	(55,579)
Payments for purchase of plant and equipment		(15,022)	-
Payment for equity investment		-	(15,000)
<b>Net cash used in investing activities</b>		(15,748)	(70,579)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		319,200	2,320,500
Proceeds from the exercise of options		-	82,000
Proceeds from/(repayment) of borrowings		-	(24,402)
Share issue costs		(3,614)	(156,628)
<b>Net cash provided by financing activities</b>		315,586	2,221,470
Net increase/(decrease) in cash and cash equivalents		(1,571,478)	369,255
Cash and cash equivalents at 1 July		5,485,632	5,116,377
<b>Cash and cash equivalents at 30 June</b>	26(a)	3,914,154	5,485,632

The accompanying notes form part of these financial statements.



## Consolidated Statement of Changes in Equity

### For the Year Ended 30 June 2017

	Issued Capital \$	Accumulated Losses \$	Share-based Payment Reserve \$	Available-for- Sale Reserve \$	Total Equity \$
<b>30 June 2017</b>					
Balance at 1 July 2016	17,182,333	(12,235,652)	147,209	40,000	5,133,890
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	(1,845,287)	-	-	(1,845,287)
<b>Other comprehensive income</b>					
Movement in fair value of available-for-sale assets taken to/(from) reserve	-	-	-	(30,000)	(30,000)
Total comprehensive loss for the year	-	(1,845,287)	-	(30,000)	(1,875,287)
<b>Transactions with owners of the Company recognised directly in equity</b>					
Share-based payment transaction	-	-	38,435	-	38,435
Issue of shares for cash	2,320,500	-	-	-	2,320,500
Exercise of options	82,000	32,722	(32,722)	-	82,000
Share issue costs	(156,628)	-	-	-	(156,628)
Transfer of options to accumulated losses on expiry of options	-	89,462	(89,462)	-	-
Total transactions with owners of the Company	2,245,872	122,184	(83,749)	-	2,284,307
<b>Balance at 30 June 2017</b>	<b>19,428,205</b>	<b>(13,958,755)</b>	<b>63,460</b>	<b>10,000</b>	<b>5,542,910</b>

## Consolidated Statement of Changes in Equity

### For the Year Ended 30 June 2018

	Issued Capital \$	Accumulated Losses \$	Share-based Payment Reserve \$	Available-for- Sale Reserve \$	Total Equity \$
<b>30 June 2018</b>					
Balance at 1 July 2017	19,428,205	(13,958,755)	63,460	10,000	5,542,910
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	(2,528,563)	-	-	(2,528,563)
<b>Other comprehensive income</b>					
Movement in fair value of available-for-sale assets taken to/(from) reserve	-	-	-	46,875	46,875
Total comprehensive loss for the year	-	(2,528,563)	-	46,875	(2,481,688)
<b>Transactions with owners of the Company recognised directly in equity</b>					
Share-based payment transaction	-	-	201,722	-	201,722
Issue of shares for cash	319,200	-	-	-	319,200
Issue of shares for exploration asset	125,160	-	-	-	125,160
Share issue costs	(3,614)	-	-	-	(3,614)
Total transactions with owners of the Company	440,746	-	201,722	-	642,468
<b>Balance at 30 June 2018</b>	<b>19,868,951</b>	<b>(16,487,318)</b>	<b>265,182</b>	<b>56,875</b>	<b>3,703,690</b>

The accompanying notes form part of these financial statements.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

Nexus Minerals Limited (the “Company”) is a company domiciled in Australia. The financial report of the Company and its subsidiaries is for the year ended 30 June 2018.

#### a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards issued by the Australian Accounting Standards Board and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

The consolidated financial statements and notes of the Group comply with International Financial Reporting Standards (‘IFRS’) issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 25<sup>th</sup> September 2018.

#### b) Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, the Company’s functional currency, unless otherwise noted.

#### c) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the “AASB”) that are relevant to its operations and effective for the current year.

*AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.

*AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

*AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle*

Specifies that summarised financial information relating to a subsidiary, associate or joint venture is not required by AASB 12 Disclosure of Interests in Other Entities where an entity’s interests in those entities are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### c) Adoption of New and Revised Accounting Standards (continued)

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

#### Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

##### *AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15*

This Standard amends AASB 15 Revenue from Contracts with Customers to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.

##### *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

This Standard amends AASB 2 Share-based payment to address:

- (a) The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (b) The classification of share-based transactions with a net settlement feature for withholding tax obligations; and
- (c) The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

##### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Group.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### c) Adoption of New and Revised Accounting Standards (continued)

##### Standards and interpretations in issue not yet adopted

###### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal as there are no contracts with customers in place at the present time within the Group.

###### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is expected to be minimal as there are no leases within the Group with a term greater than 12 months at the reporting date.



## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### d) Basis of Consolidation

The financial statements comprise the consolidated financial statements of Nexus Minerals Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved where the Company has exposure to variable returns from the entity and the power to affect those returns.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit and loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Nexus Minerals Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### e) Revenue Recognition

##### 1. Interest Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### e) Revenue Recognition (continued)

##### 2. Revenue from the Sale of Options

Revenue from the sale of options over interests in tenements is recognised when it is probable that consideration will be received for the options and the Group has no further obligations in respect of the options.

##### 3. Research & Development

Research and development tax incentive ("R&D") claims are recognised when the Company is notified that its R&D claim has been accepted.

#### f) Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

(i)	Office furniture and equipment	4 to 7 years
(ii)	Computer software	2.5 years
(iii)	Computer hardware	4 years
(iv)	Exploration equipment	7 years
(v)	Leasehold improvements	6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

#### g) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### h) Impairment

##### Non-financial assets

The carrying amounts of the Group's non-financial assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### h) Impairment (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### i) Issued Capital

##### *Ordinary shares*

Ordinary shares are classified as issued capital. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### j) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### k) Income Tax

Income tax on the consolidated statement of profit or loss and other comprehensive income for the periods presented comprises current payable and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered by a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.



## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investment or financing activities that is payable to, or recoverable from, the taxation authority is classified within operating cash flows.

#### n) Exploration and evaluation

Exploration and evaluation costs, excluding the costs of acquiring licences, are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are only carried forward if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest; or
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### o) Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted.

#### p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Nexus Minerals Limited.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### q) Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL") 'held to maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### (i) *Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

##### (ii) *Financial Assets at FVTPL*

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both which, is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### q) Financial Assets (continued)

Financial Assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income.

##### *(iii) AFS Financial Assets*

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Fair value is determined in the manner described in note 9. Gains and losses arising from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

##### *(iv) Loans and Receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *(v) Impairment of Financial Assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets are assessed on an individual basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### q) Financial Assets (continued)

With the exception of AFS equity instruments, if, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

#### r) Financial Liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as borrowings or payables.

All financial liabilities are recognized initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings including bank overdrafts.

##### *Borrowings*

After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

#### s) Share-based payment transactions

##### *(i) Equity settled transactions:*

The Group provides benefits to directors and executives of the Group in the form of share-based payments, whereby directors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with directors and executives is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate option valuation, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant directors become fully entitled to the award (the vesting period).



## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### s) Share-based payment transactions (continued)

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

#### t) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

#### u) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated on a straight-line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### v) Financial position

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Group has reported a net loss for the year of \$2,528,563 (2017: \$1,845,287) and a cash outflow from operating activities of \$1,871,316 (2017: \$1,781,636).

At year end, the Group had \$3,914,154 in cash and cash equivalents. The directors also manage discretionary expenditure in line with the Group's cash flow and are confident that there are sufficient funds to meet the Group's working capital and funding requirements for a minimum of 12 months from the date of this report.

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Group's accounting policies which are described in note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Share-based Payment Transactions*

The Group measures the cost of equity-settled transactions with directors and executives by reference to the fair value of the equity instruments at the date at which they are granted. The fair value was determined using a Black-Scholes model, using the assumptions detailed in note 23.

#### *Exploration and evaluation costs carried forward*

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the directors have elected for exploration assets relating to the acquisition of licenses to be carried at cost. All other exploration and evaluation costs are expensed during the period in which they are incurred.

#### *Recovery of Deferred Tax Assets*

Deferred tax assets are recognised for deductible temporary differences where management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgment has been effected to determine that no deferred tax assets was recognised.

#### *Impairment of Available-for-sale Financial Assets*

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>3. REVENUE</b>		
R & D tax incentive	216,581	177,796
Rental income	26,980	8,080
Refunds	-	23,627
Sundry income	50	1,139
	243,611	210,642

### 4. LOSS BEFORE INCOME TAX

Loss before income tax expense has been arrived at after charging the following items:

Operating lease payments	74,697	48,428
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### 5. FINANCING INCOME

Interest income	106,148	116,079
Interest expense	-	(591)
	106,148	115,488

### 6. AUDITORS REMUNERATION

During the year the following fees were paid or payable for services provided by the auditors of the Group, its related practices and non-related audit firms:

Audit and review services:		
Nexia Perth	32,058	31,420
	32,058	31,420
Taxation and other services:		
Nexia Perth	5,200	5,350
	5,200	5,350

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	CONSOLIDATED 2018	CONSOLIDATED 2017
<b>7. EARNINGS/(LOSS) PER SHARE</b>		
Earnings/(loss) per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date	(2.99) cents	(2.28) cents
Loss per share – continuing operations	(2.99) cents	(2.28) cents
a) Weighted average number of shares used in calculation of basic loss per share		
Issued ordinary shares at 30 June	88,573,575	83,283,575
Weighted average number of ordinary shares at 30 June	84,529,986	81,041,361
b) Loss used in calculating basic loss per share	\$2,528,563	\$1,845,287
c) Loss used in calculating basic loss per share in continued operations	\$2,528,563	\$1,845,287

Diluted loss per share has not been calculated as there were no options on issue which would be potential ordinary shares having a dilutive effect. The number of options at 30 June 2018 was 10,600,000 (2017: 1,700,000). These were not considered to be dilutive because the share price at 30 June 2018 did not exceed the share price targets attached.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
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### 8. INCOME TAXES

#### Recognised in the statement of comprehensive income

The major components of the tax expense/(income) are:

Current tax expense	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary timing differences	-	-
Total income tax attributable to continuing operations	-	-

The prima facie income tax expense/(benefit) on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:

#### Numerical reconciliation between aggregate income tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.

Profit/(loss) before income tax expense from continuing operations	(2,528,563)	(1,845,287)
Income tax expense/(income) calculated at 30.0% (2017: 27.5%)	(758,569)	(507,454)
Impact from reduction/(increase) in tax rate on unrecognised tax losses	(327,841)	113,818
Prior year under-provision	149,366	108,653
Effect of expenses that are not deductible in determining taxable profit	62,402	11,766
Effect of revenues that are not assessable in determining taxable profit	(64,974)	(48,894)
Effect of temporary differences that would be recognized directly in equity	12,978	(40,323)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	926,638	362,434
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30.0% (2017: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.



## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>8. INCOME TAXES</b>		
<b>Unrecognised deferred tax assets/(liabilities)</b>		
The following deferred tax assets have not been brought to account:		
Tax losses – revenue	4,493,570	3,550,665
Temporary differences	39,320	55,587
	4,532,890	3,606,252

Deferred tax assets/(liabilities) not recognised in respect of the following items:

Items capitalised for tax purposes	8,109	8,109
Trade and other payables	8,842	5,780
Employee benefits	8,062	10,295
Section 40 – 880 expenses	31,369	38,691
Financial assets	(17,062)	(2,750)
Prepayments	-	(4,538)
Tax losses carry forward	4,493,570	3,550,665
Total deferred tax assets not recognised	4,532,890	3,606,252

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2018 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the Company continues to comply with conditions for deductibility imposed by law; and
- no changes in legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

#### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

#### Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. Cash and cash equivalents and term deposit investments are held with Westpac Bank, which is an Australian bank with an AA credit rating (Standard & Poor's).

#### Trade and Other Receivables

As the Group operates in the mining exploration sector it does not have trade receivables and is therefore not exposed to credit risk in relation to trade receivables. Other receivables include rent receivable under a sub-lease agreement and GST credits receivable from the Australian Taxation Office.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the reporting date there were no significant concentrations of credit risk.

#### Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	CARRYING AMOUNT	
		CONSOLIDATED	CONSOLIDATED
		2018 \$	2017 \$
Cash and bank balances	10	3,914,154	5,485,632
Trade and other receivables	11	113,727	39,318
Term deposit investments	12	56,305	55,579

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### Credit Risk

None of the Company's trade and other receivables are past due (2017: \$nil). As the Group is not trading there is no management of credit risk performed through an ageing analysis.

#### Impairment Losses

There was no movement in the allowance for impairment in respect of available-for-sale financial assets during the year (2017: nil).

During the year there was no transfer of impairment loss between the statement of comprehensive income and available-for-sale asset reserve by the Group (2017: nil).

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a minimum period of 90 days.

	CARRYING AMOUNT \$	CONTRACTUAL CASH FLOWS \$	6 MONTHS OR LESS \$	6 MONTHS OR MORE \$
<b>30 June 2018</b>				
Trade and other payables	643,076	(643,076)	(643,076)	-
	643,076	(643,076)	(643,076)	-
<b>30 June 2017</b>				
Trade and other payables	106,452	(106,452)	(106,452)	-
	106,452	(106,452)	(106,452)	-

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Group currently undertakes no transactions denominated in foreign currencies. The Group has no hedging policy in place to manage those risks, however all foreign exchange purchases are settled promptly.

#### Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

The Group has no borrowings.

#### Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	CONSOLIDATED 2018		CONSOLIDATED 2017	
	CARRYING AMOUNT \$	INTEREST RATE %	CARRYING AMOUNT \$	INTEREST RATE %
<b>Fixed Rate Instruments</b>				
Term deposit investments	56,305	2.45	55,579	2.10
<b>Variable Rate Instruments</b>				
Cash and bank balances	3,914,154	2.35	5,485,632	2.24

#### Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2017.

	Equity		Profit and Loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
<b>30 June 2018</b>				
Variable rate instruments	39,142	(39,142)	39,142	(39,142)
<b>30 June 2017</b>				
Variable rate instruments	54,856	(54,856)	54,856	(54,856)

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### Fair value of financial instruments

The Group is disclosing the fair value of financial assets and financial liabilities by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017.

Consolidated 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Level 4 \$
Assets				
Available-for-sale financial assets	121,875	-	-	121,875
•				
Consolidated 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Level 4 \$
Assets				
Available-for-sale financial assets	75,000	-	-	75,000

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the close price at reporting date. These instruments are included in level 1.

The Group currently has available-for-sale securities that are traded in an active market.

#### Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.



## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
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#### 10. CASH AND CASH EQUIVALENTS

Cash at hand	15	5
Cash at bank	3,914,139	5,485,627
	3,914,154	5,485,632
	%	%
Weighted average interest rate	2.35	2.24

#### 11. TRADE AND OTHER RECEIVABLES

##### Current

Trade receivable	-	2,726
Interest receivable	7,207	186
GST receivable	105,995	28,381
Other receivables	525	8,025
	113,727	39,318

Trade and other receivables are non-interest bearing.

#### 12. OTHER FINANCIAL ASSETS

##### Current

Term deposit investments	56,305	55,579
	56,305	55,579

Term deposit investments comprise term deposits with a maturity date of 3 to 6 months and attract a weighted average interest rate of 2.45%.

#### 13. OTHER ASSETS

##### Current

Prepayments	20,726	16,503
	20,726	16,503

#### 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

##### Non-current

Fair value at beginning of the year	75,000	90,000
Investment	-	15,000
Revaluation of listed shares taken to reserve	46,875	(30,000)
Fair value at end of the year	121,875	75,000

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
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#### 15. CAPITALISED EXPLORATION EXPENDITURE

##### Non-current

Balance at beginning of the year	-	-
Acquisition of tenements by issue of shares	125,160	-
Balance at end of the year	125,160	-

The ultimate recoupment of acquisition costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the exploration projects have not reached a stage where this determination can be made.

#### 16. PLANT AND EQUIPMENT

Exploration equipment at cost	2,796	896
Accumulated depreciation	(741)	(506)
	2,055	390
Leasehold improvements at cost	4,680	4,680
Accumulated amortisation	(4,680)	(4,680)
	-	-
Computer & office equipment at cost	66,231	53,109
Accumulated depreciation	(46,594)	(38,734)
	19,637	14,375
Total carrying value	21,692	14,765

The reconciliation of plant and equipment is as follows:

Opening carrying value	14,765	22,294
Additions	15,022	500
Depreciation	(8,095)	(8,029)
Closing carrying value	21,692	14,765

#### 17. TRADE AND OTHER PAYABLES

##### Current

Trade creditors and accruals	643,076	106,452
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All trade creditors and accruals are non-interest bearing.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018/2017

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
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### 18. PROVISIONS

#### Current

Annual leave	26,873	37,435
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	COMPANY 2018 \$	COMPANY 2017 \$
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### 19. SHARE CAPITAL

#### Ordinary shares

88,573,575 (2017: 83,283,575)

Fully paid ordinary shares	19,868,951	19,428,205
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	2018 Number	2018 \$	2017 Number	2017 \$
<i>Movements during the year</i>				
Balance at beginning of year	83,283,575	19,428,205	70,383,575	17,182,333
Shares issued for cash	3,800,000	319,200	11,900,000	2,320,500
Shares issued on exercise of options	-	-	1,000,000	82,000
Shares issued for tenements acquisition	1,490,000	125,160	-	-
Transaction costs arising on share issues		(3,614)		(156,628)
Balance at end of year	88,573,575	19,868,951	83,283,575	19,428,205

#### Options

The movement of the unlisted options on issue during the financial year is set out below:

Exercise price \$	Expiry date	Balance at beginning of year	Issued	Exercised	Lapsed	Balance at end of year
0.118	9/11/18	900,000	-	-	-	900,000
0.250	15/12/18	800,000	-	-	-	800,000
0.111	30/11/20	-	7,000,000	-	-	7,000,000
0.168	5/4/20	-	1,900,000	-	-	1,900,000
		1,700,000	8,900,000	-	-	10,600,000

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>20. RESERVES</b>		
Share-based payment reserve	265,182	63,460
Available-for-sale reserve	56,875	10,000
	322,057	73,460

Movements:

*Share-based payment reserve*

Balance at beginning of year	63,460	147,209
Expired during the year <sup>(1)</sup>	-	(89,462)
Exercised during the year <sup>(2)</sup>	-	(32,722)
Share-based payments	201,722	38,435
Balance at end of year	265,182	63,460

*Assets classified as Available-for-sale reserve*

Balance at beginning of year	10,000	40,000
Increase/(decrease) in fair value recognised in reserve	46,875	(30,000)
Balance at end of year	56,875	10,000

<sup>(1)</sup> No options over shares (2017: \$89,462) were expired during the year and transferred to accumulated losses.

<sup>(2)</sup> No options over shares (2017: \$32,722) were exercised during the year and transferred to accumulated losses.

### Share-based payment reserve

The share-based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration. Refer to note 23 for further details of these payments.

### Available-for-sale reserve

This reserve is used to record increases in the fair value of assets classified as available-for-sale and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

## 21. ACCUMULATED LOSSES

Balance at beginning of year	13,958,755	12,235,652
Expiry of options	-	(89,462)
Exercise of options	-	(32,722)
Loss for the year	2,528,563	1,845,287
Balance at end of year	16,487,318	13,958,755

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>22. COMMITMENTS</b>		
<b>Operating Lease Commitments</b>		
Not later than 1 year	53,814	81,496
Later than 1 year but not later than 5 years	-	49,648
	53,814	131,144
<b>Exploration Expenditure Commitments</b>		
Minimum exploration expenditure		
Not later than 1 year	530,260	373,740
Later than 1 year but not later than 5 years	2,121,040	1,494,960
	2,651,300	1,868,700

Exploration expenditure commitments are only mandatory to the extent the Group wishes to retain tenure to the underlying tenements.

### 23. SHARE-BASED PAYMENTS

During the year there were 7,000,000 options granted as share-based compensation. (2017: 800,000).

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

Nexus Minerals Limited	Number	Grant Date	Expiry Date	Exercise Price \$	Fair Value at Grant Date \$
Option series No.7	900,000	10 November 2015	9 November 2018	0.118	25,025
Option series No.8	800,000	19 September 2016	15 December 2018	0.250	38,435
Option series No.9	7,000,000	30 November 2017	30 November 2020	0.111	201,722



## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 23. SHARE-BASED PAYMENTS

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

		2018 Weighted Average Exercise Price \$		2017 Weighted Average Exercise Price \$
<b>Nexus Minerals Limited</b>	<b>2018 Number</b>		<b>2017 Number</b>	
Outstanding at the beginning of the year	1,700,000	0.180	3,500,000	0.132
Expired during the year	-	-	(1,600,000)	0.171
Exercised during the year	-	-	(1,000,000)	0.082
Granted during the year (Series No.9)	7,000,000	0.111	800,000	0.250
Outstanding at the end of the year	8,700,000	0.132	1,700,000	0.180
Exercisable at the end of the year	8,700,000	0.132	1,700,000	0.180

The outstanding balance as at 30 June 2018 is represented by 8,700,000 options over ordinary shares with an exercise price of between \$0.111 and \$0.250 exercisable up to 30 November 2020.

The inputs to the valuation of options granted as share-based compensation during the year were as follows:

	<b>Series No.9</b>
Dividend yield (%)	n/a
Expected volatility (%)	77
Risk-free interest rate (%)	1.89
Expected life of option	3.00
Exercise price (cents)	11.11
Grant date share price	7.22

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.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 24. KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the year and unless otherwise indicated were key management personnel for the entire year.

#### Non-executive directors

Mr P Boyatzis (Chairman)

Dr M Elliott

Mr B Maluish

#### Executive Director

Mr A Tudor

#### a) Key management personnel compensation

The key management personnel compensation for the year is as follows:

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Short-term employee benefits	399,142	510,142
Share-based payments	201,722	-
Post-employment benefits	26,138	26,138
	627,002	536,280

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and executives. Remuneration packages comprise fixed remuneration.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 25. RELATED PARTIES

#### Controlled Entities

##### Parent Entity

Nexus Minerals Limited

##### Controlled Entities

Nexus Minerals Australia Pty Ltd (incorporated 19 August 2009)  
 ACN 152 163 801 Pty Ltd (incorporated 18 July 2011)  
 Nexus Wallbrook Pty Ltd (incorporated 18 July 2011)\*  
 ACN 155 124 324 Pty Ltd (incorporated 12 January 2012)  
 Transformation Minerals Tanzania Limited (incorporated 10 August 2012)  
 Nexus Minerals Uganda Limited (incorporated 21 September 2012)  
 Nexus Gold Pty Ltd (incorporated 24 October 2016)  
 Nexus Pinnacles Pty Ltd (incorporated 24 October 2016)

OWNERSHIP INTEREST 2018	OWNERSHIP INTEREST 2017
-------------------------------	-------------------------------

100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%

\*Nexus Triumph Pty Ltd changed its name to Nexus Wallbrook Pty Ltd on 17 October 2017.

#### a) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

#### b) Trade and other payables

Mark Elliott, who is a director of the Company was due an amount of \$5,445 at 30 June 2018 (2017: \$4,000) in respect of fees and expenses for exploration services provided.

#### c) Related party transactions

##### (i). Transactions with Nexus Minerals Australia Pty Ltd

During the year the Company received a total sum of \$179 (2017: \$1,388) in working capital from Nexus Minerals Australia Pty Ltd. The loan is unsecured, and no interest is charged. The balance at the reporting date is \$149,077. A provision for impairment of \$136,591 has been recognised by the Parent entity.

##### (ii). Transactions with Nexus Wallbrook Pty Ltd (previously Nexus Triumph Pty Ltd)

During the year the Company loaned a total sum of \$125,809 (2017: \$297) in working capital to Nexus Wallbrook Pty Ltd. The loan is unsecured, and no interest is charged. The balance at the reporting date is \$128,828. A provision for impairment of \$598 has been recognised by the Parent entity.

##### (iii). Transactions with ACN: 155 124 324

During the year the Company loaned the sum of \$508 (2017: \$387) in working capital to ACN: 155 124 324 Pty Ltd. The loan is unsecured, and no interest is charged. The balance at the reporting date is \$2,131.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

### 25. RELATED PARTIES

#### d) Related party transactions

##### (iv). Transactions with ACN: 152 163 801 Pty Ltd

During the year the Company loaned the sum of \$254 (2017: \$249) in working capital to ACN: 152 163 801 Pty Ltd. The loan is unsecured, and no interest is charged. The balance at the reporting date is \$19,074. A provision for impairment of \$17,778 has been recognised by the Parent entity.

##### (v). Transactions with Geoex Pty Ltd

During the year the Company paid \$27,378 plus GST (2017: \$14,883 plus GST) to Geoex Pty Ltd, a company related to Andy Tudor, a Director of the Company, for the supply of exploration field assistants.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

### 26. NOTES TO STATEMENT OF CASH FLOWS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
a) Reconciliation of cash and cash equivalents for the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at hand	15	5
Cash at bank	3,914,139	5,485,627
	3,914,154	5,485,632
b) Reconciliation of loss from ordinary activities after income tax to net cash provided by operating activities:		
Loss for the year	(2,528,563)	(1,845,287)
Adjustments for:		
Depreciation	8,095	8,029
Share-based payments	201,722	38,435
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(74,409)	3,907
(Increase)/decrease in prepayments	(4,223)	12,125
Increase/(decrease) in trade and other payables	536,624	(10,508)
Increase/(decrease) in provisions	(10,562)	11,663
Net cash used in operating activities	(1,871,316)	(1,781,636)

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2018

#### 27. 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.

#### 28. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Nexus executed a sale and purchase agreement to acquire a 190Km<sup>2</sup> tenement package from Newmont Exploration Pty Ltd adjacent to the existing Wallbrook Gold Project. Nexus will acquire the tenements for a consideration of \$13,000 and a 2% net smelter royalty on all mineral product extracted and received from the tenements. Completion is conditional on receipt of government approvals and execution of third-party deeds.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### 29. DIVIDENDS

No dividends were paid or declared by the Group during the year or since the end of the year.



## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2018

#### 30. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2018 the parent company of the Group was Nexus Minerals Limited.

	COMPANY	
	2018	2017
	\$	\$
<b>Result of the parent entity</b>		
Loss for the year	(2,528,563)	(1,845,287)
Other comprehensive income/(expense)	46,875	(30,000)
Total comprehensive loss for the year	(2,481,688)	(1,875,287)
<b>Financial position of parent entity at year end</b>		
<i>Current assets</i>		
Cash and term deposits	3,914,154	5,485,632
Trade and other receivables	105,919	31,509
Other financial assets	56,305	55,579
Other current assets	20,726	16,503
Total current assets	4,097,104	5,589,223
<i>Non-current assets</i>		
Financial assets	121,875	75,000
Plant and equipment	21,692	14,765
Other non-current receivables	132,968	7,809
Total non-current assets	276,535	97,574
Total assets	4,373,639	5,686,797
<i>Current liabilities</i>		
Trade and other payables	643,076	106,452
Provisions	26,873	37,435
Current liabilities	669,949	143,887
Total liabilities	669,949	143,887
<b>Net assets</b>	<b>3,703,690</b>	<b>5,542,910</b>
<i>Total equity of the parent entity comprising:</i>		
Share capital	19,868,951	19,428,205
Reserves	453,941	205,344
Accumulated losses	(16,619,202)	(14,090,639)
<b>Total Equity</b>	<b>3,703,690</b>	<b>5,542,910</b>

#### 31. CONTINGENT LIABILITIES

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

## Director's Declaration


In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'P Boyatzis', enclosed within a large, loopy oval shape.

**P Boyatzis**  
Chairman

Perth, Western Australia

Dated this 25<sup>th</sup> day of September 2018

## Independent Auditor's Report to the Members of Nexus Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Nexus Minerals Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How our audit addressed the key audit matter
<p><b>Funding and Liquidity</b></p> <p><b><i>Refer to Note 1 (v)(Financial position)</i></b></p> <p>Nexus Minerals Limited and its subsidiaries are gold exploration companies focusing on gold opportunities in Western Australia.</p> <p>The exploration activities of the Group have not yet advanced to a stage where it is able to generate revenue, accordingly the Group is reliant on funding from external sources such as capital raisings, to support its operations. We focussed on whether the Group had sufficient cash resources and access to funding to allow the Group to continue as a going concern.</p> <p>The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the inherent uncertainties associated with the future development of the Group's projects and the level of funding required to support that development.</p>	<p>We evaluated the Group's funding and liquidity position at 30 June 2018 and its ability to repay its debts as and when they fall due for a minimum of 12 months from the date of signing the financial report. In doing so, we:</p> <ul style="list-style-type: none"> <li>• obtained management's cash flow forecast for the 15 months from the commencement of the 2019 financial year;</li> <li>• assessed the reliability and completeness of management's assumptions by comparing the forecast cash flows to those of current and previous years and as well as our understanding of future events and conditions; and</li> <li>• considered events subsequent to year end to determine whether any additional facts or information have become available since the date on which management made its assessment.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the consolidated financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibility for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on the Remuneration Report**

#### ***Opinion on the Remuneration Report***

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Nexus Minerals Limited for the year ended 30 June 2018, complies with Section 300A of the *Corporations Act 2001*.

### ***Responsibilities***

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

NPAS

**Nexia Perth Audit Services Pty Ltd**



**PTC Kloppe**  
Director

Perth, Western Australia

25 September 2018

## Corporate Governance Statement

The Company's 2018 Corporate Governance Compliance Statement has been released as a separate document and can be found on our website at <http://www.nexus-minerals.com/corporate-governance/corporate-governance-compliance-statement>.

## ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### Shareholdings as at 19 September 2018

#### Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Graeme Kirke	10,000,000
Casaviva Investments Ltd	6,800,000
Jane Elizabeth Boyatzis	4,798,566
Saracen Mineral Holdings Ltd	5,290,000

#### Voting rights

##### Ordinary shares

One vote for each ordinary fully paid share.

##### On-market buy-back

There is no current on-market buy-back.

#### Restricted securities

The Company has 88,573,575 shares and 10,600,000 options on issue. No shares or options are subject to ASX or voluntary escrow.

### Distribution of equity security holders

#### Quoted ordinary shares

Category	Number of holders	Number of shares
1 - 1,000	53	17,431
1,001 - 5,000	137	431,927
5,001 - 10,000	127	1,088,379
10,000 - 100,000	337	14,062,129
100,000 and over	122	72,973,709
	776	88,573,575

254 shareholders hold less than a marketable parcel of ordinary shares.



## ASX Additional Information

Category	Unquoted options							
	Exercisable at \$0.118 expiring 9 November 2018		Exercisable at \$0.25 expiring 15 December 2018		Exercisable at \$0.168 expiring 5 April 2010		Exercisable at \$0.111 expiring 30 November 2020	
	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 - 1,000	-	-	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-	-	-
10,000 -	-	-	-	-	-	-	-	-
100,000 and	1	900,000	1	800,000	1	1,900,000	4	7,000,000
	1	900,000	1	800,000	1	1,900,000	4	7,000,000

### Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held (%)
Casaviva Investments Ltd	6,800,000	7.68
Saracen Mineral Holdings Ltd	5,290,000	5.97
Pillage Investments Pty Ltd	5,000,000	5.64
KSLCorp Pty Ltd	4,000,000	4.52
Citicorp Nominees Pty Limited	3,835,654	4.33
Cleland Projects Pty Ltd	3,750,000	4.23
Westedge Investments Pty Ltd	3,251,166	3.67
Lesuer Pty Ltd	1,500,000	1.69
Exwere Investments Pty Ltd	1,400,206	1.58
Terrence Williamson & Jonine Jancey	1,292,301	1.46
Piat Corp Pty Ltd	1,200,000	1.36
HSBC Custody Nominees (Australia) Limited	1,124,306	1.27
Ringsford Pty Ltd	1,000,000	1.13
Oak Winds Super Pty Ltd	1,000,000	1.13
Graeme Eric Kirke	1,000,000	1.13
Arnold Doubikin Pty Ltd	950,000	1.07
Crescent Nominees Limited	942,630	1.06
David Massey & Kelly Massey	853,344	0.96
Puresteel Holdings Pty Ltd	800,000	0.90
Sodell Investments Pty Ltd	750,000	0.85
	45,739,607	51.63

## ASX Additional Information

### Unquoted securities

The names of holders of more than 20% of an unlisted class of security are:

Options exercisable at 11.8 cents expiring 9 November 2018	Number of options	Percentage
A Tudor	900,000	100
Options exercisable at 25 cents expiring 12 December 2018	Number of options	Percentage
Zenix Nominees Pty Ltd	800,000	100
Options exercisable at 16.8 cents expiring 5 April 2020	Number of options	Percentage
Saracen Mineral Holdings Ltd	1,900,000	100
Options exercisable at 11.1 cents expiring 30 November 2020	Number of options	Percentage
A Tudor	2,000,000	28.6
P Boyatzis	2,000,000	28.6
Elliott Nominees Pty Ltd	1,500,000	21.4
B Maluish	1,500,000	21.4

### On-market buy-back

There is no current on-market buy-back.

## Tenement Directory

### SUMMARY OF NEXUS MINERALS TENEMENTS

#### WESTERN AUSTRALIA

##### Pinnacles (Gold)

M28/243	88% Nexus Pinnacles Pty Ltd
E28/2526	90% Nexus Gold Pty Ltd
E28/2487	100% Nexus Gold Pty Ltd

##### Wallbrook (Gold)

E31/1160	100% Nexus Wallbrook Pty Ltd
M31/157	
M31/188	
M31/190	
M31/191	
M31/231	
M31/251	

##### Triumph (Gold))

E31/1161	100% Nexus Minerals Australia Pty Ltd
E39/2044	
E39/2045	
E31/1179 (application)	100% Nexus Mt Celia Pty Ltd

##### Mt Celia (Gold)

P39/5484	100% Nexus Minerals Australia Pty Ltd
P39/5485	
P39/5486	
E39/1890	
E39/2037	
P39/5836	
E39/2025	

##### Lindsays (Gold)

P27/2384 (application)	0% Nexus Minerals Australia Pty Ltd
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NEXUSMINERALS