NEXUS MINERALS LIMITED

ABN 96 122 074 006

ANNUAL REPORT 2016

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

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Cottesloe, Western Australia, 6011

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(08) 9387 1749
www.nexus-minerals.com

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

Auditor
Nexia Perth Audit Services Pty Ltd
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Perth, Western Australia, 6000

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Nedlands, Western Australia, 6009
(08) 9389 8033

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Letter to Shareholders

Dear Shareholder

Nexus Minerals Limited ("Nexus" or "the Company" ASX: NXM) is an active advanced gold exploration company focusing on near term gold production opportunities in Western Australia.The past year has been a positive and exciting time for Nexus Minerals Limited, which was contrary to the continued uncertain sentiment in world economies.

In line with the Nexus' strategic direction, the Company signed a Joint Venture Agreement ("JV") with Saracen Mineral Holdings Pty Ltd ("Saracen") in September 2015. The JV is over 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. The project has a current JORC 2012 Resource of 413,000t @ 2.1 g/t Au for 28,000oz.

I am pleased to report that Nexus has made excellent progress through the financial year at the Pinnacles JV. The Company has conducted two drill programs, a geophysical survey and ground geological investigations to further the Pinnacles JV.

The Pinnacles JV East resource (from surface to 130m) is being evaluated for the existence of high grade mineralisation, below a potential open cut pit, with Nexus drilling to test extensions to previously identified high grade mineralisation (refer ASX announcement 17 September 2015) including:

- 6m @ 17.4g/t Au
- 6m @ 12.3g/t Au
- 11m @ 5.6g/t Au
- 8m @ 7.7g/t Au
- 7m @ 5.9g/t Au
- 4m @ 7.6g/t Au

Additionally, the Pinnacles Regional tenement package of $100km^2$ surrounding the Pinnacles JV has also delivered encouraging results with Nexus' to continue to explore the extensive and highly prospective tenement package.

The Company continues to maintain a strong financial position and held $5.1 million in cash as at 30 June 2016. Subsequent to the reporting period, the Company undertook a share placement in August 2016 which raised an additional $2.29 million dollars.

Nexus strengthened its Board with the appointment of Mr Andy Tudor on 6th July 2016 to the position of Managing Director. Mr Tudor had been undertaking the role of Chief Executive Officer since July 2014. Mr Tudor brings a wealth of management and technical experience which will further underpin the progress of the Company.

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

Paul Boyatzis
Chairman

Review of Operations

Exploration

Nexus Minerals Ltd ("Nexus" or "the Company") provides this Review of Operations report. Nexus' strategy has been to invest in advanced gold exploration assets. In line with the Company's strategy Nexus was excited to enter into a Farm-In and Joint Venture Agreement with Saracen Gold Mines Pty Ltd ("Saracen"), a subsidiary of Saracen Mineral Holdings Limited over the Pinnacles Gold Project ("Pinnacles JV") in September 2015. The Pinnacles JV is located 120km north east of Kalgoorlie in the Eastern Goldfields (Figure 1). The Company's primary focus throughout 2016 has been to progress the Pinnacles JV by way of conducting surveys and drill programs.

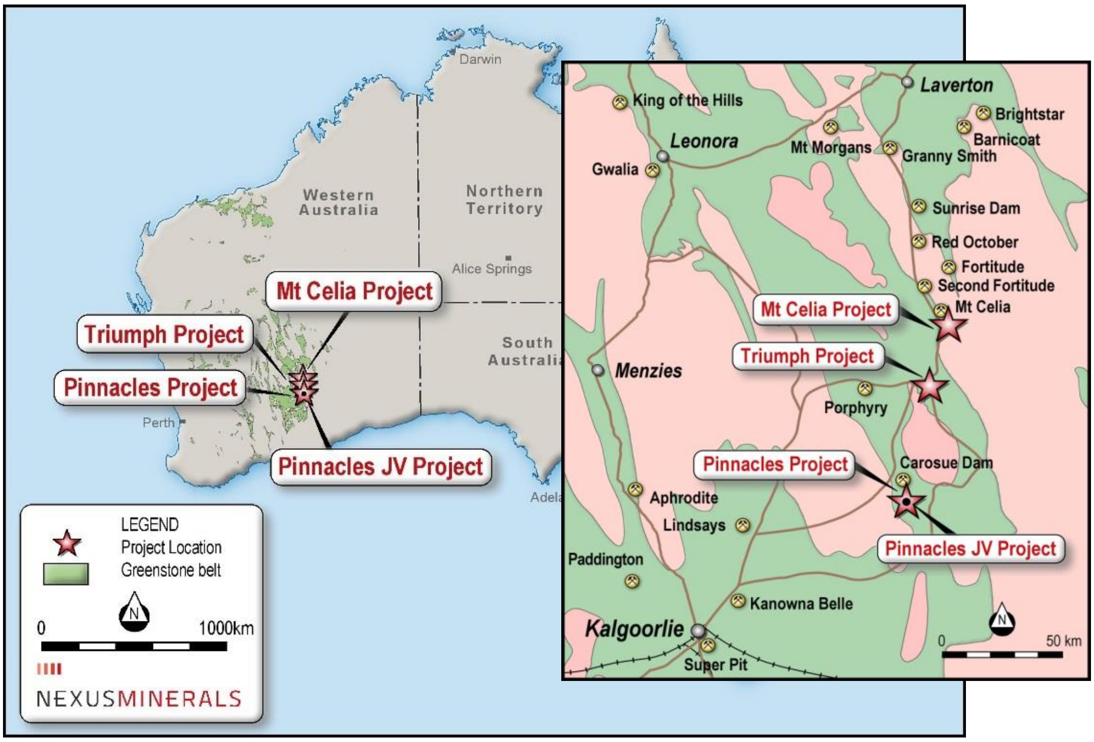

Figure 1: Locations of Nexus' projects in Western Australia.

Pinnacles Joint Venture

The Pinnacles JV is a mining tenement located 13km to the south of Saracen's Carosue Dam Gold Mining Operation (Figure 2). The Agreement enables Nexus to acquire up to 85% ownership of the project by way of a minimum expenditure on drilling and project development of $200,000 per year for 5 years. Nexus can accelerate expenditure at any time and there is no cash payment. The Agreement importantly includes an Ore Sale and Purchase Agreement where Saracen has agreed to buy any ore produced by Pinnacles JV. All ore purchased by Saracen will be processed at Saracen's 2.4Mtpa Mill at Carouse Dam Mining Operation which is located 13km to the north of the Pinnacles JV Project. Furthermore, Nexus is able to utilise the Saracen infrastructure, haul roads and camp facilities.

Review of Operations continued

Pinnacles Joint Venture continued

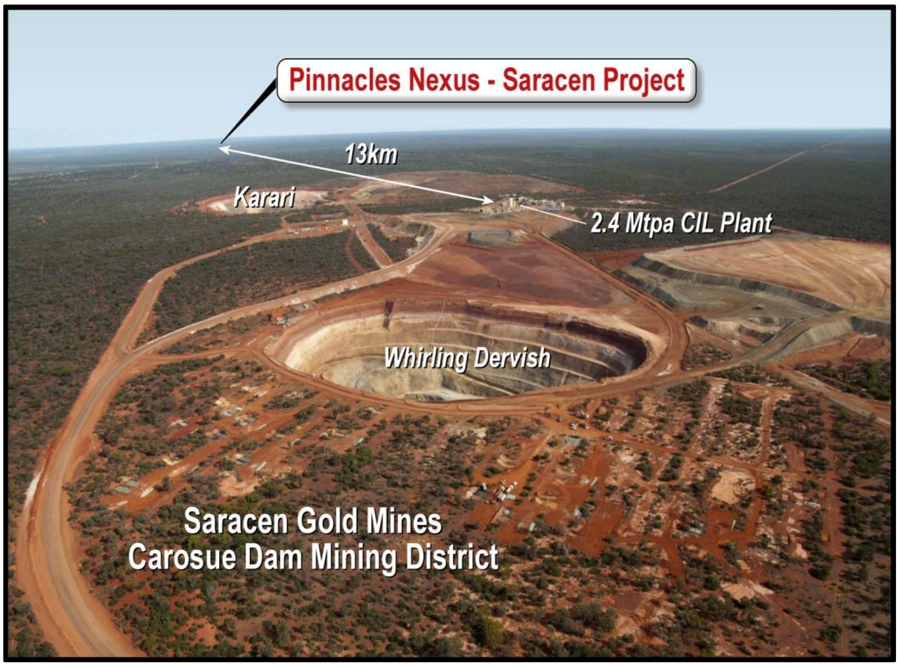

Figure 2: Saracen Gold Mines – Carouse Dam Mining District

The key terms of the Agreement are:

- Nexus is the sole manager of the Farm-in and Joint Venture (JV) from the commencement date.
- Year 1 - Nexus to spend $200,000 on the project to earn 25% equity interest (25%).
- Year 2 - Nexus to spend $200,000 on the project to earn a further 25% equity interest (50%).
- Year 3 - Nexus to spend $200,000 on the project to earn a further 12% equity interest (62%).
- Year 4 - Nexus to spend $200,000 on the project to earn a further 12% equity interest (74%).
- Year 5 - Nexus to spend $200,000 on the project to earn a further 11% equity interest (85%).
- Upon Nexus earning an interest of 85%, a contributing JV will be established with each party contributing to its JV interest – Nexus 85% / Saracen 15%.
- Nexus has the right to elect to exit the JV after a minimum spend of $200,000.
- Nexus shall have access to the Carosue Dam Mine facilities, infrastructure and mine village.
- An Ore Sale and Purchase Agreement (not toll treatment) whereby:
  - Nexus agrees to sell and Saracen agrees to buy any future ore defined and mined within the tenement.
  - The ore will be purchased by Saracen as delivered to the Carosue Dam plant ROM pad - post determination of recovery % / tonnes / grade, less a treatment charge.
  - Payment for the ore will be based on delivery to the ROM pad of ore material (regardless of whether Saracen has treated the ore or not).
  - Saracen is responsible for all treatment and royalty costs.

Review of Operations continued

Pinnacles Joint Venture continued

The Pinnacles JV project contains a JORC-2012 compliant Mineral Resource, completed by Saracen, of 413,000t @ 2.1g/t Au for 28,000oz gold (see Saracen Mineral Holdings Limited's ASX release 9 October 2014 '2014 Mineral Resources and Ore Reserves' and '2014 Mineral Resource and Ore Reserve Statement Explanatory Notes and Table'). The Resource is defined from surface to a depth of only 130m. Nexus is targeting the potential for high grade mineralisation from surface to 500m depth, consistent with the depth extent of other deposits in the district including Sunrise Dam, Red October, Karari and Deep South.

Two RC drill programs were conducted in the year and have produced encouraging results.

Pinnacles JV Long Section through the resource area is shown in Figure 3. Gold mineralisation occurs within a sub-vertical shear zone hosted by a silicified black shale unit. Gold is associated with elevated sulphides (pyrite), quartz veining (1-10cm) and sheared altered host rocks.

The Pinnacles JV East resource (from surface to 130m) is being evaluated for the existence of high grade mineralisation, below a potential open cut pit, with Nexus drilling to test extensions to previously identified high grade mineralisation (refer ASX announcement 17 September 2015) including:

- 6m @ 17.4g/t Au
- 6m @ 12.3g/t Au
- 11m @ 5.6g/t Au
- 8m @ 7.7g/t Au
- 7m @ 5.9g/t Au
- 4m @ 7.6g/t Au

Nexus has comprehensively reviewed historical data (2008/2011/2012) from previous Saracen drill programs. The re-logging of 40 Saracen RC drill holes has allowed Nexus to build a consolidated geological/alteration/mineralisation model which has assisted Nexus in follow-up drill programs.

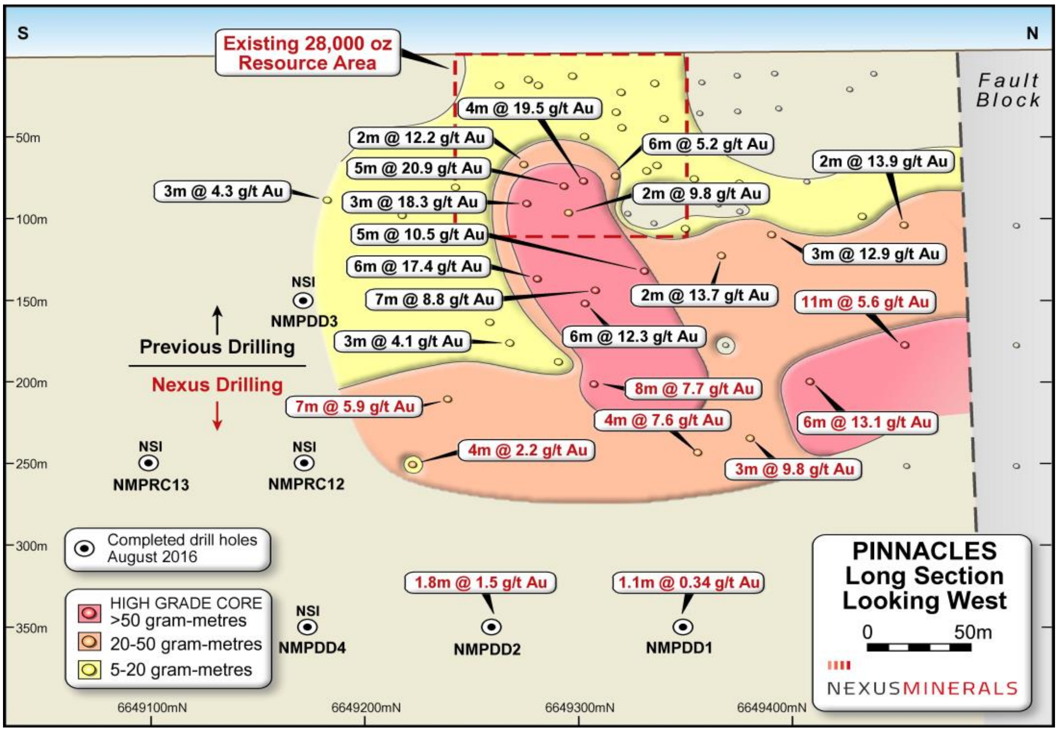

Figure 3: Drill results and Proposed Drill Holes for Pinnacles JV East (long section)

Review of Operations continued

Pinnacles Joint Venture continued

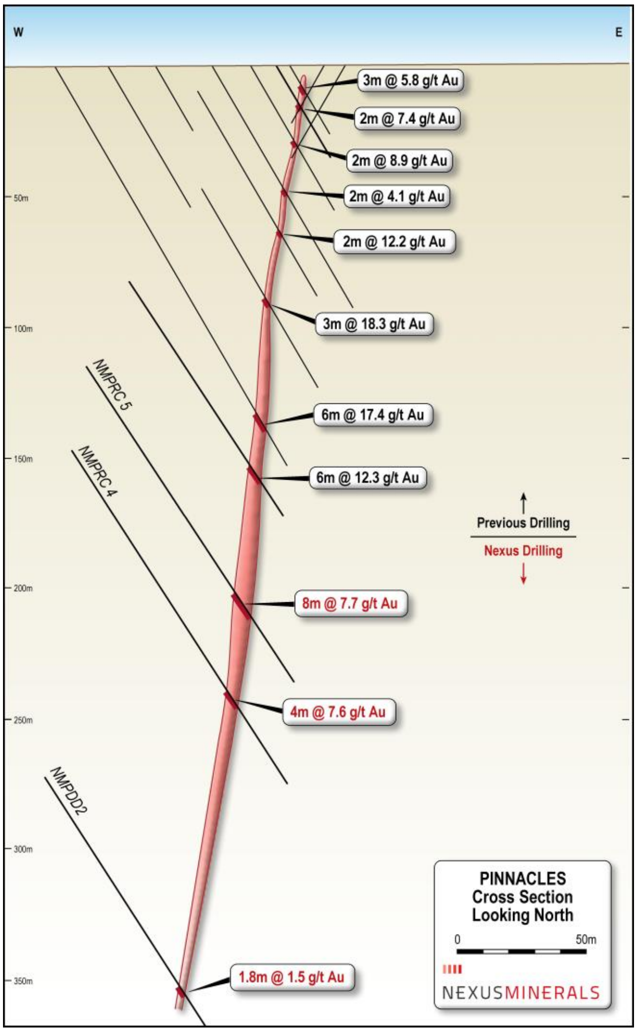

Figure 4: Pinnacles JV East cross section

During 2016, at the Pinnacles JV project a 1.6km x 300m geochemical coincident gold (>15ppb Au) and arsenic (>50ppm As) anomaly was identified. This work in conjunction with aeromagnetic data processing/ interpretation, and results from processing of a ground geophysical IP survey has provided the Company with drill ready gold targets, which formed the bases for the July 2016 drill program.

Nexus engaged Southern Geoscience Consultants (SGC) to undertake aeromagnetic data processing, imaging and interpretation of the Pinnacles JV tenement and the surrounding Pinnacles Regional Tenement package. Data from multiple surveys previously collected by private companies – now available on open file, were combined with open file government data. This resulted in the production of a high quality tailored image of the study area (Figure: 5).

Three main styles of features were highlighted:

- Magnetic Anomalies – Pinnacles East Resource Area and multiple other zones of analogous magnetic anomalism.
- Contact Zone Anomaly – Highlights an interface of magnetic / non-magnetic rock types. This contact follows the Pinnacles North coincident gold / arsenic geochemical anomaly.
- Areas of Interest – Areas requiring follow up investigation based on multiple “weight of evidence” factors.

Review of Operations continued

Pinnacles Joint Venture continued

Interpretation was carried out at 1:10,000 scale providing prospect size levels of detail. Interpreted litho-stratigraphic zones, magnetic rock units and structural features were combined as "weights of evidence" to produce "Targets" and "Areas of Interest" on a solid geology and structural interpretation map.

The Pinnacles JV East Resource Area mineralisation style / aeromagnetic response has largely driven the initial targeting, with a "corridor" of multiple analogous targets being identified within the Pinnacles JV tenement and further multiple analogous targets identified on the Pinnacles regional tenement.

The processing has also highlighted the contact between a magnetic shale unit and the flat magnetics of a volcaniclastic unit. This contact follows the previously reported Pinnacles North 1.6km x 300m geochemical coincident gold (>15ppb Au) and arsenic (>50ppm As) anomaly, partially tested by Troy and Aberfoyle from 1994-1998. The anomalous intersections identified in these programs have never been followed up with further work.

The aeromagnetic analysis has yielded a coherent district and local geological framework – albeit preliminary at this stage. There is a suggested association between magnetic features and areas of mineralisation, the only known example to date being the Pinnacles JV East Resource Area. Areas of exploration interest are proposed based on multiple factors culminating in "Weights of Evidence" anomalies. The potential broader regional association will require investigation through further ground work and ultimately the integration of future drill hole data.

	Measured			Indicated			Inferred			Total		
	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	-	-	-	387,000	2.1	27,000	26,000	1.4	1,000	413,000	2.1	28,000

Table 1. Pinnacles Resource Estimate

Review of Operations continued

Pinnacles Joint Venture continued

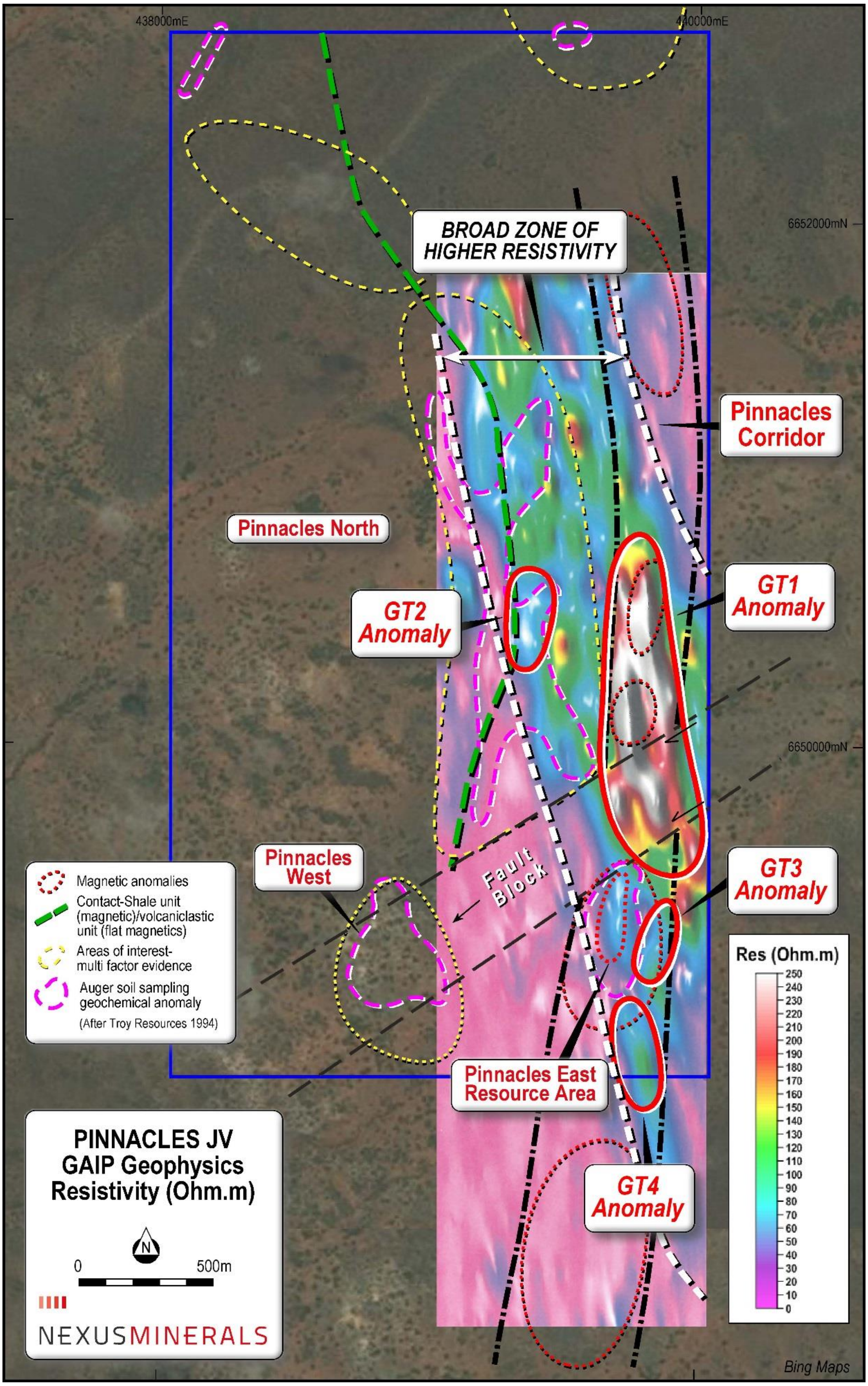

Figure 5. Pinnacles JV tenement GAIP Resistivity over Aeromagnetic & Soil Geochem Anomalies.

Review of Operations continued

Pinnacles Joint Venture continued

The Company conducted a Gradient Array Induced Polarisation (GAIP) which is a geophysical method used in gold exploration and provides two forms of results, being Resistivity[1] and Chargeability[2]. The method was selected as it allows a large area to be covered where the positions of anomalies are not well known, and also has the potential to identify zones of:

Resistivity – highs representing potential silica alteration / quartz veining also often associated with gold mineralisation, and;

Chargeability – highs representing the presence of sulphides (pyrite / arsenopyrite) often associated with gold mineralisation.

The Nexus GAIP survey was conducted over a 4km x 1km grid, with 200m spaced lines, tightened to 100m spacing over the Pinnacles JV East resource area for a total of 23 line kilometres. Recordings were taken at 25, 50 and 100m along the lines. The 100m data provided a reliable data set for this first pass survey, with the 50m and 25m data providing better delineation of structures, alteration and lithological distribution.

The GAIP survey has identified a number of local and regional features (Figures 5 and 6 – 50m data shown):

1) The resistivity data shows a broad north - north west trending 2.5km x 600m zone of increased resistivity, with a number of higher order anomalies within it.
2) This broad resistivity zone contains coincident high order resistivity (up to 650 ohm.m) and chargeability (up to 40mV/V) anomalies (GT1 anomaly). Areas where these resistivity and chargeability anomalies coincide are considered excellent targets for gold mineralisation. These highs also coincide with previously identified aeromagnetic highs representing potential high level intrusions.
3) Resistivity highs also occur along contact zones of magnetic / non-magnetic rock units within the previously reported Pinnacles North 1.6km x 300m geochemical coincident gold (>15ppb) arsenic (>50ppm) anomaly, and beyond. These contact zone resistivity highs are interpreted to represent silicification of a black shale unit. This is highly prospective as this rock unit also hosts the Pinnacles East gold mineralisation (GT2 anomaly).
4) Pinnacles East gold mineralisation is defined in the GAIP data by a weak but distinct resistivity anomaly co-incident with the current resource. A potential “repeat” of Pinnacles East style mineralisation is observed in a duplicate structural position, 200m south east of the Pinnacles East resource (GT3 anomaly).
5) A narrow north south coincident chargeability & resistivity high possibly representing a deformed silicified black shale unit (GT4 anomaly).
6) The chargeability high predominantly to the west of the shale/volcaniclastic unit contact (green dashed line on Figures 5 and 6) is likely to represent a graphitic black shale lithological unit. The presence of this graphitic unit is important, as with the correct structural and chemical factors it can aid in the deposition of gold.

[1] Resistivity uses voltage and current measurements to calculate the resistivity of the rocks

[2] Chargeability involves measuring the subsurface voltage response of some minerals at certain times after the current supply is switched off

Review of Operations continued

Pinnacles Joint Venture continued

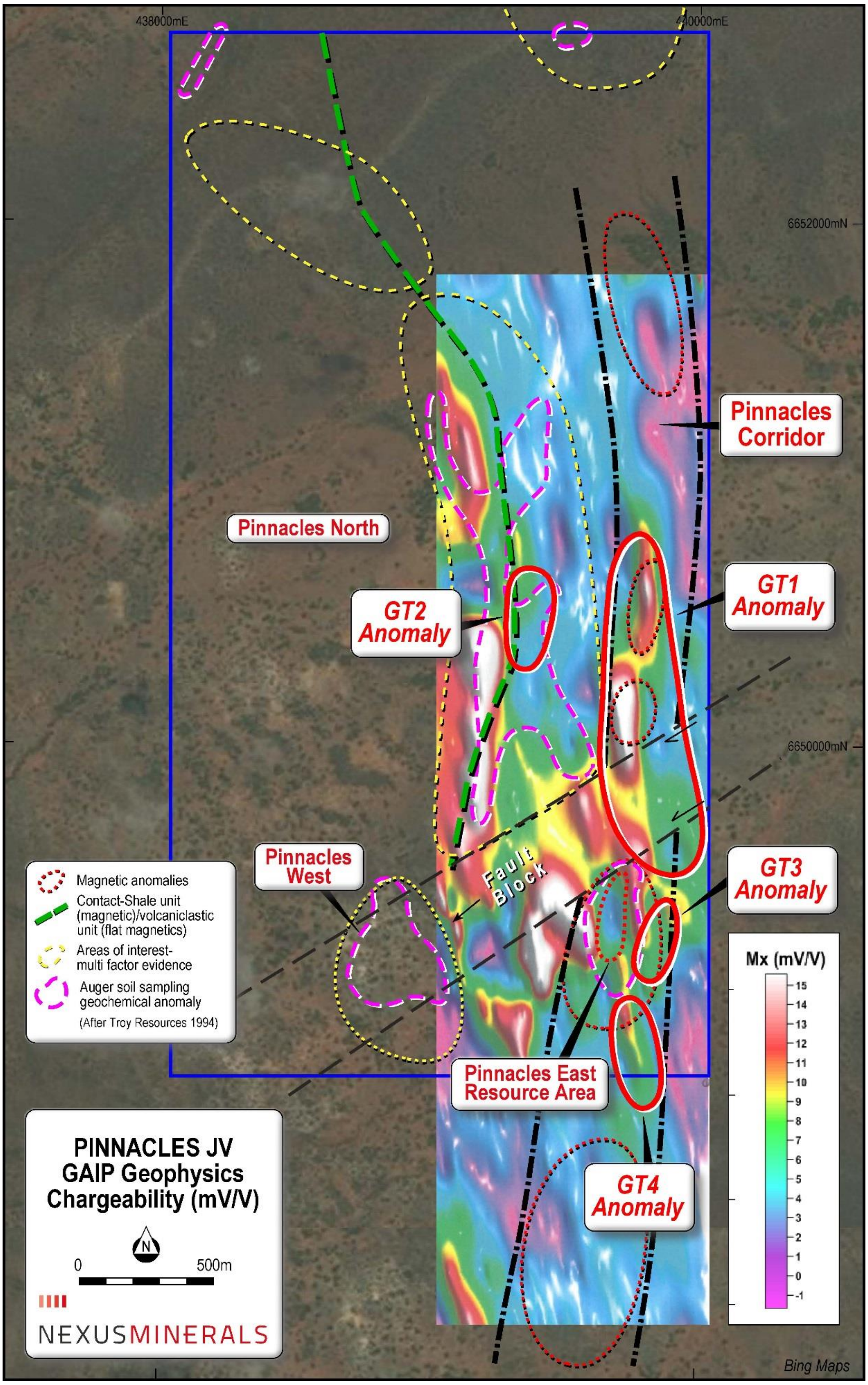

Figure 6. Pinnacles JV tenement GAIP Chargeability over Aeromagnetic & Soil Geochem Anomalies.

Review of Operations continued

Pinnacles Regional Gold Project

The Pinnacles JV tenements cover approximately 100km². The tenement area is immediately to the south of Saracen Gold Mines' Carosue Dam Operation (CDO), which includes the Karari underground gold mine currently in operation. During the 2015 year, Saracen produced 167,000 ounces of gold from CDO. CDO contains a current Mineral Resource base of 1.95 million oz and Ore Reserves of 303,000oz. Karari Underground alone contains 630,00oz of Indicated Resource and Ore Reserve of 212,447oz, with recent increases to both the project Resource and Reserves highlighting the potential for further significant increases in mine life.

The Pinnacles regional tenement package (Figure 7) surrounds the Pinnacles JV tenement. Nexus regional tenement package is contiguous with Saracen's Carosue Dam mining tenements, which includes the Whirling Dervish and Karari gold mines.

The Pinnacles Regional project area is considered to be prospective for gold mineralisation and as such a full compilation of historic data is underway. This will be completed in conjunction with regional geological, geophysical and structural interpretation (Figure 8).

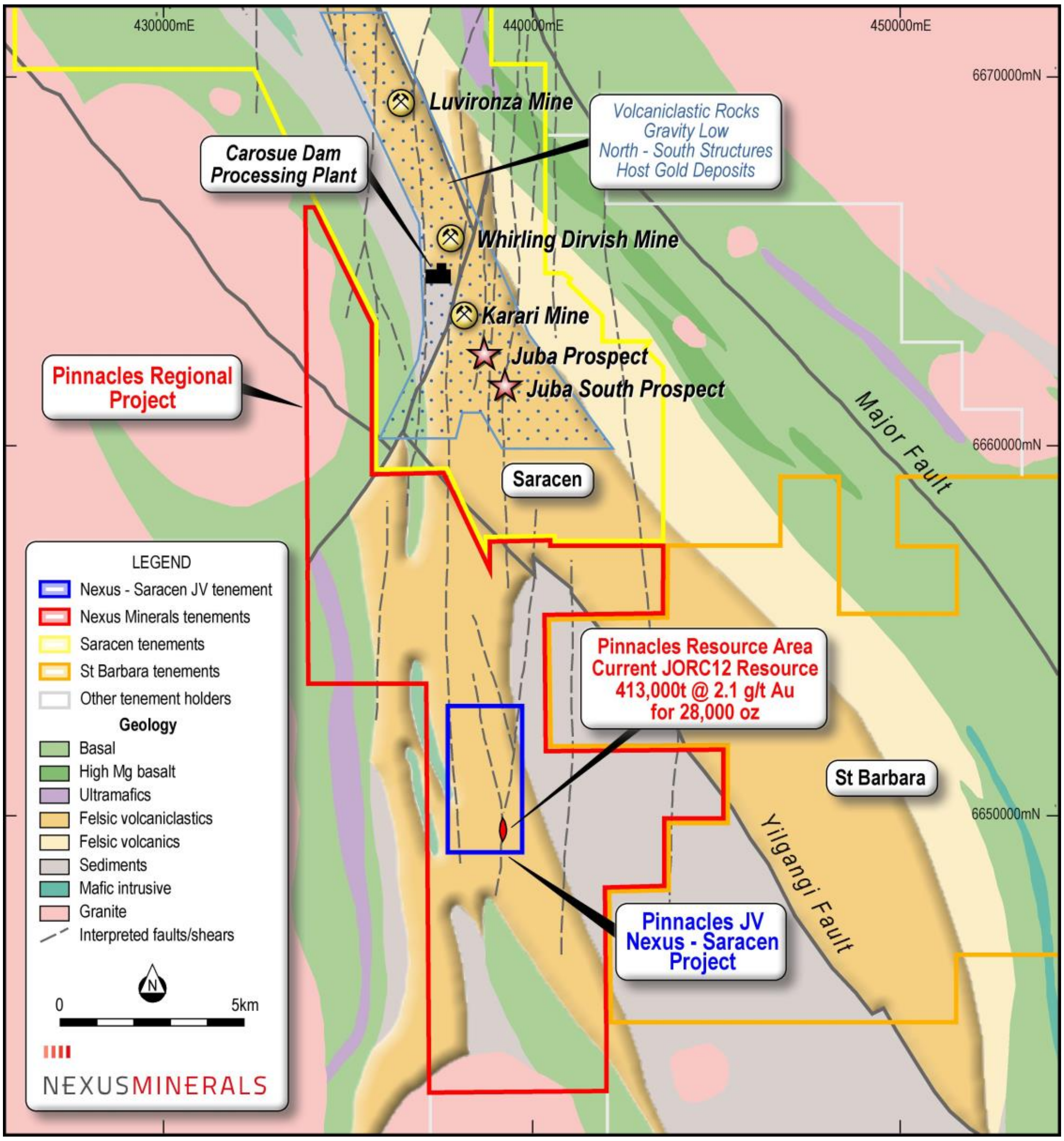

Figure 7: Pinnacles JV (Blue) surrounded by Pinnacles Regional Tenement Package.

Review of Operations continued

Pinnacles Regional Gold Project continued

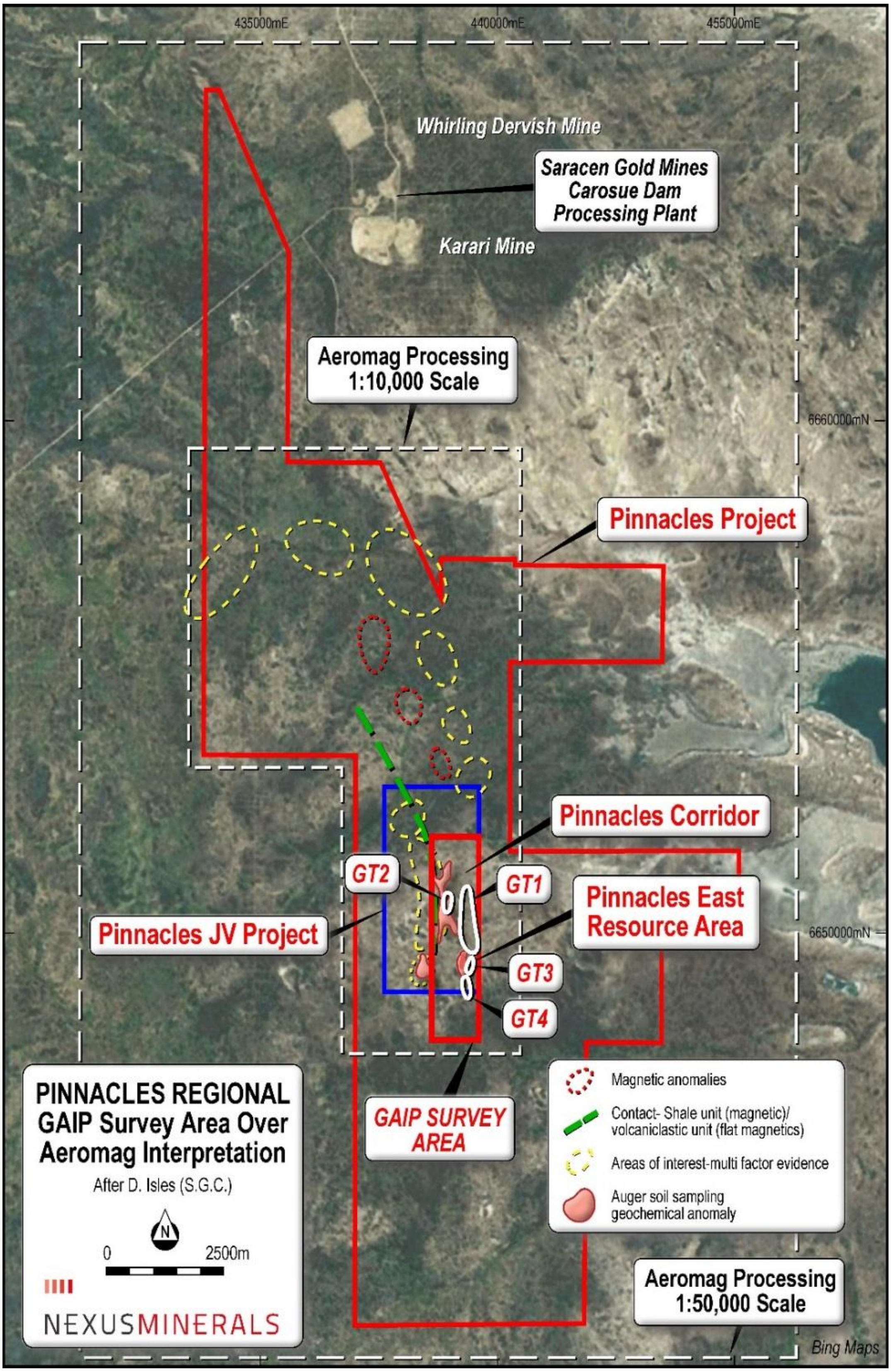

Figure 8: Pinnacles JV (Blue) surrounded by Pinnacles Regional Tenement Package.

Review of Operations continued

Triumph Gold Project

The Triumph Gold Project is located 145 km North-East of Kalgoorlie. Nexus is targeting high grade gold deposits in the Triumph Gold Project. Nexus completed a RC drill program during April 2015 and is planning a second phase IP program. The Triumph Project tenements provide a semi-continuous strike length of historic gold mine workings and shafts over a mineralised structure of 16km. The joint venture tenement package covers approximately 24km^2. Nexus has been granted an exploration license and 3 prospecting licenses (100% Nexus) of a further approximately 46km^2 that surrounds the area covered by the joint venture tenements providing a total tenement package area of approximately 70km^2.

To date, the Company has undertaken an IP ground geophysical program, which identified a central high strain zone. When layered with geology, structural interpretation and ground magnetics, the structural controls on mineralisation are better understood. Nexus completed an RC drill program totalling 4,034m in early 2015 to test four high priority areas, with high grade mineralisation intersected at Triumph and Glengarry prospects.

A ground geophysical IP survey was completed in June 2016, where previous drill testing had returned elevated gold results as well as in an area where no previous work has been undertaken, in an attempt to identify potential repeat mineralised structures under cover. Field mapping and geological interpretation activities were also undertaken.

Mt Celia Gold Project

Nexus holds a 5km^2 tenement package 180km North East of Kalgoorlie known as the Mt Celia Gold Project. An application for a further 6.5km^2 has been applied for to expand the project. The tenement lies within the Laverton Tectonic Zone and the structure has hosted numerous major gold mines. Project is immediately south of Legacy Iron's Blue Peter gold project. Current inferred resource 239,232t @3.97g/t Au for 30,554oz gold (1g/t cut-off) (see Legacy Iron Ore Limited website).

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

Review of Operations continued

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. The Company confirms it is not aware of any new information that materially affects the information included in the original announcements, and in the case of Mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements. Mr Tudor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

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 2016 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 25 years' experience in the investment and equity markets, particularly with emerging growth companies in the Mining and Industrial sectors.

Mr Boyatzis is a member of the Australian Institute of Company Directors and the Securities and Derivatives Industry Association. He has served as Chairman and Director of a number of public and private companies globally.

Mr Boyatzis is a director of Transaction Solutions International Limited, Ventnor Resources Limited and Aruma Resources Limited. During the past three years Mr Boyatzis has not served as a director of any other listed company.

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.

Mr Tudor is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

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), FSEG

Dr Elliott is a chartered professional geologist with 38 years' experience in the resources industry. He has extensive experience in managing resource companies in a wide range of commodities.

Dr Elliott has a Diploma in Applied Geology (1973) from the Ballarat School of Mines and a Doctor of Philosophy Degree (1979) from the University of New South Wales. He is a qualified Company Director having completed the Company Directors course Diploma awarded by the University of Sydney Graduate School of Business in 1996. He is a Fellow of the Australian Institute of Company Directors, Australasian Institute of Mining and Metallurgy and Society of Economic Geologists.

Dr Elliott is a Non-Executive Director of geothermal developer and environmental audit and hazardous materials analytical laboratory company HRL Holdings Limited.

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

Directors' Report continued

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).

Phillip MacLeod – Non-Executive Director appointed 16 May 2014, resigned 6 July 2016
Company Secretary appointed 6 October 2006

B.Bus, ASA, 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.

During the past 3 years Mr MacLeod has not served as a director of any other listed company.

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	6	6
Mark Elliott	6	6
Bruce Maluish	6	6
Phillip MacLeod	6	6

**Appointed 1 July 2015*

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.

Directors' Report continued

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 Number	Share Options Number
Mr P Boyatzis	8,188,568	500,000
Mr A Tudor	166,666	1,500,000
Dr M Elliott	751,600	500,000
Mr B Maluish	40,000	-

4. SHARE OPTIONS

Unissued shares under option

There are 2,500,000 options over unissued shares in Nexus Minerals Limited (2015: 5,100,000).

Number of Shares Under Option	Exercise Price of Options (cents)	Expiry Date of Option
1,000,000	8.2	17 October 2016
600,000	10.5	30 June 2017
900,000	11.8	9 November 2018

Share options lapsed

During the year no options were cancelled (2015: nil). 5,500,000 options expired during the year (2015: 700,000).

Shares issued on exercise of options

There were no ordinary shares issued as a result of the exercise of options during the year (2015: none).

Share options granted to directors and key management personnel

During and since the financial year, share options were granted to the following key management personnel of the Company and the entities it controlled as part of their remuneration.

	Number of Options Granted	Number of Ordinary Shares Under Option
Andy Tudor	900,000	900,000

5. PRINCIPAL ACTIVITY

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

Directors' Report continued

6. REVIEW OF OPERATIONS

The Group made a loss after tax for the year of $1,154,392 (2015: $1,258,549). The Group had cash and term deposit balances at 30 June 2016 of $5,116,377, a decrease of $1,136,050 on the prior year.

Information on the operations of the Group, its business strategies and future prospects are set out on pages 3 to 14 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.

8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Nexus completed a 2,241m drill program at Pinnacles East within the Pinnacles JV project, 120km northeast of Kalgoorlie.

Also, subsequent to the reporting date Nexus completed a capital raising of $2.29 million before issue costs through the issue of 11,746,150 shares at 19.5 cents per share. Hartleys Limited was Lead manager to the Placement.

Capital raised from the placement will be used to accelerate exploration activities, including drilling, on the Company's Pinnacles JV tenement and Pinnacles Regional tenements, located approximately 130km northeast of Kalgoorlie, Western Australia. Funds raised will also be allocated to working capital requirements.

The Board appointed Mr Andy Tudor on 6th July 2016 to the position of Managing Director. Mr Tudor had been undertaking the role of Chief Executive Officer since July 2014.

Other than the material events described above there have been no other material events occurring subsequent to the reporting date.

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.

Directors' Report continued

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 continued

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 2016. 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 (appointed 6 July 2016)
	previously Chief Executive Officer, (appointed 7 July 2014)
Mark Elliott	Non-executive
Bruce Maluish	Non-executive (appointed 1 July 2015)
Philip MacLeod	Non-executive (resigned 6 July 2016)

Except as noted, 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 (previously $40,000) 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' and senior executives' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and named executives of the Company receiving the highest remuneration are shown in Table 1 on page 22.

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

During the year 900,000 share options over unissued shares were granted to Directors and senior executives (2015: 600,000).

Directors' Report continued

12. REMUNERATION REPORT (Audited) continued

12.4 Service agreements

On 6th July 2016 the Company appointed Mr Andy Tudor to the position of Managing Director (previously appointed 7th 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. Mr Tudor (or his nominee) received 900,000 options expiring 9 November 2018 with an agreed exercise price of 11.8 cents.

Mr Tudor's service agreement also includes the ability to earn short term incentive bonuses based on meeting key performance indicators set by the Board and achieving commercial and corporate goals. Cash bonuses can be paid on achieving share price and capital raising targets.

Directors' Report continued

12. REMUNERATION REPORT (Audited) continued

Table 1: Details of the nature and amount of each major element of remuneration of each director and named executives receiving the highest remuneration are:

Nexus Minerals Limited		Short-term				Post Employment	Other Long-term		Share-based Payments			
Directors	**Year**	**Salaries & Fees $**	**Cash Bonus $**	**Non-monetary Benefits $**	**Total $**	**Superannuation Benefits $**	**$**	**Termination Benefit $**	**Options & Rights $**	**Total $**	**Proportion of Remuneration Performance Related %**	**Value of Options as Proportion of Remuneration %**
Mr P Boyatzis	2016	84,000	-	-	84,000	-	-	-	-	84,000	-	-
	2015	84,000	-	-	84,000	-	-	-	-	84,000	-	-
Dr M Elliott (1)	2016	40,000	-	-	40,000	-	-	-	-	40,000	-	-
	2015	40,000	-	-	40,000	-	-	-	-	40,000	-	-
Mr B Maluish (2)	2016	24,000	-	-	24,000	2,280	-	-	-	26,280	-	-
Mr P MacLeod (3)	2016	36,000	-	-	36,000	-	-	-	-	36,000	-	-
	2015	36,000	-	-	36,000	-	-	-	-	36,000	-	-
Directors Total	**2016**	**184,000**	**-**	**-**	**184,000**	**2,280**	**-**	**-**	**-**	**186,280**	-	-
	2015	160,000	-	-	160,000	-	-	-	-	160,000	-	-
Executive												
Mr A Tudor (4)	2016	251,142	-	-	251,142	23,858	-	-	25,045	300,045	-	8.35
	2015	251,142	-	-	251,142	23,858	-	-	12,980	287,980	-	4.51
Executive Total	**2016**	**251,142**	**-**	**-**	**251,142**	**23,858**	**-**	**-**	**25,045**	**300,045**	**-**	**8.35**
	2015	251,142	-	-	251,142	23,858	-	-	12,980	287,980	-	4.51
Total	**2016**	**435,142**	**-**	**-**	**435,142**	**26,138**	**-**	**-**	**25,045**	**486,325**	**-**	**5.15**
	2015	411,142	-	-	411,142	23,858	-	-	12,980	447,980	-	2.90

1 Includes fees of $16,000 for geological consulting services (2015: nil)
2 Appointed 1 July 2015
3 Includes fees of $36,000 (2015: $36,000) for Company Secretarial services.
4 Appointed Chief Executive Officer 7 July 2014.

Directors' Report continued

12. REMUNERATION REPORT (Audited) continued

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

Directors	Date Granted	Number Granted During the Year	Number Vested During the Year	% of Grant Vested	% Compensation for the Year Consisting of Options
Andy Tudor	10 November 2015	900,000	900,000	100%	8.35%

The fair value of the options at the time of grant was $25,045. The options vested immediately.

There were no options that were granted to key management personnel as part of their compensation which were exercised during the year by key management personnel.

12.6 Options granted, exercised or cancelled during the year in relation to key management personnel as part of their remuneration

Directors	Value of Options Granted at the Grant Date $	Value of Options Exercised at the Exercised Date $	Value of Options Expired at the Expiry Date $
Andy Tudor	25,045	-	-

12.7 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 2015	Granted as compensation	Received on exercise of options	Other changes	Held at 30 June 2016
Directors					
Mr P Boyatzis	7,898,566	-	-	290,002	8,188,568
Dr M Elliott	751,600	-	-	-	751,600
Mr B Maluish*	40,000	-	-	-	40,000
Mr P MacLeod	105,000	-	-	34,000	139,000
Executive					
Mr A Tudor	-	-	-	166,666	166,666

*Appointed 1 July 2015

Directors' Report continued

12. REMUNERATION REPORT (Audited)

12.7 Key management personnel equity holdings continued

Directors	Held at 1 July 2014	Granted as Compensation	Received on Exercise of Options	Other Changes	Held at 30 June 2015
Mr P Boyatzis	7,898,566	-	-	-	7,898,566
Dr M Elliott	751,600	-	-	-	751,600
Mr P MacLeod	105,000	-	-	-	105,000
Executive					
Mr A Tudor*	-	-	-	-	-

* Appointed 7 July 2014

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 2015	Granted as compensation	Options exercised	Other changes	Held at 30 June 2016	Vested during the year	Vested and exercisable at 30 June 2016
Directors							
Mr P Boyatzis	500,000	-	-	-	500,000	-	500,000
Dr M Elliott	500,000	-	-	-	500,000	-	500,000
Mr B Maluish*	-	-	-	-	-	-	-
Mr P MacLeod	-	-	-	-	-	-	-
Executive							
Mr A Tudor	600,000	900,000	-	-	1,500,000	900,000	1,500,000

*Appointed 1 July 2015

	Held at 1 July 2014	Granted as compensation	Options exercised	Other changes	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
Directors							
Mr P Boyatzis	500,000	-	-	-	500,000	-	500,000
Dr M Elliott	500,000	-	-	-	500,000	-	500,000
Mr P MacLeod	200,000	-	-	(200,000)	-	-	-
Executive							
Mr A Tudor*	-	600,000	-	-	600,000	600,000	600,000

*Appointed 7 July 2014

END OF REMUNERATION REPORT (AUDITED)

Directors' Report continued

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:

	2016 $	2015 $
Audit and review services:		
Nexia Perth	31,240	33,815
	31,240	33,815
Non-audit services:		
Nexia Perth	5,500	6,400
	5,500	6,400

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 26.

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
Dated 29th September 2016

nexia australia

chartered accountants and business advisors

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 2016 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Perth Audit Services Pty Ltd

Theuns Klopper
Director

29 September 2016
Perth

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Revenue from continuing operations	3	240,158	46,315
Exploration expenditure expensed as incurred		(903,348)	(901,444)
Employee benefits		(14,170)	(21,898)
ASX and regulatory expenses		(64,008)	(62,353)
Depreciation	14	(6,780)	(10,748)
Directors' fees		(134,280)	(124,000)
Impairment of assets	13	-	(125,314)
Insurance		(17,231)	(20,704)
Legal and professional fees		(85,687)	(39,021)
Marketing and promotion		(140,854)	(10,127)
Travel expenses		(9,725)	(9,679)
Loss on disposal of plant & equipment		-	(2,376)
Occupancy expenses		(55,291)	(53,172)
Share-based compensation	19	(25,045)	(12,980)
Other expenses		(79,920)	(134,385)
Loss for the year	4	(1,296,181)	(1,481,886)
Financial income		142,210	223,337
Financial expenses		(421)	-
Net financing income	5	141,789	223,337
Loss from continuing operations		(1,154,392)	(1,258,549)
Income tax expense	8	-	-
Loss for the year		(1,154,392)	(1,258,549)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Net change in the fair value of available-for-sale assets	13	40,000	(41,249)
Other comprehensive income for the year net of tax		40,000	(41,249)
Total comprehensive loss for the year		(1,114,392)	(1,299,798)
Earnings/(loss) per share			
Basic and diluted loss per share	7	(1.64) cents	(1.79) cents

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Current Assets			
Cash and cash equivalents	10	5,116,377	6,252,427
Trade and other receivables	11	43,225	35,853
Other assets	12	28,628	40,160
Total current assets		5,188,230	6,328,440
Non-current assets			
Available-for-sale assets	13	90,000	35,000
Plant and equipment	14	22,294	11,311
Total non-current assets		112,294	46,311
Total assets		5,300,524	6,374,751
Current liabilities			
Trade and other payables	15	116,460	131,182
Borrowings	16	24,402	-
Provisions	17	25,772	20,332
Total current liabilities		166,634	151,514
Total liabilities		166,634	151,514
Net assets		5,133,890	6,223,237
Equity			
Issued capital	18	17,182,333	17,182,333
Reserves	19	187,209	485,228
Accumulated losses	20	(12,235,652)	(11,444,324)
Total equity		5,133,890	6,223,237

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2016

	Note	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Cash flows from operating activities			
Receipts from exploration activities		240,158	-
Interest received		157,386	355,248
Interest paid		(421)	-
Exploration expenditure		(912,085)	(872,661)
Payments to suppliers and employees		(612,727)	(439,108)
Net cash used in operating activities	26(b)	(1,127,689)	(956,521)
Cash flows from investing activities			
Payments for purchase of plant and equipment		(17,763)	(8,252)
Proceeds from disposal of tenement		-	46,315
Payment for equity investment		(15,000)	-
Net cash provided by/(used in) investing activities		(32,763)	38,063
Net decrease in cash and cash equivalents		(1,160,452)	(918,458)
Cash and cash equivalents at 1 July		6,252,427	7,170,885
Cash and cash equivalents at 30 June	26(a)	5,091,975	6,252,427

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

30 June 2015	Issued Capital $	Accumulated Losses $	Share-based Payment Reserve $	Available-for-Sale Reserve $	Total Equity $
Balance at 1 July 2014	17,182,333	(10,230,843)	517,316	41,249	7,510,055
Total comprehensive loss for the year					
Loss for the year	-	(1,258,549)	-	-	(1,258,549)
Other comprehensive income					
Movement in fair value of available-for-sale assets taken to/(from) reserve	-	-	-	(41,249)	(41,249)
Total comprehensive loss for the year	-	(1,258,549)	-	(41,249)	(1,299,798)
Transactions with owners of the company recognised directly in equity					
Share-based payment transaction	-	-	12,980	-	12,980
Transfer of options to accumulated losses on expiry of options	-	45,068	(45,068)	-	-
Total transactions with owners of the Company	-	45,068	(32,088)	-	12,980
Balance at 30 June 2015	**17,182,333**	**(11,444,324)**	**485,228**	**-**	**6,223,237**

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

30 June 2016	**Issued Capital $**	**Accumulated Losses $**	**Share-based Payment Reserve $**	**Available-for-Sale Reserve $**	**Total Equity $**
Balance at 1 July 2015	17,182,333	(11,444,324)	485,228	-	6,223,237
Total comprehensive loss for the year					
Loss for the year	-	(1,154,392)	-	-	(1,154,392)
Other comprehensive income					
Movement in fair value of available-for-sale assets taken to/(from) reserve	-	-	-	40,000	40,000
Total comprehensive loss for the year	-	(1,154,392)	-	40,000	(1,114,392)
Transactions with owners of the company recognised directly in equity					
Share-based payment transaction	-	-	25,045	-	25,045
Transfer of options to accumulated losses on expiry of options	-	363,064	(363,064)	-	-
Total transactions with owners of the Company	-	363,064	(338,019)	-	25,045
Balance at 30 June 2016	**17,182,333**	**(12,235,652)**	**147,209**	**40,000**	**5,133,890**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statement

For the Year Ended 30 June 2016

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 2016.

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 29th September 2016.

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.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

c) Adoption of New and Revised Accounting Standards continued

New standards not yet adopted

The following standards and interpretations have been issued by the AASB, but are not yet effective and have not been adopted by the Group for the period ending 30 June 2016. The Directors have not yet determined the impact of new and amending accounting standards and interpretations applicable 1 July 2016.

	Application date of the standard	Applies to financial year
AASB 1057 *Application of Australian Accounting Standards*	1 January 2016	30 June 2017
AASB 2014-3 *Accounting for Acquisitions of Interests in Joint Operations – Amendments to AASB 11*	1 January 2016	30 June 2017
AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)*	1 January 2016	30 June 2017
AASB 2014-9 *Equity Method in Separate Financial Statements (Amendments to AASB 127)*	1 January 2016	30 June 2017
AASB 2015-1 *Annual Improvements to Australian Accounting Standards 2012-2014*	1 January 2016	30 June 2017
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	1 January 2016	30 June 2017
AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	1 January 2016	30 June 2017
AASB 2015-9 *Amendments To Australian Accounting Standards – Scope And Application Paragraphs*	1 January 2016	30 June 2017
AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*	1 January 2017	30 June 2018
AASB 2016-2 *Amendments to Australian Accounting Standards –Disclosure Initiative: Amendments to AASB 107*	1 January 2017	30 June 2018
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	1 January 2018	30 June 2019
AASB 2014-10 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)*	1 January 2018	30 June 2019
AASB 9 *Financial Instruments*	1 January 2018	30 June 2019
AASB 15 *Revenue from Contracts with Customers*	1 January 2018	30 June 2019
AASB 16 *Leases*	1 January 2019	30 June 2020

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 ("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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 of 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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 the purpose of 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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 profit or loss.

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 and executives 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 employees become fully entitled to the award (the vesting period).

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 Statement continued

For the Year Ended 30 June 2016

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 Statement continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
3. REVENUE		
Gain on sale of tenement	-	46,315
R & D tax offset	239,396	-
Refunds	762	-
	240,158	46,315
4. LOSS BEFORE INCOME TAX		
Loss before income tax expense has been arrived at after charging the following items:		
Operating lease payments	42,566	40,455
5. FINANCING INCOME		
Interest income	142,210	223,337
Interest expense	(421)	-
	141,789	223,337
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	31,240	33,815
	31,240	33,815
Taxation and other services:		
Nexia, Perth	5,500	6,400
	5,500	6,400

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016	CONSOLIDATED 2015
7. EARNINGS/(LOSS) PER SHARE		
Earnings/(loss) per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date	(1.64) cents	(1.79) cents
Loss per share – continuing operations	(1.64) cents	(1.79) cents
a) Weighted average number of shares used in calculation of basic loss per share		
Issued ordinary shares at 1 July	70,383,575	70,383,575
Weighted average number of ordinary shares at 30 June	70,383,575	70,383,575
b) Loss used in calculating basic loss per share	$1,154,392	$1,258,549
c) Loss used in calculating basic loss per share in continued operations	$1,154,392	$1,258,549

As the Group incurred a loss for the year ended 30 June 2016 the options on issue have an anti-dilutive effect and therefore the diluted loss per share is deemed equal to the basic loss per share.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
8. INCOME TAXES		
Recognised in the statement of profit or loss and other 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 profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate.		
Profit/(loss) before income tax expense from continuing operations	(1,154,392)	(1,258,549)
Income tax expense/(income) calculated at 28.50% (2015:30%)	(329,001)	(377,565)
Impact from reduction in tax rate	158,181	-
Over/(under) provision of tax in prior periods	151,616	-
Effect of expenses that are not deductible in determining taxable profit	7,224	26,527
Effect of revenues that are not assessable in determining taxable profit	(68,228)	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	80,208	351,038
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 28.50% (2015: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax assets/(liabilities)		
The following deferred tax assets have not been brought to account:		
Tax losses – revenue	3,215,000	3,096,395
Temporary differences	28,818	67,215
	3,243,818	3,163,610
Deferred tax assets have not been recognised in respect of the following items:		
Items capitalised for tax purposes	9,104	10,320
Trade and other payables	13,134	47,660
Section 40 – 880 expenses	6,580	9,235
Tax losses carry forward	3,215,000	3,096,395
Tax losses carried forward	3,243,818	3,163,610

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

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 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 relate to 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:

		Carrying Amount	
	Note	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Trade and other receivables	11	531	15,707
Cash and bank balances	10	5,116,377	6,252,427

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS CONTINUED

Credit Risk continued

None of the Company's trade and other receivables are past due (2015: $nil). As the Group is not trading there is no management of credit risk performed through an ageing analysis.

Impairment Losses

The movement in the allowance for impairment in respect of available-for-sale financial assets during the year was as follows:

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Balance at 1 July	360,626	194,063
Transfer from reserve to profit and loss	-	41,249
Impairment loss recognised	-	125,314
Balance at 30 June	360,626	360,626

During 2016 there was a transfer of impairment loss of nil between the statement of profit or loss and other comprehensive income and available-for-sale asset reserve by the Group (2015: 41,249).

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 $
30 June 2016				
Trade and other payables	116,460	(116,460)	(116,460)	-
Borrowings	24,402	(24,402)	(24,402)	-
	140,862	(140,862)	(140,862)	-
30 June 2015				
Trade and other payables	131,182	(131,182)	(131,182)	-
	131,182	(131,182)	(131,182)	-

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS CONTINUED

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 2016		CONSOLIDATED 2015	
	CARRYING AMOUNT $	INTEREST RATE %	CARRYING AMOUNT $	INTEREST RATE %
Fixed Rate Instruments				
Term deposit investments	33,758	2.35	6,162,639	2.39
Cash and bank balances	-	-	-	-
	33,758	2.35	6,162,639	2.39
Variable Rate Instruments				
Cash and bank balances	5,082,619	2.40	89,788	0.00

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 2015.

	Equity		Profit and Loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2016				
Variable rate instruments	50,826	(50,826)	50,826	(50,826)
30 June 2015				
Variable rate instruments	898	(898)	898	(898)

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS CONTINUED

Market risk (continued)

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 2016 and 30 June 2015.

Consolidated 30 June 2016	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Level 4 $**
Assets				
Available-for-sale financial assets	90,000	-	-	90,000

Consolidated 30 June 2015	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Level 4 $**
Assets				
Available-for-sale financial assets	35,000	-	-	35,000

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 Statement continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $

10. CASH AND CASH EQUIVALENTS

Cash at hand	8	47
Cash and bank	5,082,611	89,741
Term deposit investments	33,758	6,162,639
	5,116,377	6,252,427

	%	%
Weighted average interest rate	2.40	2.36

Term deposit investments comprise term deposits with a maturity date of not more than 3 months and attract a weighted average interest rate of 2.35%

11. TRADE AND OTHER RECEIVABLES

Current		
Interest receivable	6	15,183
GST receivable	42,694	20,146
Other receivables	525	524
	43,225	35,853

Trade and other receivables are non-interest bearing.

12. OTHER ASSETS

Current		
Deposits, bonds	7,500	24,759
Prepayments	21,128	15,401
	28,628	40,160

13. AVAILABLE –FOR-SALE FINANCIAL ASSETS

Non-current		
Fair value at beginning of the year	35,000	201,563
Investment	15,000	-
Impairment loss	-	(125,314)
Revaluation of listed shares taken to reserve	40,000	(41,249)
Fair value at end of the year	90,000	35,000

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
14. PLANT AND EQUIPMENT		
Exploration equipment at cost	896	715
Accumulated depreciation	(384)	(265)
	512	450
Leasehold improvements at cost	4,680	4,680
Accumulated amortisation	(4,680)	(4,680)
	-	-
Computer & office equipment at cost	52,609	35,027
Accumulated depreciation	(30,827)	(24,166)
	21,782	10,861
Total carrying value	22,294	11,311
The reconciliation of plant and equipment is as follows:		
Opening carrying value	11,311	16,183
Additions	17,763	8,252
Disposals	-	(2,376)
Depreciation	(6,780)	(10,748)
Closing carrying value	22,294	11,311

Plant and equipment of $115,200 at cost and with a nil book value was retired during the prior year.

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
15. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	116,460	131,182

All trade creditors and accruals are non-interest bearing.

Notes to the Consolidated Financial Statement continued
For the Year Ended 30 June 2016

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
16. BORROWINGS		
Unsecured		
Bank overdraft	24,402	-

Short term overdraft agreed with bank and repaid on 4 August 2016.

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
17. PROVISIONS		
Annual leave	25,772	20,332

	COMPANY 2016 $	COMPANY 2015 $
18. SHARE CAPITAL		
Ordinary shares		
70,383,575 (2015: 70,383,575)		
Fully paid ordinary shares	17,182,333	17,182,333

Movements during the year	2016 Number	2016 $	2015 Number	2015 $
Balance at beginning of year	70,383,575	17,182,333	70,383,575	17,182,333
Shares issued	-	-	-	-
Transaction costs arising on share issues	-	-	-	-
Balance at end of year	70,383,575	17,182,333	70,383,575	17,182,333

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

18. SHARE CAPITAL CONTINUED

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
0.186	23/7/15	3,000,000	-	-	3,000,000	-
0.199	23/1/16	2,500,000	-	-	2,500,000	-
0.211	23/7/16	1,000,000	-	-	-	1,000,000
0.082	17/10/16	1,000,000	-	-	-	1,000,000
0.105	30/6/17	600,000	-	-	-	600,000
0.118	9/11/18	-	900,000	-	-	900,000
		8,100,000	900,000	-	5,500,000	3,500,000

19. RESERVES

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Share-based payment reserve	147,209	485,228
Available-for-sale reserve	40,000	-
	187,209	485,228
Movements:		
Share-based payment reserve		
Balance at beginning of year	485,228	517,316
Expired during the year (1)	(363,064)	(45,068)
Share-based payments	25,045	12,980
Balance at end of year	147,209	485,228
Assets classified as Available-for-sale reserve		
Balance at beginning of year	-	41,249
Increase in fair value recognised in reserve	40,000	-
Transferred to profit and loss	-	(41,249)
Balance at end of year	40,000	-

(1) Options over shares recorded at $363,064 (2015: $45,068) expired during the year and were 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.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
20. ACCUMULATED LOSSES		
Balance at beginning of year	11,444,324	10,230,843
Expiry of options	(363,064)	(45,068)
Loss for the year	1,154,392	1,258,549
Balance at end of year	12,235,652	11,444,324

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
21. COMMITMENTS		
Operating Lease Commitments		
Not later than 1 year	42,566	36,884
Later than 1 year but not later than 5 years	-	13,608
	42,566	50,492
Exploration Expenditure Commitments		
Minimum exploration expenditure		
Not later than 1 year	301,960	305,280
Later than 1 year but not later than 5 years	1,207,840	471,120
	1,509,800	776,400

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

22. CONTINGENT LIABILITIES

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

23. SHARE-BASED PAYMENTS

During the year 900,000 options were granted as share-based compensation. (2015: 600,000).

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.2*	3,000,000	28 March 2012	23 July 2015	0.186	180,444
Option series No.3*	2,500,000	28 March 2012	23 January 2016	0.199	182,620
Option series No.4	1,000,000	28 March 2012	23 July 2016	0.211	76,482
Option series No.5	1,000,000	18 November 2013	17 October 2016	0.082	32,722
Option series No.6	600,000	7 July 2014	30 June 2017	0.105	12,980
Option series No.7	900,000	10 November 2015	9 November 2018	0.118	25,045

***** expired during the year

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

Nexus Minerals Limited	2016 Number	2016 Weighted Average Exercise Price $	2015 Number	2015 Weighted Average Exercise Price $
Outstanding at the beginning of the year	8,100,000	0.167	8,200,000	0.180
Expired during the year	(5,500,000)	0.192	(700,000)	0.195
Granted during the year	900,000	0.118	600,000	0.105
Outstanding at the end of the year	3,500,000	0.132	8,100,000	0.167
Exercisable at the end of the year	3,500,000	0.132	8,100,000	0.167

The outstanding balance as at 30 June 2016 is represented by 3,500,000 options over ordinary shares with an exercise price of between $0.082 and $0.211 each, exercisable up to dates of between 23 July 2016 and until 9 November 2018.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

23. SHARE-BASED PAYMENTS CONTINUED

The inputs to the options valuation were:

	Series No.2	Series No.3	Series No.4	Series No.5	Series No.6	Series No.7
Dividend yield (%)	n/a	n/a	n/a	n/a	n/a	n/a
Expected volatility (%)	100	100	100	97	93	67
Risk-free interest rate (%)	3.61	3.61	3.61	3.00	2.67	2.06
Expected life of option (years)	3.33	3.82	4.33	2.92	2.98	3.00
Exercise price (cents)	18.6	19.9	21.1	8.2	10.5	11.8
Grant date share price (cents)	12.0	12.0	12.0	6.0	5.0	8.0

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.

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 (appointed 1 July 2015)

Mr P Macleod

Executive

Mr A Tudor (Chief Executive Officer, appointed 7 July 2014)

a) Key management personnel compensation

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

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Short-term employee benefits	435,142	411,142
Share-based payments	25,045	12,980
Post-employment benefits	26,138	23,858
	486,325	447,980

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

24. KEY MANAGEMENT PERSONNEL CONTINUED

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and executives. Remuneration packages comprise fixed remuneration. Information regarding individual directors' and executives' compensation disclosures as permitted by *Corporations Regulations* 2M.3.03 and 2M.6.04 is provided in the remuneration report sections 12.1, 12.2, 12.3 and 12.4 of the Directors' report.

25. RELATED PARTIES

Controlled Entities	OWNERSHIP INTEREST 2016	OWNERSHIP INTEREST 2015
Parent Entity		
Nexus Minerals Limited		
Controlled Entities		
Nexus Minerals Australia Pty Ltd (incorporated 19 August 2009)	100%	100%
Transformation Minerals Africa Pty Ltd (incorporated 18 July 2011)*	100%	100%
Nexus Triumph Pty Ltd (incorporated 18 July 2011)	100%	100%
Nexus Minerals Africa Pty Ltd (incorporated 12 January 2012)**	100%	100%
Transformation Minerals Tanzania Limited (incorporated 10 August 2012)	100%	100%
Nexus Minerals Uganda Limited (incorporated 21 September 2012)	100%	100%

* Transformation Minerals Africa Pty Ltd changed its name to Nexus Gold Pty Ltd on 22 September 2016.

** Nexus Minerals Africa Pty Ltd changed its name to Nexus Pinnacles Pty Ltd on 13 July 2016.

a) Key management personnel

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

b) Trade and other payables

Paul Boyatzis, who is a director of the Company was due an amount of $nil at 30 June 2016 (2015: $7,700) in respect of directors' fees.

Mark Elliott, who is a director of the Company was due an amount of $15,977 at 30 June 2016 (2015: $nil) 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 advanced a total sum of $nil (2015: $213) in working capital to Nexus Minerals Australia Pty Ltd. The loan is unsecured and no interest is charged. The balance at the reporting date is $150,287. A provision for impairment of $141,244 has been recognised by the Parent entity.

(ii). Transactions with Nexus Triumph Pty Ltd (formerly Hemisphere Iron Pty Ltd)

During the year the Company loaned a total sum of $100 (2015: $nil) in working capital to Nexus Triumph Pty Ltd. The loan is unsecured and no interest is charged. The balance at the reporting date is $2,722. A provision for impairment of $2,662 has been recognised by the Parent entity.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

25. RELATED PARTIES CONTINUED

d) Related party transactions continued

(iii). Transactions with Nexus Minerals Africa Pty Ltd

During the year the Company loaned the sum of $321 (2015: $243) in working capital to Nexus Minerals Africa Pty Ltd. The loan is unsecured and no interest is charged. The balance at the reporting date is $1,236. A provision for impairment of $1,236 has been recognised by the Parent entity.

(iv). Transactions with Transformation Minerals Africa Pty Ltd

During the year the Company loaned the sum of $246 (2015: $243) in working capital to Transformation Minerals Africa Pty Ltd. The loan is unsecured and no interest is charged. The balance at the reporting date is $18,571. A provision for impairment of $18,066 has been recognised by the Parent entity.

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 2016 $	CONSOLIDATED 2015 $
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	8	47
Cash at bank	5,082,611	89,741
Short term deposit investments	33,758	6,162,639
Bank overdraft	(24,402)	-
	5,091,975	6,252,427
b) Reconciliation of loss from ordinary activities after income tax to net cash provided by operating activities:		
Loss for the year	(1,154,392)	(1,258,549)
Adjustments for:		
Depreciation	6,780	10,748
Share-based payments	25,045	12,980
Impairment of financial assets	-	125,314
Loss on disposal of plant and equipment	-	2,376
Gain on sale of tenement	-	(46,315)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(7,372)	145,602
(Increase)/decrease in prepayments	11,532	3,840
Increase/(decrease) in trade and other payables	(14,722)	33,166
Increase/(decrease) in provisions	5,440	14,317
Net cash used in operating activities	(1,127,689)	(956,521)

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

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 completed a 2,241m drill program at Pinnacles East within the Pinnacles JV project, 120km northeast of Kalgoorlie.

Also, subsequent to the reporting date Nexus completed a capital raising of $2.29 million before issue costs through the issue of 11,746,150 shares at 19.5 cents per share. Hartleys Limited was Lead manager to the placement.

Capital raised from the placement will be used to accelerate exploration activities, including drilling, on the Company's Pinnacles JV tenement and Pinnacles Regional tenements, located approximately 130km northeast of Kalgoorlie, Western Australia. Funds raised will also be allocated to working capital requirements.

The Board appointed Mr Andy Tudor on 6th July 2016 to the position of Managing Director. Mr Tudor had been undertaking the role of Chief Executive Officer since July 2014.

Other than the material events described above there have been no other material events occurring subsequent to the reporting date.

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 Statement continued

For the Year Ended 30 June 2016

30. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2016 the parent company of the Group was Nexus Minerals Limited.

	COMPANY	
	2016	**2015**
	$	**$**
Result of the parent entity		
Loss for the year	(1,154,392)	(1,258,549)
Other comprehensive income/(expense)	40,000	(41,249)
Total comprehensive loss for the year	(1,114,392)	(1,299,798)
Financial position of parent entity at year end		
Current assets		
Cash and term deposits	5,114,576	6,249,937
Trade and other receivables	35,417	28,045
Other current assets	28,628	40,160
Total current assets	5,178,621	6,318,142
Non-current assets		
Financial assets	90,000	35,000
Plant and equipment	22,294	11,311
Other non-current receivables	9,609	10,298
Total non-current assets	121,903	56,609
Total assets	5,300,524	6,374,751
Current liabilities		
Trade and other payables	116,460	131,182
Borrowings	24,402	-
Provisions	25,772	20,332
Current liabilities	166,634	151,514
Total liabilities	166,634	151,514
Net assets	5,133,890	6,223,237
Total equity of the parent entity comprising:		
Share capital	17,182,333	17,182,333
Reserves	319,091	617,110
Accumulated losses	(12,367,534)	(11,576,206)
Total Equity	5,133,890	6,223,237

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 2016 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

P Boyatzis
Chairman

Perth
Dated this 29th day of September 2016

nexia australia

chartered accountants and business advisors

Independent auditor's report to the members of Nexus Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Nexus Minerals Limited which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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nexia australia

Opinion

In our opinion:

(a) the financial report of Nexus Minerals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the remuneration report of Nexus Minerals Limited for the year ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

TPKlopper

Theuns Klopper
Director

29 September 2016
Perth

Corporate Governance Statement

The Company's 2016 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 26 September 2016

Substantial shareholders

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

Shareholder	Number
Graeme Kirke	7,743,042
Ultimate Victory Holdings Limited	6,800,000
Jane Elizabeth Boyatzis	4,541,168

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 82,129,725 shares and 2,500,000 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	18,834
1,001 - 5,000	146	462,674
5,001 - 10,000	132	1,127,224
10,000 - 100,000	337	13,883,601
100,000 and over	118	66,637,392
	786	82,129,725

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

ASX Additional Information continued

Unquoted Options	**Number of Holders**		
Category	**Exercisable at $0.082 expiring 17 October 2016**	**Exercisable at $0.105 expiring 30 June 2017**	**Exercisable at $0.118 expiring 9 November 2018**
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,000 - 100,000	-	-	-
100,000 and over	2	1	1
	2	1	1

Twenty Largest Shareholders

Name	**Number of Ordinary Shares Held**	**Percentage of Capital Held (%)**
Ultimate Victory Holdings Limited	6,800,000	8.28
HSBC Custody Nominees (Australia) Limited	3,924,306	4.78
KSLCorp Pty Ltd	3,600,000	4.38
Pillage Investments Pty Ltd	3,284,500	4.00
J P Morgan Nominees Australia Limited	3,049,629	3.71
Westedge Investments Pty Ltd	2,751,166	3.35
Citicorp Nominees Pty Limited	2,740,277	3.34
National Nominees Limited	1,780,247	2.17
Piat Corp Pty Ltd	1,701,000	2.07
Lesuer Pty Ltd	1,500,000	1.83
Cleland Projects Pty Ltd	1,275,000	1.55
Perth Select Seafoods Pty Ltd	1,040,000	1.27
Graeme Eric Kirke	1,000,000	1.22
Slade Technologies Pty Ltd	1,000,000	1.22
Crescent Nominees Limited	1,000,000	1.22
Ringsford Pty Ltd	1,000,000	1.22
Megatop Nominees Pty Ltd	800,000	0.97
Sodell Investments Pty Ltd	750,000	0.91
Fiona Nicole Van Den Berg	700,000	0.85
Puresteel Holdings Pty Ltd	658,000	0.80
	40,354,125	49.14

Tenement Directory

SUMMARY OF NEXUS MINERALS TENEMENTS

WESTERN AUSTRALIA	
Pinnacles JV (Gold)	
M28/243	50% Nexus Minerals Limited
Pinnacles Regional (Gold)	
P28/1185	100% Nexus Minerals Limited
E28/2487	
E28/2526	90% Nexus Minerals Limited
Triumph (Gold))	
E31/1088	100% Nexus Minerals Australia Pty Ltd
P31/2074	
P31/2075	
P31/2076	
E31/819	40% – earning interest through Farm-in JV
E31/820	
P31/1960	
P31/1961	
P31/1962	
P31/1963	
P31/1964	
Mt Celia (Gold)	
P39/5484	100% Nexus Minerals Limited
P39/5485	
P39/5486	
E39/1890	