



NEXUS GOLD CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2021 AND 2020**

Expressed in Canadian Dollars

Head office and registered and records office address

802-750 West Pender Street
Vancouver BC, V6C 2T7

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of
Nexus Gold Corp.

Opinion

We have audited the consolidated financial statements of Nexus Gold Corp. and its subsidiaries (the “Company”) which comprise the consolidated statements of financial position as at January 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the “Financial Statements”).

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audits resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

May 27, 2021

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JANUARY 31, 2021 AND 2020

Expressed in Canadian Dollars

	2021	2020
ASSETS		
Current		
Cash	\$ 2,196,670	\$ 1,191,574
Commodity tax recoverable	85,769	36,866
Prepays	763,530	318,495
Total current assets	3,045,969	1,546,935
Right of use asset (note 8)	91,778	118,001
Leasehold improvement (note 5)	14,007	18,009
Exploration and evaluation assets (note 4, 10)	3,877,687	3,503,449
TOTAL ASSETS	\$ 7,029,441	\$ 5,186,394
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 348,372	\$ 689,264
Office lease liability (note 8)	26,222	26,222
Flow-through premium liability (note 7)	54,426	95,027
Total current liabilities	429,020	810,513
Office lease liability, long term (note 8)	72,156	94,517
TOTAL LIABILITIES	501,176	905,030
EQUITY		
Share capital (note 9)	28,356,953	21,496,815
Share-based payment reserve (note 9)	3,077,078	2,577,204
Shares to be issued	20,000	-
Deficit	(24,925,766)	(19,792,655)
Total equity	6,528,265	4,281,364
TOTAL LIABILITIES AND EQUITY	\$ 7,029,441	\$ 5,186,394

Nature and continuance of operations (note 1)

Subsequent events (notes 4 and 14)

On behalf of the Board: “Alex Klenman” Director “Warren Robb” Director

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

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED JANUARY 31, 2021 and 2020

Expressed in Canadian Dollars

	2021	2020
EXPENSES		
Advertising	\$ 147,246	\$ 138,505
Amortization	4,002	2,001
Consulting fees	792,370	403,064
Corporate development and advising	274,500	608,980
Filing fees	48,720	64,976
Foreign exchange loss	41,397	39,638
Geological consulting	45,950	23,352
Insurance	17,952	20,927
Interest expense (note 8)	12,192	6,240
Management and directors' fees (note 10)	126,000	130,875
Market research and analysis	392,277	-
Marketing	840,464	619,235
Media	510,364	128,562
Office and administration (note 10)	107,690	101,266
Professional fees	140,483	155,492
Project sourcing (note 10)	234,945	92,000
Rent (Note 8)	25,304	28,140
Share-based compensation (note 9, 10)	461,735	421,920
Travel and promotion	1,072	23,959
Loss for the year before other items	\$ 4,224,663	\$ 3,009,132
OTHER ITEMS		
Exploration and evaluation assets written off (note 4)	(1,093,280)	(2,337,228)
Gain on settlement of accounts payable (note 6)	121,504	35,219
Other income (note 7)	63,328	18,793
Net loss and comprehensive loss for the year	\$ (5,133,111)	\$ (5,292,348)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.07)
Weighted average number of common shares outstanding	169,513,155	72,417,081

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

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in Canadian Dollars

	Number of shares	Share capital	Shares to be issued	Share-based payment reserve	Deficit	Total equity
Balance, January 31, 2019	42,285,440	\$ 15,950,239	\$ -	\$ 1,996,922	\$ (14,500,307)	\$ 3,446,854
Shares issued in private placement	53,583,851	3,849,878	-	182,116	-	4,031,994
Share issue costs	-	(351,082)	-	104,858	-	(246,224)
Shares issued for mineral properties	15,391,448	1,573,230	-	-	-	1,573,230
Units issued for debt	1,787,500	163,438	-	-	-	163,438
Shares issued on exercise of stock options	2,050,000	311,112	-	(128,612)	-	182,500
Share-based compensation	-	-	-	421,920	-	421,920
Loss for the year	-	-	-	-	(5,292,348)	(5,292,348)
Balance, January 31, 2020	115,098,239	\$ 21,496,815	\$ -	\$ 2,577,204	\$ (19,792,655)	\$ 4,281,364
Shares issued in private placement	99,139,353	5,203,783	-	210,624	-	5,414,407
Share issuance costs	-	(402,852)	-	144,384	-	(258,468)
Shares issued for exploration and evaluation assets	12,200,000	457,750	-	-	-	457,750
Shares issued in settlement of accounts payable	1,110,790	60,679	-	-	-	60,679
Shares issued for services	500,000	35,000	-	-	-	35,000
Shares issued on exercise of stock options	6,568,095	652,444	-	(247,194)	-	405,250
Shares issued on exercise of warrants	11,195,100	853,334	-	(69,675)	-	783,659
Shares to be issued	-	-	20,000	-	-	20,000
Share-based compensation	-	-	-	461,735	-	461,735
Loss for the year	-	-	-	-	(5,133,111)	(5,133,111)
Balance, January 31, 2021	245,811,577	\$ 28,356,953	\$ 20,000	\$ 3,077,078	\$ (24,925,766)	\$ 6,528,265

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

NEXUS GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 31, 2021 and 2020

Expressed in Canadian Dollars

	2021	2020
CASH USED IN OPERATING ACTIVITIES		
Loss for the year	\$ (5,133,111)	\$ (5,292,348)
Adjustments for non-cash items:		
Share-based compensation	461,735	421,920
Amortization	4,002	2,001
Right of use asset amortization	26,223	-
Gain on debt settlement	(121,504)	(35,219)
Exploration and evaluation assets written off	1,093,280	2,337,228
Shares for services	55,000	-
Other income	(63,328)	(18,793)
Changes in working capital items:		
Commodity tax recoverable	(48,903)	(19,273)
Due to related parties	-	(65,582)
Prepays	(445,036)	(246,267)
Office lease liability	(22,361)	20,181
Accounts payable and accrued liabilities	(277,913)	577,263
Net cash used in operating activities	(4,471,916)	(2,318,889)
FINANCING ACTIVITIES		
Proceeds from the issuance of shares	5,437,135	4,145,814
Proceeds from options exercised	405,250	182,500
Proceeds from warrants exercised	783,657	-
Share issue costs	(258,466)	(246,224)
Net cash provided by financing activities	6,367,576	4,082,090
INVESTING ACTIVITIES		
Leasehold improvement	-	(20,010)
Investments in right of use assets	-	(17,443)
Recovery of exploration and evaluation assets	170,000	-
Exploration and evaluation expenditures	(1,060,564)	(956,720)
Net cash used in investing activities	(890,564)	(994,173)
Change in cash for the year	1,005,096	769,028
Cash, beginning of the year	1,191,574	422,546
Cash, end of year	\$ 2,196,670	\$ 1,191,574
NON-CASH TRANSACTIONS		
Shares issued for mineral properties	\$ 457,750	\$ 1,573,230
Units issued for debt	\$ 60,679	\$ 163,438
Shares issued for services	\$ 55,000	\$ -

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

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

1. NATURE AND CONTINUANCE OF OPERATIONS

Nexus Gold Corp. (the “Company”) incorporated under the Business Corporations Act of British Columbia on May 7, 2009, is a public company listed on the TSX Venture Exchange (the “TSXV”) and trades under the symbol NXS. The Company also trades under the ticker symbol “NXXGF” in the United States. The address of the Company’s corporate office and its principal place of business is 802 - 750 West Pender Street, Vancouver, BC.

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

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

The Company does not generate revenues or cash flow from operations to fund its activities and relies on financing raised from the issuance of shares and the support of creditors and related parties.

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

These factors form a material uncertainty that may cast significant doubt upon the entity's ability to continue as a going concern.

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

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors of the Company on May 27, 2021.

Basis of presentation

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

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

During the year ended January 31, 2021, the COVID-19 pandemic has caused significant and negative impact to the global financial markets. The Company's exploration activities in West Africa and Canada have not been significantly affected by the pandemic to date. If the Company becomes unable to conduct future exploration activities over the long-term in the future, this may result in a potential material impairment of exploration and evaluation assets. The Company continues to monitor and assess the impact of COVID-19 on its business activities. Currently the impact has been minimal, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

Principles of consolidation

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

Significant accounting estimates and judgments

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

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Valuation of share-based compensation

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

Decommissioning restoration provision

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

Income taxes

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

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty is subject to significant judgment.

Exploration and evaluation assets

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

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

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of exploration and evaluation assets. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The Company does not accrue estimated future costs of maintaining its exploration and evaluation assets in good standing. Capitalized costs as reported on the statements of financial position represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the exploration and evaluation property interests.

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Write-downs due to impairment in value are charged to profit or loss. General exploration costs not related to specific properties and general administrative expenses are charged to profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and environmental obligations

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

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

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

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

Impairment of assets

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

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

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Share capital

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

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

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

The Company may from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into: i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes as other income.

Share-based compensation

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

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

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consideration paid for the shares on the exercise of share purchase options is credited to share capital.

Share issue costs

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

Basic and diluted loss per share

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

Financial instruments

The Company classifies its financial assets into one of the following categories as follows: Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company has classified its cash as a financial asset measured at fair value through profit and loss. Such assets are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2021 AND 2020
Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its accounts payables and due to related parties as financial liabilities measured at amortized cost. Such liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in the consolidated statements of loss and comprehensive loss.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

NEXUS GOLD CORP.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the consolidated statement of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative liabilities consist of amounts payable and due to related parties. Derivative liabilities are classified as fair value through profit or loss. The Company has no derivative assets or liabilities.

Income taxes

Current income tax

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

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

Deferred tax

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

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

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

NEXUS GOLD CORP.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Foreign exchange

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

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

Valuation of equity units issued in private placements

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

Flow-through Shares

The Company will, from time to time, issue flow-through shares to finance a significant portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. The equity portion is measured at the market value and the residual is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the “premium” the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company records a deferred tax liability and deferred tax expense (renounced expenditures multiplied by the effective corporate tax rate).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Leases

The Company assesses whether a contract is, or contains, a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

New accounting standards adopted

In October 2018, the IASB issued amendments to IFRS 3, Business Combinations that narrowed and clarified the definition of a business. The amendments permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments are effective January 1, 2020 with earlier adoption permitted. The amendments apply to business combinations after the date of adoption. At February 1, 2020, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments make minor changes to the definition of the term "material" and align the definition across all IFRS Standards. Materiality is used in making judgments related to the preparation of consolidated financial statements. The amendments are effective January 1, 2020 with earlier adoption permitted. At February 1, 2020, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet effective

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's consolidated financial statements.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

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

The fair value hierarchy has the following levels:

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

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

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

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

Financial instrument risk exposure and risk management

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

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

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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure and risk management (continued)

(a) Credit risk

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

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

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

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

(c) Market risk

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

i. Interest rate risk

Some of the Company's accounts payable are subject to interest on unpaid balances.

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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure and risk management (continued)

ii. Foreign currency risk

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

iii. Commodity price risk

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

NEXUS GOLD CORP.
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4. EXPLORATION AND EVALUATION ASSETS

During the year ended January 31, 2020, the Company incurred the following exploration and evaluation costs related to the properties.

	Niangouela Burkina Faso	Bouboulou Burkina Faso	Rakounga Burkina Faso	Dakuli II Burkina Faso	Manzour Dayere Burkina Faso	McKenzie ON, Canada	New Pilot Project BC, Canada	Gummy Bear NL, Canada	Black Ridge and Bauline NL, Canada	TOTAL
Balance, January 31, 2019	\$ 1,174,849	\$ 852,716	\$ 889,000	\$ 9,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,925,727
Deferred exploration costs:										
Administration	13,680	2,535	12,874	113,671	15,426	5,546	3,014	-	-	166,746
Assay	-	-	-	39,037	-	3,928	2,253	-	-	45,218
Drilling	-	-	-	2,593	-	-	2,000	-	-	4,593
General field	203	-	426	14,692	744	10	3,799	-	-	19,874
Geological	-	5,200	5,330	44,157	419	64,427	25,775	1,875	1,875	149,058
Report	-	-	-	-	-	1,785	-	-	-	1,785
Travel and accommodation	575	-	5,579	35,499	1,038	3,779	15,822	-	-	62,292
Total exploration costs	14,458	7,735	24,209	249,649	17,627	79,475	52,663	1,875	1,875	449,566
Acquisition costs:										
Cash	172,065	165,653	43,648	1,278	4,510	150,000	-	-	-	537,154
Exploration advances transferred to exploration and evaluation assets	-	-	-	-	-	-	385,000	-	-	385,000
Shares	24,000	30,000	25,000	-	-	559,000	-	396,000	539,230	1,573,230
Total acquisition costs	196,065	195,653	68,648	1,278	4,510	709,000	385,000	396,000	539,230	2,495,384
Total expenditures	210,523	203,388	92,857	250,927	22,137	788,475	437,663	397,875	541,105	2,944,950
Exploration and evaluation assets written off	(1,385,372)	-	(951,856)	-	-	-	-	-	-	(2,337,228)
Option payments received	-	-	(30,000)	-	-	-	-	-	-	(30,000)
Balance, January 31, 2020	\$ -	\$ 1,056,104	\$ 1	\$ 260,089	\$ 22,137	\$ 788,475	\$ 437,663	\$ 397,875	\$ 541,105	\$ 3,503,449

NEXUS GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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4. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended January 31, 2021, the Company incurred the following exploration and evaluation costs related to the properties.

	Bouboulou Burkina Faso	Rakounga Burkina Faso	Dakuli II Burkina Faso	Manzour Dayere Burkina Faso	McKenzie ON, Canada	New Pilot Project BC, Canada	Gummy Bear NL, Canada	Dorset Property, NL and Labrador	Black Ridge and Bauline NL, Canada	TOTAL
Balance, January 31, 2020	\$ 1,056,104	\$ 1	\$ 260,089	\$ 22,137	\$ 788,475	\$ 437,663	\$ 397,875	\$ -	\$ 541,105	\$ 3,503,449
Deferred exploration costs:										
Administration	20,210	51,039	80,537	18,090	18,800	-	-	-	-	188,676
Assay	-	-	36,469	-	66,761	-	-	-	764	103,994
Drilling	-	-	165,313	-	193,955	-	-	-	-	359,268
General field	1,450	-	23,044	-	36,390	-	-	-	-	60,884
Geological	2,027	22,100	24,950	1,800	123,927	23,792	8,525	-	22,292	229,413
Report	7,924	-	8,949	2,975	3,328	-	-	5,332	-	28,508
Travel and accommodation	3,892	2,512	65,696	2,683	1,858	-	-	-	-	76,641
Total exploration costs	35,503	75,651	404,958	25,548	445,019	23,792	8,525	5,332	23,056	1,047,384
Acquisition costs:										
Cash	1,674	122,795	-	3,915	4,000	-	-	-	-	132,384
Shares	-	27,500	-	-	26,000	-	-	404,250	-	457,750
Total acquisition costs	1,674	150,295	-	3,915	30,000	-	-	404,250	-	590,134
Total expenditures	37,177	225,946	404,958	29,463	475,019	23,792	8,525	409,582	23,056	1,637,518
Exploration and evaluation assets written off	(1,093,280)	-	-	-	-	-	-	-	-	(1,093,280)
Recovery	-	(70,000)	-	-	-	-	-	(100,000)	-	(170,000)
Balance, January 31, 2021	\$ 1	\$ 155,947	\$ 665,047	\$ 51,600	\$ 1,263,494	\$ 461,455	\$ 406,400	\$ 309,582	\$ 564,161	\$ 3,877,687

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Properties in West Africa

Bouboulou Property, Burkina Faso, West Africa

During the year ended January 31, 2017, the Company entered into an option agreement to acquire a 100% interest in the Bouboulou Exploration Permit located in Burkina Faso, West Africa. The agreement was subsequently amended in February 2020.

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

- i) pay US\$10,000 (paid) and issue 50,000 shares (issued at a value of \$2,500);
- ii) pay US\$35,000 (paid) and issue 100,000 shares (issued at a value of \$7,000);
- iii) pay US\$125,000 (paid) and issue 250,000 shares on or before April 5, 2019 (issued at a value of \$30,000);
- iv) issue 250,000 shares on or before May 31, 2020 as amended;
- v) pay US\$150,000 on or before June 30, 2020 as amended;
- vi) issue 250,000 shares on or before August 31, 2020 as amended;
- vii) pay US\$180,000 on or before November 30, 2020 as amended.

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

During the year ended January 31, 2021 the Company did not make the payments required by the option agreement to keep it in good standing and accordingly the carrying value of the property was written down to \$1 after an impairment charge of \$1,093,280 was expensed as an asset write-off.

Rakounga Gold Property, Burkina Faso, West Africa

On July 11, 2017, the Company entered a letter of intent with Belemyida SA (the "Optionor"), pursuant to which the Company will acquire the right to earn up to 100% interest in the Rakounga Gold Property located in Burkina Faso, West Africa. The agreement was amended in August 2019.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Rakounga Gold Property, Burkina Faso, West Africa (continued)

According to the terms of the amended agreement, the Company will have an option to acquire a 90% interest in the property, in consideration for the following cash payments and the issuance of common shares of the Company as follows:

- i) pay US\$15,000 (paid) and issue 2,500 shares (issued at a value of \$4,625) upon signing of a definitive agreement;
- ii) pay US\$15,000 (paid) and issue 50,000 shares on or before August 31, 2018 (issued at a value of \$15,250);
- iii) pay US \$25,000 (paid) and issue 250,000 shares on or before December 13, 2019, as amended (issued at a value of \$25,000);
- iv) pay US\$70,000 (paid) on or before April 30, 2020, as amended;
- v) issue 250,000 shares (issued) on or before August 30, 2020;
- vi) issue 250,000 shares on or before August 30, 2021, as amended;
- vii) pay US\$125,000 on or before November 30, 2021, as amended and
- viii) pay US\$150,000 on or before November 30, 2024, as amended.

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

Rakounga Gold Property, Burkina Faso, West Africa - Option Out agreement

On December 2, 2019, as amended on March 20, 2020, the Company entered into an agreement to grant 90% of the interest in Rakounga property to an unrelated party (“Optionee”) in consideration for completing a financing or going public transaction before December 13, 2020, and making the following payments:

- i) paying \$30,000 on December 2, 2019(received);
- ii) paying \$70,000 on or before April 30, 2020 (received);
- iii) paying \$150,000 on or before December 2, 2021;
- iv) paying \$250,000 on or before December 2, 2022;
- v) paying \$500,000 on or before December 2, 2023

incurring the following exploration expenditures:

- i) \$100,000 on or before December 2, 2021;
- ii) an additional \$150,000 on or before December 2, 2022;
- iii) an additional \$500,000 on or before December 2, 2023 and
- iv) an additional \$500,000 on or before December 2, 2024.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Rakounga Gold Property, Burkina Faso, West Africa (continued)

At any time, following exercise of the option, and until November 30, 2025, subject to the terms of the underlying option agreement, the Optionee will have the right to acquire the remaining 10% interest in the Property in consideration for a one-time cash payment of \$1,000,000.

During the year ended January 31, 2020 management had considered whether the costs capitalized for Rakounga property was recoverable based on the review of future option payments to be made and option payments to be received from the Optionee. Based on the results of this assessment, it was determined that as of January 31, 2020 the capitalized costs are not recoverable and as such the related capitalized exploration and evaluation costs were written-down to \$1, resulting in a write-off of exploration and evaluation assets of \$951,856. During the year ended 2021 the Company incurred and capitalized additional exploration and evaluation costs which were deemed recoverable due an established history of payments received from the optionee and management expects that future payments to be received will exceed capitalized costs as at January 31, 2021.

Dakuli II Property, Burkina Faso, West Africa

In 2019, the Company applied to the Ministry of Mines in Burkina Faso to stake Dakuli II claims. During the year ended January 31, 2020 the Company received approval from the Ministry of Mines in Burkina Faso and started exploration work on the property.

Manzour Dayere, Burkina Faso, West Africa

During the year ended January 31, 2020, the Company paid \$4,510 in staking fees to stake Manzour Dayere claims. The Company started exploration work on the property in fiscal 2020.

Niangouela Property, Burkina Faso, West Africa

During the year ended January 31, 2017, the Company entered into an option agreement to acquire a 100% interest in the Niangouela Property located in Burkina Faso, West Africa. To earn a 90% interest, the Company must make the following payments:

- i) pay US\$15,000 (paid) and issue 30,000 common shares (issued at a value of \$2,700) on closing;
- ii) pay US\$15,000 (paid) and issue 70,000 common shares (issued at a value of \$4,550) on or before November 30, 2017;
- iii) pay US\$120,000 (paid) and issue 200,000 common shares (issued at a value of \$24,000) on or before March 4, 2019 as amended and
- iv) pay US\$220,000 and issue 300,000 common shares on or before March 31, 2020 as amended.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Niangouela Property, Burkina Faso, West Africa (continued)

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

During the year ended January 31, 2020, the Company decided not to pursue the property due to poor exploration results and the high cost of future option payments, resulting in a write-off of exploration and evaluation assets of \$1,385,372.

Properties in Canada

New Pilot Project

In January 2019, the Company issued 3,500,000 common shares valued at \$385,000 to a company with a director in common to acquire a 100% interest in New Pilot Project located in British Columbia, Canada. The acquisition agreement was finalized in February 2019 and as a result, \$385,000 was reclassified from exploration advance to acquisition costs in fiscal 2020.

McKenzie Property

On February 12, 2019, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the McKenzie Island Claims in consideration for a cash payment of \$150,000 (paid) and issuance of 4,000,000 shares (issued). In addition, 300,000 shares valued at \$39,000 were issued to the finders of this property. On May 19, 2020, the Company entered into another mineral property acquisition agreement to acquire two additional claims in consideration for a cash payment of \$4,000 (paid) and issuance of 400,000 shares (issued).

Gummy Bear

On May 22, 2019, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the Gummy Bear claims located in Newfoundland and Labrador, Canada in consideration for an issuance of 4,000,000 (issued) common shares valued at \$360,000. The Company issued 400,000 common shares valued at \$36,000 to a finder of the property. The underlying owners are entitled to a 2% NSR royalty of which 1% can be purchased back for \$1,000,000.

Black Ridge and Bauline

On June 17, 2019, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the Black Ridge and Bauline claims located in Newfoundland and Labrador, Canada in consideration of the issuance of 5,500,000 (issued) common shares valued at \$495,000. The Company issued 491,448 common shares valued at \$44,230 to a finder of the property.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Black Ridge and Bauline (continued)

The underlying owners are entitled to a 2% NSR royalty of which 1% can be purchased back for \$1,000,000.

Dorset Gold Project – Acquisition

On March 6, 2020, the Company entered into a mineral property acquisition agreement pursuant to which the Company could purchase a 100% interest in the Dorset Gold Project located in the Province of Newfoundland and Labrador, Canada. The Company completed this acquisition in fiscal 2021 and acquired the interest in the property by issuing 11,000,000 common shares as consideration and also issued 550,000 common shares to finders; with a total value of \$404,250.

Dorset Gold Project - Option Out agreement

On April 22, 2020, the Company entered into an agreement to grant 100% of the interest in Dorset Gold property to a corporation which has an officer in common with the Company in consideration of the following:

making cash payments totalling \$1,250,000, as follows:

- i) \$100,000 (received) on the closing date;
- ii) \$50,000, on or before April 22, 2021 (received subsequent to the year end);
- iii) an additional \$100,000, on or before April 22, 2022;
- iv) an additional \$400,000, on or before April 22, 2023; and
- v) an additional \$600,000, on or before April 22, 2024;

and by incurring Expenditures of not less than \$1,500,000, as follows:

- i) \$150,000, on or before the April 22, 2022;
- ii) an additional \$200,000, on or before April 22, 2023;
- iii) an additional \$400,000, on or before April 22, 2024; and
- iv) an additional \$750,000, on or before April 22, 2025.

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5. LEASEHOLD IMPROVEMENTS

During the year ended January 31, 2020, the Company incurred leasehold improvement expenses of \$20,010. The leasehold improvements are amortized on a straight-line basis over the term of the lease of five years. Leasehold improvements as at January 31, 2021 are as follows:

	Cost	Accumulated Amortization	Net book value
Leasehold improvements, January 31, 2020	\$ 20,010	\$ 2,001	\$ 18,009
Amortization	-	4,002	4,002
Leasehold improvements, January 31, 2021	\$ 20,010	\$ 6,003	\$ 14,007

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	January 31, 2021	January 31, 2020
Trade payables	\$ 294,372	\$ 632,564
Accrued liabilities	54,000	56,700
	<u>\$ 348,372</u>	<u>\$ 689,264</u>

During the year ended January 31, 2021 the Company settled payables in the amount of \$63,000 by issuing 1,110,790 common shares. During the year ended January 31, 2021 the Company wrote off \$121,504 in payables.

During the year ended January 31, 2020 the Company settled payables in the amount of \$140,563 by issuing shares valued at fair market value on the date of issuance at \$163,438 resulting in a loss of \$22,875. In addition, during the year ended January 31, 2020 the Company wrote off \$58,094 of payables. The net result of the settlement and write-off was a net gain on settlement of accounts payables of \$35,219 which is recognized in the consolidated statement of loss and comprehensive loss.

7. FLOW-THROUGH LIABILITY

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended January 31, 2021, the Company received \$1,264,250 (2020: \$771,350) from the issuance of flow-through units (Note 9). These amounts will not be available to the Company for future deduction from taxable income as the Company renounced \$1,264,250 (2020: \$771,350) in exploration expenditures to the subscribers.

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7. FLOW-THROUGH LIABILITY (continued)

The flow-through share premium is an amount reflecting the higher value that flow-through shares were issued to subscribers above the value of non-flow-through shares; and is recorded as a liability until the respective flow-through expenditure commitment has been incurred. During the year ended January 31, 2021 the Company initially recognized \$23,237 (2020: \$113,310) as a flow-through premium liability upon the issuances of flow-through shares.

During the year ended January 31, 2021 the Company incurred \$486,922 (2020: \$127,327) of eligible flow-through expenditures. This reduced the premium liability by \$63,328 during the 2021 fiscal year (2020: \$18,793) which was recognized as other income and resulted in the balance of flow through premium liability of \$54,426 as at January 31, 2021 (2020: \$94,517).

8. RIGHT OF USE ASSET AND LEASE OBLIGATION

Right-of-Use asset represents the Company's right to lease the office space. It is amortized over the term of the lease. During the year ended January 31, 2021 \$25,304 (2020 - \$28,140) was recorded in rent expense for amortization of this asset and \$12,192 (2020 - \$6,240) in interest.

Office lease liability represents the Company's obligation to pay office rent during the term of the office lease contract. The Company measures the lease liability at the present value of the lease payments that are not paid at January 31, 2021. The lease payments are discounted using a 10% interest rate which is the Company's estimated incremental borrowing rate.

The following schedule provides details of the lease liability at January 31, 2021:

Minimum lease payments:	
Fiscal year 2021	\$ 33,429
Fiscal years 2022-2024	83,572
Total future minimum lease payments	117,001
Less: Imputed interest	(18,623)
Total lease liability	98,378
Less: Current portion	\$ 26,222
Long-term portion of future minimum lease payments	\$ 72,156

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Share Capital

During the year ended January 31, 2021:

- i) On March 4, 2020 the Company issued 630,000 shares to settle accounts payable of \$31,500 and recorded gain of \$3,150 on debt settlement;
- ii) On March 6, 2020, the Company entered into a mineral property acquisition agreement pursuant to which the Company acquired the right to earn up to 100% interest in the Dorset Gold Project located in the Province of Newfoundland and Labrador, Canada. Under the terms of the agreement the Company issued 11,000,000 shares valued at \$385,000 and 550,000 shares valued at \$19,250 to finders;
- iii) On March 23, 2020 the Company closed a non-brokered private placement through the issuance of 8,980,000 units at a price of \$0.05 per unit for gross proceeds of \$449,000. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of five years. The residual value of the warrants issued in the offering was estimated to be \$134,700. No finders' fees or commissions were paid in connection with completion of the Offering.
- iv) On March 27, 2020 the Company issued 450,000 shares on exercise of stock options at \$0.05 per option. The fair value of the options of \$11,768 was deducted from share-based payment reserve;
- v) On April 9, 2020 the Company closed a non-brokered private placement through the issuance of 5,000,000 units at a price of \$0.05 per unit for gross proceeds of \$250,000. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of two years. The residual value of the warrants issued in the offering was estimated to be \$50,000. No finders' fees or commissions were paid in connection with completion of the Offering.
- vi) In May 2020 the Company issued 315,000 shares to settle accounts payable of \$12,600 and 250,000 shares for services valued at \$16,250. The Company record loss of \$829 on debt settlement;
- vii) In May 2020 the Company issued 1,150,000 shares on exercise of stock options at \$0.05 per option. The fair value of the options of \$32,535 was deducted from share-based payment reserve;
- viii) In May 2020 the Company issued 400,000 shares for McKenzie mineral project valued at \$26,000;

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Share Capital (continued)

- ix) In June 2020 the Company closed a non-brokered private placement through the issuance of 16,150,000 non-flow-through units at a price of \$0.05 per unit, and 4,085,456 flow-through units at a price of \$0.055 per unit. The Company raised gross proceeds of \$1,032,200. \$20,427 was allocated to flow through liability related the Company's obligation to spend the funds on exploration of mineral properties in Canada (note 7). Each non-flow-through unit, and each flow-through unit, consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of three years. The Company paid finders' fees of \$42,850, and issued 824,182 finder's warrants valued at \$31,272, to certain parties who have assisted the Company by introducing subscribers to the placement. The finders' warrants are exercisable at \$0.07 per warrant for a period of three years. The residual value of the warrants issued in the offering was estimated to be \$nil;
- x) In July 2020 the Company issued 1,400,000 shares on exercise of stock options at \$0.05 per option. The fair value of the options of \$43,613 was deducted from share-based payment reserve;
- xi) In July 2020 the Company issued 1,100,000 shares on exercise of warrants at \$0.07 per warrant;
- xii) In July 2020 the Company closed a non-brokered private placement through the issuance of 3,360,000 non-flow-through units at a price of \$0.05 per unit, and 460,000 flow-through units at a price of \$0.055 per unit. The Company raised gross proceeds of \$193,300. \$2,300 was allocated to flow through liability related the Company's obligation to spend the funds on exploration of mineral properties in Canada (note 7). Each non-flow-through unit, and each flow-through unit, consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of three years. The Company paid finders' fees of \$nil. The residual value of the warrants issued in the offering was estimated to be \$nil;
- xiii) In August 2020 the Company closed a non-brokered private placement through the issuance of 4,066,600 units at a price of \$0.075 per unit, for gross proceeds of \$304,995. Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.12 per share until August 4, 2023. The residual value of the warrants issued in the offering was estimated to be \$nil. The Company paid \$20,400 in finders' fees and issued 272,000 finders' warrants valued at \$14,596 to certain parties who assisted the Company by introducing subscribers to the placement. The warrants are exercisable at \$0.12 for a period of three years;

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Share Capital (continued)

- xiv) In August 2020 the Company closed a non-brokered private placement through the issuance of 2,352,941 units at a price of \$0.085 per unit for gross proceeds of \$200,000. Each unit consists of one common share of the Company, and one common share purchase warrant exercisable to acquire an additional common share of the Company at a price of \$0.12 until August 20, 2024. The residual value of the warrants issued in the offering was estimated to be \$nil.
- xv) In November 2020 the Company closed a non-brokered private placement through the issuance of 10,369,764 units at a price of \$0.055 per unit for gross proceeds of \$570,337. Each unit consists of one common share of the Company, and one half of common share purchase warrant. Each whole purchase warrant is exercisable to acquire an additional common share of the Company at a price of \$0.075 until November 30, 2022. The residual value of the warrants issued in the offering was estimated to be \$25,924. The Company paid \$nil in finders' fees.
- xvi) In December 2020 the Company closed a non-brokered private placement through the issuance of 18,440,910 flow-through units at a price of \$0.055 per unit for gross proceeds of \$1,014,250. Each unit consists of one common share of the Company, and one common share purchase warrant exercisable to acquire an additional common share of the Company at a price of \$0.07 until December 23, 2023. The Company paid \$56,615 in finders' fees and issued 1,029,354 finders' warrants valued at \$56,623 to certain parties who assisted the Company by introducing subscribers to the placement. The finders' warrants are exercisable at \$0.055 - \$0.07 for a period of three years.
- xvii) In December 2020 the Company closed a non-brokered private placement through the issuance of 25,873,682 units at a price of \$0.055 per unit for gross proceeds of \$1,423,053. Each unit consists of one common share of the Company, and one half of common share purchase warrant. Each whole purchase warrant is exercisable to acquire an additional common share of the Company at a price of \$0.075 until December 31, 2022. The Company paid \$18,810 in finders' fees and issued 644,400 finders' warrants valued at \$32,690 to certain parties who assisted the Company by introducing subscribers to the placement. The finders' warrants are exercisable at \$0.075 for a period of two years.
- xviii) On August 25, 2020 the Company issued 250,000 shares for Rakounga mineral property valued at \$27,500;
- xix) In August 2020 the Company issued 165,790 shares to settle accounts payable of \$18,750 and 250,000 for services valued at \$18,750;
- xx) In August and September 2020, the Company issued 8,095,100 shares on exercise of warrants at \$0.07 per warrant;

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Share Capital (continued)

- xxi) In August, September and October 2020, the Company issued 2,080,000 shares on exercise of stock options at \$0.05 and \$0.10 per option. The fair value of the options of \$97,735 was deducted from share-based payment reserve;
- xxii) During the period from November 2020 to January 2021 the Company issued 1,488,095 shares on exercise of stock options at \$0.055, \$0.075 and \$0.105 per option. The fair value of the options of \$60,542 was deducted from share-based payment reserve;
- xxiii) In January 2021 the Company issued 2,000,000 shares on exercise of warrants at \$0.07 per warrant.
- xxiv) The Company received services from five different consulting corporations and vendors during the year ended January 31, 2021 who also subscribed to a combined 23,735,562 shares of the Company totaling \$1,271,250 and these share subscriptions are included in various subscriptions listed above. The Company incurred a total of \$891,623 in costs for services rendered by these five consulting corporations and vendors which are included in advertising, consulting fees, corporate development and advising and project sourcing expenses according to the nature of these services.

During the year ended January 31, 2020:

- i) In February 2019, the Company issued 4,300,000 shares for McKenzie Property (note 4);
- ii) On February 21, 2019 the Company closed the first tranche and on March 19, 2019 the second tranche of a non-brokered private placement of total of 13,237,478 units, at a price of \$0.115 per unit, for gross proceeds of \$1,522,310. Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.18 per share until March 19, 2021. The residual value of the warrants issued in the offering was estimated to be \$nil.
- iii) On March 19, 2019 the Company closed a non-brokered private placement of 1,431,999 flow-through units, at a price of \$0.15 per unit, for gross proceeds of \$214,800. Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.20 per share until March 21, 2021. The residual value of the warrants issued in the offering was estimated to be \$nil.
- iv) On March 21, 2019 the Company issued 787,500 units to settle debt of \$90,563. Each unit consists of one common share and warrant. Each warrant entitles the holder to acquire 1 additional common share at \$0.18 for a period of two years. The value of the warrants was estimated to be \$nil.

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Share Capital (continued)

- v) On March 25, 2019 the Company issued 200,000 shares pursuant to acquisition of Niangouela Property (note 4);
- vi) On March 25, 2019 the Company issued 250,000 shares pursuant to acquisition of Bouboulou Property (note 4);
- vii) Issued 4,400,000 shares for Gummy Bear property (Note 4);
- viii) Issued 5,991,448 shares for Black Ridge and Bauline property (Note 4);
- ix) On May 30, 2019 the Company closed a non-brokered private placement of total of 1,875,676 units, at a price of \$0.115 per unit, for gross proceeds of \$215,703. Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.18 per share until May 30, 2021;
- x) On May 30, 2019 the Company closed a non-brokered private placement of 613,334 flow-through units, at a price of \$0.15 per unit, for gross proceeds of \$92,000. Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.20 per share until May 30, 2021. The residual value of the warrants was estimated at \$87,116 and was allocated to share-based payment reserve;

In connection with completion of the offering the Company paid \$26,196 and issued
 - 285,130 finders' warrants valued at \$16,867 and exercisable at \$0.18 until February 26, 2021;
 - 191,840 finders' warrants valued at \$9,906 and exercisable at \$0.18 until March 19, 2021;
 - 143,200 finders' warrants valued at \$7,395 and exercisable at \$0.20 until March 19, 2021;
 - 20,313 finders' warrants valued at \$523 and exercisable at \$0.18 until May 30, 2021; and
 - 61,333 finders' warrants valued at \$1,465 and exercisable at \$0.20 until May 30, 2019.
- xi) In August and September 2019 1,600,000 stock options were exercised at a price of \$0.10. The fair value of the options of \$111,886 was deducted from share-based payment reserve;
- xii) On October 7, 2019 the Company closed a non-brokered private placement of 4,750,000 units at a price of \$0.10 per unit, for gross proceeds of \$475,000. Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at a price of \$0.18 per share until October 7, 2022. The residual value of the warrants issued with units was estimated at \$95,000 and was allocated to share-based payment reserve;
- xiii) issued 250,000 shares as pursuant to the acquisition of Rakounga Gold property (Note 4);

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Share Capital (continued)

- xiv) On December 23, 2019 the Company closed an initial tranche and on January 31, 2020 final tranche of its non-brokered private placement through the issuance of 23,229,000 non-flow-through units at a price of \$0.05 per unit, and 8,446,364 flow-through units at a price of \$0.055 per unit. The Company raised gross proceeds of \$1,626,000. Each non-flow-through unit, and each flow-through unit, consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of five years. The Company paid finders' fees of \$60,803, and issued 1,734,700 warrants valued at \$68,093, to certain parties who have assisted the Company by introducing subscribers to the placement. The finders' warrants are exercisable at \$0.07 per warrant for a period of five years. The residual value of the warrants issued in the offering was estimated to be \$nil.
- xv) On January 6, 2020, the Company issued 1,000,000 units to settle debt of \$50,000 to an unrelated party. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of five years. The value of the warrants issued was estimated to be \$nil.
- xvi) On January 14, 2020, 450,000 stock options were exercised at a price of \$0.05. The fair value of the options of \$16,727 was deducted from share-based payment reserve.

Options

Share-based Compensation Plan:

The Company has a Stock Option Plan ("the Plan) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% of the number issued and outstanding common shares of the Company at the date of grant. The minimum exercise price is set at \$0.05. The exercise price of options granted under the Plan may not be less than the market value of the Company's common shares on the date of grant. Options granted under the Plan have a maximum life of ten years and vest on the date of grant or over periods determined by management. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3-month period.

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Options (continued)

At January 31, 2021, the Company had the following share purchase options outstanding:

Number of options	Exercise price	Expiry date	Weighted Average Contractual Life Remaining, years
120,000	\$ 0.05	April 28, 2021	0.24
25,000	\$ 0.85	September 6, 2021	0.60
1,150,000	\$ 0.05	March 22, 2022	1.08
1,250,000	\$ 0.075	July 3, 2022	1.42
1,250,000	\$ 0.33	October 1, 2022	1.67
900,000	\$ 0.33	June 14, 2023	2.37
261,905	\$ 0.105	August 14, 2023	2.53
1,200,000	\$ 0.24	September 12, 2023	2.61
200,000	\$ 0.11	November 16, 2023	2.79
1,300,000	\$ 0.13	February 28, 2024	3.08
1,400,000	\$ 0.10	August 13, 2024	3.53
1,000,000	\$ 0.10	July 3, 2025	4.42
10,056,905			2.49

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

	Number of Options	Weighted average exercise price
Balance, January 31, 2019	2,787,500	\$ 0.40
Granted	6,250,000	0.09
Expired	(120,000)	1.00
Exercised	(2,050,000)	0.10
Outstanding and exercisable, January 31, 2020	6,867,500	\$ 0.21
Granted	10,800,000	0.07
Exercised	(6,568,095)	0.06
Expired	(112,500)	1.20
Cancelled	(930,000)	0.30
Outstanding and exercisable, January 31, 2021	10,056,905	\$ 0.13

The fair value of the compensatory share purchase options issued during the year ended January 31, 2021 was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price.

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Options (continued)

The weighted average inputs used in the measurement of fair value at grant date of the share purchase options are:

	January 31, 2021	January 31, 2020
Risk free interest rate	0.58%	1.43%
Expected life of options	2.5 year	5 year
Annualized volatility	106%	100%
Dividend yield	0%	0%
Exercise price	\$ 0.067	\$ 0.095
Share price at measurement date	\$ 0.072	\$ 0.10

Warrants

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

	Number of Warrants	Weighted average exercise price
Balance, January 31, 2019	16,062,494	\$ 0.36
Granted	57,562,412	0.11
Expired	(6,048,928)	0.56
Balance, January 31, 2020	67,575,978	\$ 0.13
Granted	83,787,578	0.07
Expired	(10,013,566)	0.25
Exercised	(11,195,100)	0.07
Balance, January 31, 2021	130,154,890	\$ 0.08

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Warrants (continued)

As at January 31, 2021, the Company has the following warrants outstanding:

Number of warrants	Exercise price	Expiry date	Weighted Average Contractual Life Remaining, years
1,380,130	\$ 0.18	February 26, 2021	0.07
1,377,040	\$ 0.20	March 19, 2021	0.13
787,500	\$ 0.18	March 21, 2021	0.13
1,895,989	\$ 0.18	May 30, 2021	0.33
674,667	\$ 0.20	May 30, 2021	0.33
8,649,913	\$ 0.10	February 26, 2022	1.07
3,882,564	\$ 0.10	March 19, 2022	1.13
5,000,000	\$ 0.07	April 9, 2022	1.19
4,750,000	\$ 0.15	October 7, 2022	1.68
5,184,883	\$ 0.075	November 30, 2022	1.83
342,000	\$ 0.075	December 23, 2022	1.89
8,953,310	\$ 0.075	December 31, 2022	1.92
12,666,000	\$ 0.07	June 3, 2023	2.34
2,723,638	\$ 0.07	June 19, 2023	2.38
3,670,000	\$ 0.07	June 26, 2023	2.40
1,360,000	\$ 0.07	July 1, 2023	2.41
460,000	\$ 0.07	July 14, 2023	2.45
4,338,600	\$ 0.12	August 4, 2023	2.51
20,014,842	\$ 0.07	December 23, 2023	2.89
636,364	\$ 0.055	December 23, 2023	2.89
3,105,000	\$ 0.07	December 31, 2023	2.92
2,352,941	\$ 0.12	August 20, 2024	3.55
12,153,409	\$ 0.07	December 23, 2024	3.90
241,200	\$ 0.07	December 31, 2024	3.93
19,220,000	\$ 0.07	January 31, 2025	4.00
4,334,900	\$ 0.07	March 23, 2025	4.14
130,154,890	\$ 0.08		2.55

The fair value of the compensatory share purchase is measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price.

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Warrants (continued)

The weighted average inputs used in the measurement of fair value at grant date of the compensatory share purchase warrants are:

	2021	2020
Risk free interest rate	0.57	0.36%
Expected life of warrants	3 years	2.4 year
Annualized volatility	106%	111%
Dividend yield	-	0%
Exercise price	\$ 0.08	\$ 0.08
Share price at measurement date	\$ 0.07	\$ 0.08

During the year ended January 31, 2020, the expiry date of an aggregate of 10,013,566 previously issued common share purchase warrants exercisable at \$0.25 was extended to May 25, 2020.

During the year ended January 31, 2021, the Company allocated a total residual value of \$210,624 (2020 - \$182,116) related to warrants issued within units in private placements to share-based payment reserve.

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors. Compensation and transactions are recorded at the exchange amount which are the amounts agreed to by key management and entities over which key management have control or significant influence as follows:

	2021	2020
Management fees	\$ 120,000	\$ 97,875
Office and administration	60,000	60,000
Exploration and evaluation assets, capitalized	135,209	82,100
Geological consulting	-	23,352
Consulting fees	291,336	-
Share-based compensation	39,300	109,285
Total	\$ 645,845	\$ 372,612

As at January 31, 2021, the Company owed \$810 (2020 - \$nil) to companies controlled by directors and officers.

As at January 31, 2021, prepaid expenses included \$133,664 paid to a corporation with an officer in common with the Company for consulting services.

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11. SEGMENTED INFORMATION

The Company has one operating segment being the exploration of exploration and evaluation of mineral properties. The Company's exploration and evaluation assets are located in Burkina Faso and Canada and this geographic information is disclosed in Note 4.

12. CAPITAL MANAGEMENT

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

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

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

There were no changes in the Company's approach to capital management during the year ended January 31, 2021. The Company is not subject to externally imposed capital requirements.

13. INCOME TAX

A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2020 – 27%) to the income tax expense (recovery) recorded in the consolidated financial statements is as follows:

	2021	2020
Loss for the year	\$ (5,133,111)	\$ (5,292,348)
Expected income tax (recovery)	\$ (1,386,000)	\$ (1,429,000)
Change in future tax rate and other	233,000	166,000
Permanent differences	42,000	34,000
Change in unrecognized deductible temporary differences	1,111,000	1,228,000
Income tax (recovery)	\$ -	\$ -

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13. INCOME TAX (continued)

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

	2021	2020
Deferred Tax Assets		
Exploration and evaluation assets	\$ 1,304,000	\$ 1,242,000
Capital assets	4,000	2,000
Share issue costs deductible in future years	136,000	123,000
Non-capital losses available for future period	4,392,000	3,358,000
	5,836,000	4,725,000
Unrecognized deferred tax assets	(5,836,000)	(4,725,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses as at January 31, 2021 that have not been included on the consolidated statement of financial position are as follows:

	Temporary Differences	Expiry Date Range
Exploration and evaluation assets	\$ 4,831,000	No expiry date
Canadian assets	14,000	No expiry date
Share issue cost	502,000	2021 to 2025
Non-capital losses available for future period	16,266,000	2022 to 2041

14. SUBSEQUENT EVENTS

Subsequent to the year ended January 31, 2021, the Company extended the expiry date and reduced the exercise price to the terms of an aggregate of 12,532,477 warrants issued by the Company. More particularly, the Company has amended the terms of 8,649,913 warrants set to expire on February 26, 2021. Of this series, all are held by non-insiders and exercisable at \$0.18 (the "February Warrants"). The date of expiration of the February Warrants has been extended to February 26, 2022 and the exercise price has been reduced to \$0.10 per warrant. Further, the Company has amended the terms of 2,867,565 warrants held by non-insiders set to expire on March 19, 2021 and exercisable at \$0.18 and 1,014,999 warrants held by non-insiders set to expire on March 19, 2021 and exercisable at \$0.20 (the "March Warrants"). The date of expiration of the March Warrants has been extended to March 19, 2022 and the exercise price has been reduced to \$0.10 per warrant.

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14. SUBSEQUENT EVENTS (continued)

Subsequent to the year ended January 31, 2021, the Company issued 500,000 common shares for services.

Subsequent to the year ended January 31, 2021, the Company issued 869,565 common shares for warrants exercised at \$0.10 per common share. The Company also issued 4,500,001 common shares for warrants exercised at \$0.075 per common share.

Subsequent to the year ended January 31, 2021, the Company issued 1,000,000 common shares for stock options exercised at \$0.06 per common share.

Subsequent to the year ended January 31, 2021, the Company closed a non-brokered private placement through the issuance of 6,592,640 units (each, a “Unit”) for gross proceeds of \$329,632. Each Unit consists of one common share of the Company, and one common share purchase warrant exercisable to acquire an additional share at a price of \$0.07 for a period of thirty-six months. No finders’ fees or commissions were paid in connection with completion of the initial tranche of the private placement.

Subsequent to the year ended January 31, 2021, the Company granted 3,750,000 stock options.