



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Energy Metals Corp.:

### Opinion

We have audited the consolidated financial statements of Global Energy Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 audit 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that as at June 30, 2020 the Company has not achieved profitable operations, had a net loss of \$603,444 for the year ended June 30, 2020. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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. The other information comprises the information included in Management's Discussion and Analysis.

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

### 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, 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.

## Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's 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.

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 audit resulting in this independent auditor's report is Barry Hartley.

*DML*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

October 28, 2020

**Global Energy Metal Corporation**  
**Consolidated Statement of Financial Position**  
**As at June 30 2020 and 2019**  
(Expressed in Canadian dollars)

	June 30, 2020 - \$ -	June 30, 2019 - \$ -
<b>ASSETS</b>		
Current assets		
Cash	314	324,207
Receivables (Note 4, 10)	6,269	91,930
Prepaid expenses (Note 10)	-	144,248
Marketable securities (Note 6)	9,652	31,363
Total current assets	16,235	591,748
Deposits (Note 8)	13,013	13,013
Right-of-use asset (Note 5, 8)	115,910	-
Exploration and evaluation assets (Note 6)	5,974,113	5,810,753
Total assets	6,119,271	6,415,514
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4, 7, 10)	279,354	101,293
Convertible debenture (Note 7)	7,843	7,843
Lease obligations - current portion (Note 5, 8)	59,501	-
Total current liabilities	346,698	109,136
Long-term liabilities		
Lease obligations (Note 5, 8)	80,100	-
Total liabilities	426,798	109,136
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	8,032,575	8,021,325
Reserves (Note 9)	1,166,401	1,188,112
Deficit	(3,506,503)	(2,903,059)
Total shareholders' equity	5,692,473	6,306,378
Total liabilities and shareholders' equity	6,119,271	6,415,514

Nature of operation and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board of Directors on October 28, 2020:

"Erin Campbell"

Erin Campbell, Director

"Paul Sarjeant"

Paul Sarjeant, Director

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

**Global Energy Metals Corporation**  
**Consolidated Statement of Loss and Comprehensive Loss**  
**For the years ended June 30 2020 and 2019**  
(Expressed in Canadian dollars)

	Year ended June 30,	
	2020	2019
	- \$ -	- \$ -
Expenses		
General administrative and office	43,470	31,562
Depreciation expense (Note 5)	44,868	-
Management fees (Note 10)	81,000	139,500
Marketing and advertising	62,380	232,404
Investor relations	33,333	16,667
Corporate development	101,468	163,086
Professional fees (Note 10)	122,584	187,941
Filing fees	14,647	47,058
Stock based compensation (Note 9)	-	12,384
Travel	41,197	43,346
Total expenses	(544,947)	(873,948)
Other income	10,360	-
Interest on lease obligation (Note 8)	(9,409)	-
Loss from debt settlement (Note 9)	-	(84,552)
Bad debt (Note 10)	(59,448)	-
Foreign exchange loss	-	(2,592)
Loss for the year	(603,444)	(961,092)
Other comprehensive loss		
Items that will be reclassified to profit or loss:		
Change in fair value of investment (Note 6)	(21,711)	(59,518)
Comprehensive loss for the year	(625,155)	(1,020,610)
Loss per share - basic and diluted	(0.06)	(0.17)
Weighted average common shares outstanding - basic and diluted (*)	9,704,710	5,579,380

(\*) Basic and diluted loss per share and the weighted average common shares outstanding for the year reflect the share consolidation described in Note 13. The comparative period loss per common share and the weighted number of common shares outstanding for the year have also been restated.

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

**Global Energy Metals Corporation**  
**Consolidated Statement of Cash Flows**  
**For the years ended June 30 2020 and 2019**  
(Expressed in Canadian dollars)

	2020	2019
	- \$ -	- \$ -
Cash flows from operating activities		
Net loss from operations	(603,444)	(961,092)
Items not involving cash:		
Gain for debt settlement	-	84,552
Stock-based compensation	-	12,384
Depreciation	44,868	-
Bad debt	59,448	-
Interest on lease obligation	9,409	-
Net change in non-cash working capital		
Amounts receivable	26,213	(31,969)
Prepaid expenses	144,248	(127,092)
Accounts payable and accrued liabilities	178,061	164,491
Cash used in operating activities	(141,197)	(858,726)
Cash flows from investing activities		
Exploration and evaluation expenditures	(152,110)	(243,340)
Cash used in investing activities	(152,110)	(243,340)
Cash flows from financing activities		
Share capital issued for cash, net of costs	-	1,270,565
Repayment of lease obligations net of interest accrual	(30,586)	-
Cash (used in) provided by financing activities	(30,586)	1,270,565
Increase (decrease) in cash	(323,893)	168,499
Cash, beginning	324,207	155,708
Cash, ending	314	324,207

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

**Global Energy Metals Corporation**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**For the year ended June 30, 2020 and 2019**  
(Expressed in Canadian dollars)

	Share capital		Reserves				Deficit	Total equity
	Number of shares	Amount	Options reserve	Warrants valuation	Accumulated other comprehensive (loss) income	Total reserves		
		- \$ -	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
Balance, June 30, 2018	47,098,041	5,630,729	628,341	65,703	(7,090)	686,954	(1,941,967)	4,375,716
Net loss for the year	-	-	-	-	-	-	(961,092)	(961,092)
Private placements, net of issuance costs (Note 9)	22,915,574	1,270,565	-	-	-	-	-	1,270,565
Shares issued for asset acquisition (Note 9)	21,368,401	1,264,823	-	-	-	-	-	1,264,823
Shares issued for technology acquisition (Note 9)	2,000,000	150,000	-	-	-	-	-	150,000
Shares issued for debt (Note 9)	3,380,000	253,500	-	-	-	-	-	253,500
Change in fair value of investments (Note 6)	-	-	-	-	(59,518)	(59,518)	-	(59,518)
Warrant valuation (Note 9)	-	(584,292)	-	548,292	-	548,292	-	-
Stock-based compensation (Note 9)	-	-	12,384	-	-	12,384	-	12,384
Balance, June 30, 2019	96,762,016	8,021,325	640,725	613,995	(66,608)	1,188,112	(2,903,059)	6,306,378
Net loss for the year	-	-	-	-	-	-	(603,444)	(603,444)
Shares issued for asset acquisition (Note 9)	539,155	11,250	-	-	-	-	-	11,250
Change in fair value of investments (Note 6)	-	-	-	-	(21,711)	(21,711)	-	(21,711)
Balance, June 30, 2020	97,301,171	8,032,575	640,725	613,995	(88,319)	1,166,401	(3,506,503)	5,692,473

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

# Global Energy Metals Corporation

## Notes to the Consolidated Financial Statements

For the years ended June 30, 2020 and 2019  
(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Global Energy Metals Corporation (the "Company") was incorporated under the Business Corporations Act of British Columbia on April 27, 2015. The Company is in the business of exploring resource properties. The Company's resource properties are located in Canada, United States and in Australia. The Company's head office, principal address and records of office is 1501 – 128 West Pender Street, Vancouver, British Columbia, Canada, V6B 1R8.

On February 20, 2018 the Company was listed for trading on the OTCQB Venture Market (the "OTCQB Venture") in the United States under the symbol "GBLEF". The Company's common shares will continue to trade on the TSX Venture Exchange ("TSX-V") under the symbol "GEMC" as well as the Frankfurt Exchange under the symbol "5GE1".

On June 27, 2019 the Company completed the acquisition of Element Minerals Australia Pty Ltd. an Australian private corporation including the Millennium and Mount Isa projects located in Queensland, Australia, which was until this date a fully owned subsidiary of Hammer Metals Limited. Element Minerals Australia Pty Ltd. became a wholly owned subsidiary of the Company (Note 6).

The consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2020, the Company had not advanced its resource properties to commercial production and is not able to finance day to day activities through operations. The Company had a working capital (deficiency) of (\$330,463) as at June 30, 2020, (June 30, 2019 – working capital of \$482,612) and an accumulated deficit of \$3,506,503 (June 30, 2019 – \$2,903,059). The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and private placements of common shares.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact the from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020.

### 2. BASIS OF PREPARATION

#### *Statement of Compliance*

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2020.

#### *Basis of Consolidation*

During the year ended June 30, 2019, the Company acquired the subsidiary listed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Interest</b>
Element Minerals Australia Pty Ltd.	Australia	100%

**Global Energy Metals Corporation**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2020 and 2019  
(Expressed in Canadian dollars)

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**2. BASIS OF PREPARATION (CONTINUED)**

*Basis of Measurement*

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI"), which are stated at their 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 its subsidiary.

*Sources of Estimation Uncertainty*

Significant assumptions about the future and the other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, relate to, but are not limited to, the following:

i) Realization of exploration and evaluation assets

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of assets may not be recoverable, at each reporting period. The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows and useful lives of assets and their related salvage values.

ii) Site restoration obligations

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Restoration liabilities include an estimate of the future cost associated with the reclamation of the property and equipment, discounted to its present value, and capitalized as part of the cost of assets. The estimated costs are based on the present value of the expenditure expected to be incurred. Changes in the discount rate, estimated timing of reclamation costs, or cost estimates are dealt with prospectively by recording a change in estimate, and corresponding adjustment to equipment. The accretion on the reclamation provision is included in the reclamation liability.

As at June 30, 2020 and 2019, the Company is not aware of any environmental concerns relating to any of its exploration and evaluation assets that may result in a liability to the Company.

iii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions could materially affect the fair value estimate and the Company's earnings and equity reserves, and therefore the existing models do not necessarily provide an accurate single measure of the actual fair value of the Company's stock options granted and warrants.

iv) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and 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.

**Global Energy Metals Corporation**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2020 and 2019  
(Expressed in Canadian dollars)

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## **2. BASIS OF PREPARATION (CONTINUED)**

### *Sources of Estimation Uncertainty (Continued)*

Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing losses.

### *Critical Accounting Judgments*

Significant judgments about the future and other sources of judgment uncertainty that management has made at the statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from judgments made, relate to, but are not limited to, the following:

v) Assessment of going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

ii) Assessment of functional currency

The Company uses judgment in determining its functional currency. IAS 21 The Effects of Changes in Foreign Exchange Rates defines the functional currency as the currency of the primary economic environment in which an entity operates. IAS 21 requires the determination of functional currency to be performed on an entity by entity basis, based on various primary and secondary factors. In identifying the functional currency of the parent and of its subsidiaries, management considered the currency that mainly influences the cost of undertaking the business activities in each jurisdiction in which the Company operates.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### *Financial Instruments*

#### *Classification*

The Company classifies its financial instruments in the following categories: at FVTPL, FVTOCI or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the company's financial instruments under IFRS 9:

<u>Financial assets/liabilities</u>	<u>Classification</u>
Cash	FVTPL
Receivables	Amortized cost
Marketable securities	FVTOCI
Deposit	Amortized cost
Accounts payable	Amortized cost
Convertible Debenture	Amortized cost

**Global Energy Metals Corporation**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2020 and 2019  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial Instruments (Continued)*

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

**Global Energy Metals Corporation**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2020 and 2019  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Cash*

Cash consists of bank deposits or highly liquid investments that are readily convertible to known amounts of cash with original maturities of 90 days or less and which are subject to an insignificant risk of change in value.

*Exploration and Evaluation Assets ('E&E')*

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase.

Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated by exploration area and are not depleted pending determination of technical feasibility and commercial viability.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss. The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

*Impairment of Non-Financial Assets*

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

*Reclamation Obligations*

The Company recognizes the fair value of a legal or constructive liability for a reclamation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a reclamation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and a financing expense in the statement of comprehensive income/loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

**Global Energy Metals Corporation**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2020 and 2019  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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 warrants and 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.

*Valuation of Equity Units issued in Private Placements*

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the common shares with any residual value then allocated to warrants. The fair value of the common shares is determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants and recorded in reserves.

*Share-based Payments*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

*Loss per Share*

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes*

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused loss carry-forwards, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

*Foreign Currency Translation*

Transactions in currencies are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date.

Non-monetary items are translated at the rate of exchange in effect when the amounts were acquired, or obligations incurred. Non-monetary items measured at fair value are reported at the exchange rates in effect at the time of the transaction. Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

*Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

*New Standards and Interpretations*

This is the first period for which the Company has applied IFRS 16. The Company has adopted IFRS 16 on a modified retrospective approach. This new standard replaces IAS 17 Leases and the related interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. There has been no adjustment to these financial statements as a result of the transition to IFRS 16 as of July 1, 2019. Comparative figures for 2019 have not been restated as a result of applying the modified retrospective approach.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*New Standards and Interpretations (Continued)*

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The Company's right-of-use asset is currently begin depreciated on the straight-line basis over the lease term of 3.6 years (Notes 5, 8). The depreciation is recognized from the commencement date of the lease.

**4. FINANCIAL RISK AND CAPITAL MANAGEMENT**

The Company's financial instruments consist of cash, receivables, accounts payable, and convertible debentures. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments

*Fair value hierarchy*

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1            Quoted prices in active markets for identical assets or liabilities;
- Level 2            Inputs, other than quoted prices in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3            Unobservable inputs that are not based on observable market data.

At June 30, 2020, the fair values of cash and marketable securities have been determined using level 1 inputs. The carrying value of receivables, accounts payable, and convertible debentures approximates their fair value due to their short term maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### *Credit Risk*

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash, receivables and deposits. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

#### *Foreign Exchange Risk*

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar, limited current assets are in Australian dollars and the Company is therefore exposed to foreign currency risk on those assets.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company assessed its liquidity risk as high.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's convertible debentures bear fixed interest rate and therefore does not expose to interest rate risk.

There were no changes in the Company's approach to risk management during the reporting period.

#### *Capital Management*

The Company defines its capital as shareholders' equity. It manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. 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.

The Company is dependent upon external financing or the sale of assets to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subject to externally imposed capital requirements.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at June 30, 2020:

	Within 60 days -\$-	Between 61-90 days -\$-	More than 90 days -\$-
Accounts payable	256,779	-	-
Convertible debenture	7,843	-	-
	264,622	-	-

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**4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)**

*Receivables*

The receivables are as follows:

	June 30, 2020	June 30, 2019
	-\$-	-\$-
Receivables:		
GST Receivable	1,800	19,087
Other Receivables	4,469	-
Due from Related Party (Note 10)	-	72,843
	<b>6,269</b>	<b>91,930</b>

**5. RIGHT-OF-USE ASSET**

Cost:		
Balance, June 30, 2019 and 2018	\$	-
Additions		160,778
<b>Balance, June 30, 2020</b>		<b>160,778</b>
Accumulated amortization:		
Balance, June 30, 2019 and 2018		-
Additions		44,868
<b>Balance, June 30, 2020</b>		<b>44,868</b>
Net book value:		
<b>Balance, June 30, 2019</b>		-
<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>115,910</b>

The right-of-use asset relates to leased office space. The lease is reflected as a right-of-use asset, with an associated lease liability (Note 8). The discount rate applied to the lease is 8% per annum.

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## 6. EXPLORATION AND EVALUATION ASSETS

	June 30, 2018	Additions	June 30, 2019	Additions	June 30, 2020
	-\$-	-\$-	-\$-	-\$-	-\$-
<b>Werner Lake Project:</b>					
Acquisition costs	2,658,365	-	2,658,365	-	2,658,365
Exploration expenditures	134,668	5,852	140,521	-	140,521
Permits and Licences	-	-	-	69	69
Analysis	-	-	-	-	-
Camp cost (recovery)	27,984	1,781	29,765	(11,921)	17,844
Geological services	187,124	52,500	239,624	5,000	244,624
<b>Total Werner Lake Project</b>	<b>3,008,141</b>	<b>60,134</b>	<b>3,068,275</b>	<b>(6,852)</b>	<b>3,061,423</b>
<b>Millennium Project</b>					
Acquisition costs	275,244	1,155,324	1,430,568	-	1,430,568
Drilling	739,016	14,292	753,308	-	753,308
Permits and Licences	15,570	24,546	40,116	274	40,390
Property maintenance	24,913	-	24,913	22,655	47,568
Travel	3,013	14,600	17,613	-	17,613
Geological services	86,693	23,871	110,564	2,003	112,567
<b>Total Millennium Project</b>	<b>1,144,449</b>	<b>1,232,633</b>	<b>2,377,082</b>	<b>24,932</b>	<b>2,402,014</b>
<b>Lovelock Mine and Treasure Box Project</b>					
Acquisitions	-	136,503	136,503	17,992	154,495
Acquisition of technology	-	200,000	200,000	-	200,000
Exploration expenditures	-	28,893	28,893	127,288	156,181
<b>Lovelock Mine and Treasure Box Project</b>	<b>-</b>	<b>365,396</b>	<b>365,396</b>	<b>145,280</b>	<b>510,676</b>
	<b>4,152,590</b>	<b>1,658,163</b>	<b>5,810,753</b>	<b>163,360</b>	<b>5,974,113</b>

### Werner Lake Project

On January 19, 2016, the Company acquired exploration and evaluation assets in the Werner Lake mineral belt in the Kenora Mining Division, Ontario, Canada from Global Cobalt Corp. ("GCO") with a fair value of \$2,953,185. From 2008 to 2010, GCO acquired certain claims in the Werner Lake mineral belt from three optionors: Benton Resources Corp. ("Benton"), Commerce Capital Inc. ("Commerce"), and Teck Resources Ltd. ("Teck"), together the Werner Lake Project ("Werner Lake"). Pursuant to an agreement between Puget Ventures Inc. ("Puget", later known as GCO) and Commerce, Puget acquired all of Commerce interest in the property. Commerce received a payment of \$1 million and the claims acquired from Commerce are subject to a 2% net smelter return ("NSR") on all ores, minerals or concentrates produced from the property. Puget retained the right to acquire 50% of the NSR for a price of \$2 million. The Company has assumed this right.

On November 17, 2017, the Company entered into an option agreement with Marquee Resources Ltd. ("Marquee") for the right to acquire up to a 70% interest in the Werner Lake Project.

On February 28, 2018, all conditions precedent were met in the Werner Lake transaction with Marquee. As consideration for Marquee's option to earn either a 30% or a 70% interest in Werner Lake, the Company received a cash payment totalling \$196,848 (AUD200,000) and common shares in Marquee valued at \$97,972 (AUD100,000). The shares were revalued at June 30, 2020 to \$9,652 (2019: \$31,363) and the Company recorded a loss of \$21,711 (2019: \$59,518) in OCI during the year ended June 30, 2020.

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

*Werner Lake Project (Continued)*

In order to maintain and enforce the option granted, Marquee must incur expenditures of AUD1,000,000 to earn a 30% interest in Werner Lake within year one and a further AUD1,500,000 (for a total of AUD2,500,000) to earn a 70% interest in Werner Lake by year two.

The parties will enter into a customary joint venture agreement once Marquee exercises its option to acquire either a 30% or 70% interest in Werner Lake. In addition, upon obtaining a pre-feasibility study according to a commercially reasonable standard, Marquee will pay the Company AUD150,000.

On November 5, 2018, Marquee announced that stage one expenditure commitment of AUD1,000,000 had been reached and gave notice to the Company of its intention to earn the 70% interest in the project by incurring the second stage of expenditure (AUD1,500,000) on the project.

After meeting the expenditure commitment of AUD1,000,000, Marquee now owns 30% of the property and the Company retains the remaining 70%.

*Millennium Project*

On September 25, 2017, the Company acquired an option from Hammer Metals Ltd. ("Hammer") for the Millennium Cobalt-Copper Project ("Millennium") located in the Mt. Isa mining region of Queensland, Australia. Additionally, the Company holds a right of first refusal to acquire any additional interest in the Millennium project, which Hammer may wish to sell. The option agreement outlines the principal terms and conditions to earn up to 75% interest in the Millennium project upon making project related expenditures to further advance the Millennium project. Total consideration for the option is \$2,700,000. Before the third-year anniversary of signing the option agreement, the Company must expend a minimum of \$2,500,000 in project exploration and development work on the Millennium project as follows:

- \$500,000 within 6 months for 25% interest;
- \$1,000,000 within 18 months for 65% cumulative interest; and
- \$1,000,000 within 36 months for cumulative 75% interest.

During the year ended June 30, 2018, the Company paid to Hammer a total of \$200,000 in cash in two equal payments of \$100,000 as part of the option agreement.

On March 14, 2018 the Company entered into a letter of intent (the "LOI") with Hammer setting the terms for the acquisition of the Mount Dorothy Cobalt Project and the Cobalt Ridge Project, collectively the "Mt. Isa Projects".

Upon completing its due diligence and upon meeting the conditions set in the LOI, the Company entered into a Definitive Agreement with Hammer for the exclusive right to acquire a 100% interest in the Mt. Isa Projects, which was completed on June 27, 2019.

On March 22, 2018 the Company complied with its obligations under its agreement with Hammer in order to earn a 25% interest in Millennium. Having incurred exploration expenditures of at least \$500,000 the Company gave notice that it intends to move forward with the next phase of its earn-in for a 65% interest in the project. In order to earn a 65% interest, the Company must incur additional exploration expenditures of at least \$1,000,000 within 18 months of the effective date.

Upon completing its due diligence and upon meeting the conditions set in the LOI, should the Company elect to enter into a Definitive Agreement with Hammer, the Company would have the exclusive right to acquire a 100% interest in the Mt. Isa Projects.

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

*Millennium Project (Continued)*

On June 26, 2018, the Company entered into a binding agreement with Hammer to acquire the balance of the interest in the Millennium Cobalt Project as well as the Mt. Dorothy Cobalt Project and the Cobalt Ridge Project such that it will hold 100% of both the Millennium Property and the Mt. Isa Projects.

On June 27, 2019, the Company completed the acquisition of the 100% interest of Millennium and Mount Isa projects (collectively "Millennium Project") via the 100% acquisition of Element Minerals Australia Pty Ltd. ("Element") (holder of said properties), an Australian private company, a wholly owned subsidiary of Hammer which holds 100% ownership on Millennium and Mount Isa projects. Pursuant to the terms of the Millennium Acquisition Agreement, the Company issued to Hammer 19,255,641 common shares of the Company with a fair value of \$1,155,338 (Note 9).

The Company determined that Element did not have the inputs and process capable of producing outputs that are necessary to meet the definition of a business as defined by IFRS 3. The acquisition was accounted for as a share-based payment, whereby the Company acquired the net assets and liabilities of Element.

The breakdown of the acquisition is as follow:

Purchase Price Allocation		
Common shares	\$	1,155,338
Purchase Price	\$	1,155,338
Tangible net assets		
Cash	\$	14
Exploration and evaluation asset		1,155,324
Total	\$	1,155,338

*Lovelock Mine and Treasure Box Project*

On January 21, 2019 ("the "Effective Date"), the Company entered into a Definite Agreement with Nevada Sunrise Gold Corporation ("Nevada Sunrise") to acquire an 85% interest in the Lovelock Cobalt Mine and the Treasure Box Project, located in Nevada. In order to exercise the option, the Company is required to complete the following terms:

A) Issue to Nevada Sunrise such number of common shares of the Company (the "Payment Shares") as is equal to USD \$200,000 at a price per share equal to the greater of:

(a) \$0.15; and  
(b) the volume weighted average of the closing price of the Company's shares for the 20 trading days immediately prior to the execution of the Definitive Agreement, as herein defined. On January 22, 2019 the Company issued 1,728,133 common shares to Nevada Sunrise for a fair value of \$86,484 (Note 9).

B) Assume all future cash payments to the underlying vendor payable as scheduled below subject to an existing 2.0% net smelter royalty (the "Existing Royalty"):

- March 22, 2019: USD \$20,000 in cash (Paid);
- December 22, 2019: USD \$25,000 in cash; and
- December 22, 2020: USD \$30,000 in cash.

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

*Lovelock Mine and Treasure Box Project (Continued)*

C) Reimburse Nevada Sunrise for the issue by Nevada Sunrise of Nevada Sunrise common shares to the underlying vendor, with common shares of the Company, payable as scheduled below:

- March 22, 2019: such number of shares as is equal in value to 200,000 shares of Nevada Sunrise on the day prior to their issuance (Note 9).
- December 22, 2019: such number of shares as is equal in value to 250,000 shares of Nevada Sunrise on the day prior to their issuance (Note 9); and
- December 22, 2020: such number of shares as is equal in value to 300,000 shares of Nevada Sunrise on the day prior to their issuance.
- Reimburse Nevada Sunrise for the USD\$5,000 (Paid) payment made by Nevada Sunrise to Primus Resources Ltd. ("Primus") of USD\$5,000 by issuing to Nevada Sunrise, as fully paid and non-assessable, common shares of the Company.

During the year ended June 30, 2019, the Company issued 2,000,000 units with a fair value of \$150,000 and paid \$50,000 in cash for the acquisition of the right to use technology for the exploration activities in the Lovelock Cobalt Mine and the Treasure Box Project. The Company issued additional 384,627 common shares with a fair value of \$23,001 and paid \$27,018 in cash to Nevada Sunrise in connection with this agreement (Note 9).

During the year ended June 30, 2020, the Company issued 539,155 common shares with a fair value of \$11,250 to Nevada Sunrise in connection to this agreement (Note 9).

D) In order to maintain in force the Option granted to it, and to exercise the Option, the Company must also incur expenditures totaling USD\$1,000,000 by the third anniversary of the Effective Date.

On April 7, 2020 the Company negotiated and entered into an agreement (the "Agreement") with Nevada Sunrise and Primus pursuant to which the Company will accelerate and acquire an ownership interest in the Nevada-based Lovelock and Treasure Box battery minerals projects (the "Property"). This Agreement replaced and superseded the original option agreement made as of January 21, 2019 pursuant to which Nevada Sunrise granted to the Company an option to purchase an undivided 85% interest in the Property.

*Main Terms of the Agreement*

Upon the satisfactory completion of certain closing conditions, the Agreement provides, among other things, that the Company will purchase an 85% interest in the Property, with Nevada Sunrise retaining a 15% in the Property, subject to a 2% net smelter royalty in favour of Primus provided for in the underlying option agreement between Primus and Nevada Sunrise. A joint venture between the Company and Nevada Sunrise will be formed to further explore and develop the Property.

In consideration for entering into this Agreement and for the transfer of the Property to as to an undivided 85% interest and Nevada Sunrise as to an undivided 15% interest, the Company shall on Closing:

1. Pay to Primus the sum of USD \$35,000 (the "Cash Payment");
2. Issue to Primus 1,000,000 Common Shares of the Company after the share consolidation completed after the year end (Note 13), at the deemed price of CDN \$0.10 a share; and
3. Issue to Nevada Sunrise 750,000 Common Shares of the Company after the share consolidation completed after the year end (Note 13), at the deemed price of CDN \$0.10 a share and forego the originally contemplated exploration expenditures of USD \$1 million.

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

*Lovelock Mine and Treasure Box Project (Continued)*

Upon the earlier of 1 year or \$1 million of project expenditures incurred by the Company, both the Company (85%) and Nevada Sunrise (15%) would fund joint venture expenditures pro rata to their joint venture interest or be diluted to a 1% net smelter royalty. The net smelter return can be repurchased by either party for \$1 million.

Primus will maintain its current net smelter royalty on the Nevada Projects being 2% with the Company having the right, exercisable at any time, to purchase up to 50% of the Royalty granted to Primus by payment to Primus of \$1,500,000 subject to a protection hedge against inflation of the U.S. Dollar, using an agreed upon price of \$3.25 per pound copper. Upon payment of \$1,500,000 or the cash value of 462,000 (four hundred, sixty-two thousand) pounds of copper, whichever value is greater at the time of the purchase of half of the royalty, the royalty shall be reduced to 1% of net smelter returns.

The Closing and the obligations of the parties to complete the purchase and sale of the property is subject to the following conditions:

1. The Company completing a consolidation of its common shares on the basis of ten existing common shares for one post-consolidation share;
2. The Company completing a financing by way of a non-brokered private placement of its common shares for a minimum of \$200,000 on terms and conditions satisfactory to the Company;
3. All consents required from any Government or Regulatory Authority to the transactions contemplated by this Agreement being obtained;
4. Nevada Sunrise receiving all approvals required from its board of directors;
5. The Company receiving all approvals required from its board of directors; and
6. Primus receiving all approvals required from its President, to whom such authority is delegated by the board members.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June30, 2020	June 30, 2019
	-\$-	-\$-
Accounts payable (Note 10)	256,779	75,793
Accrued liabilities	22,575	25,500
	<u>279,354</u>	<u>101,293</u>

Included in accounts payable is \$137,216 (2019 - \$27,275) due to related parties (Note 10).

*Convertible debenture*

The convertible debenture was issued on December 28, 2015 and has a maturity date of 180 days from the date it was issued. The debenture is secured by the Company's resource properties in Ontario (Note 6).

The debenture is convertible to the Company's shares at conversion price of \$0.05 per share at the option of the holder. The principal amount was repaid prior to the year ended June 30, 2018 and there is an amount outstanding as at June 30, 2020 for interest accrued of \$7,843 (2019: \$7,843).

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**8. LEASE OBLIGATIONS**

Beginning July 1, 2019, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discounted rate of 8% per annum, which represents the Company's estimated incremental borrowing rate.

The following is a continuity schedule of lease liabilities for the year ended June 30, 2020:

	-\$-
Balance, June 30, 2019	-
Lease additions (Note 5)	160,778
Lease payments	(30,586)
Interest on lease liability	9,409
Balance, June 30, 2020	139,601
Current portion	59,501
Long-term portion	80,100

The Company paid rental deposits totaling \$13,013 in respect of this office lease.

**9. SHARE CAPITAL**

***Authorized***

An unlimited number of common shares without par value.

***Issued***

Fiscal Year 2020

On December 20, 2019, the Company issued 539,155 common shares valued at \$11,250 to Nevada Sunrise Gold Corporation (Note 6).

Fiscal Year 2019

On June 7, 2019, the Company issued 19,255,641 common shares with a fair value of \$1,155,338 for the acquisition of Element (Note 6).

On June 7, 2019, the Company issued 2,000,000 units with a fair value of \$150,000 and paid \$50,000 in cash for the acquisition of the right to use technology for the exploration activities in the Lovelock Mine and Treasure Box projects (Note 6). Each Unit consisted of one common share of the Company (a "Share") and one transferable common share purchase warrant, with each warrant entitling the holder thereof to acquire a common share at the exercise price of \$0.10 per share for a period of 36 months from the closing date ("Closing Date"), subject to acceleration. A value of \$64,357 was attributable to the share purchase warrants using the residual method.

On May 10, 2019, the Company issued 3,380,000 common shares with a fair value of \$253,500 in lieu of payment for services to insiders and third-party consultants. The Company realized a loss of \$84,552 on the debt settlement.

On April 12, 2019, the Company closed a non-brokered private placement financing for gross proceeds in the amount of \$813,500 through the issuance of 16,270,000 units at a price of \$0.05 per unit. Each unit consisted of one common share of the Company (a "Share") and one transferable common share purchase warrant, with each warrant entitling the holder thereof to acquire a common share at the exercise price of \$0.10 per share for a period of 36 months from the closing date ("Closing Date"), subject to acceleration. A value of \$396,674 was attributable to the share purchase warrants using residual method. The Company paid \$8,700 and issued 357,200 common shares with a fair value of \$17,860 as finders' fees.

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**9. SHARE CAPITAL (CONTINUED)**

On March 22, 2019, the Company issued 384,627 common shares with a fair value of \$23,001 to Nevada Sunrise as part of the option agreement to acquire up to 85% of the Lovelock and Treasure Box project (Note 6).

On January 31, 2019, the Company issued 1,728,133 common shares with a fair value of \$86,484 to Nevada Sunrise as part of the option agreement to acquire up to 85% of the Lovelock and Treasure Box project (Note 6).

On November 26, 2018, the Company issued 2,603,194 units at a price of \$0.075 per unit for gross proceeds of \$195,239. On November 19, 2018 the Company closed the first tranche of a private placement \$276,389. A total of 3,685,180 units were issued to complete the first tranche. Each Unit, for both tranches of the private placements, is comprised of one common share of the Company and one transferable common share purchase warrant. Each Warrant will be exercisable to purchase an additional share of the Company for a period of 12 months from the closing date at a price of \$0.15 subject to acceleration. A value of \$87,261 was attributable to the share purchase warrants using residual method. In total 6,288,374 shares were issued in conjunction with this financing with the Company raising an aggregate of \$471,628. The Company paid \$5,863 and 45,894 broker warrants as finder's fees on this private placement with the same conditions as the private placement.

**Options**

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers and employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and minimum price of \$0.05.

Options may be exercised no later than 30 days following cessation of the optionee's position with the Company or other reasonable time of period approved by the Board of Directors. Pursuant to the stock option plan, options granted in respect of investor relation activities are subject to vesting in a stage of one year from the grant date. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

During the year ended June 30, 2019, the Company issued 250,000 stock options at an exercise price of \$0.10 per common share. The fair value of the stock options was determined to be \$12,834 using the Black-Scholes Option Pricing Model using the following assumptions: Risk-free rate of 7.94%, Expected life of 5 years, Expected volatility of 126.57% and dividend yield of nil. The stock options vested 25% on July 30, 2019; 25% on October 30, 2019; 25% on January 30, 2020; and 25% on April 30, 2020.

The following table is a summary of stock options transactions during the year ended June 30, 2020 and 2019:

	June 30, 2020		June 30, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning	4,806,482	\$ 0.16	4,706,482	\$ 0.18
Issued	-	-	250,000	0.10
Cancelled	-	-	(150,000)	0.15
Expired	-	-	-	-
Balance, ending	4,806,482	\$ 0.16	4,806,482	\$ 0.16

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**9. SHARE CAPITAL (CONTINUED)**

The following summarizes information about stock options outstanding at June 30, 2020:

			June 30, 2020	June 30, 2019
Issue Date	Expiry Date	Exercise Price	Number of Options Outstanding	
3-Oct-16	2-Oct-26	\$0.15	2,661,894	2,661,894
31-May-17	30-May-27	\$0.20	876,135	876,135
12-Jun-18	11-Jun-28	\$0.15	1,018,453	1,018,453
30-Apr-19	29-Apr-24	\$0.10	250,000	250,000
Total			4,806,482	4,806,482
Weighted average remaining contractual life of options			6.62	7.41

**Warrants**

The following is a summary of share purchase warrants transactions during the year ended June 30, 2020 and 2019:

	June 30, 2020		June 30, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning	33,986,401	\$ 0.14	10,624,598	\$ 0.21
Issued	-	-	24,604,268	\$ 0.13
Expired	(15,716,401)	0.18	(1,242,465)	\$ 0.30
Balance, ending	18,270,000	\$ 0.10	33,986,401	\$ 0.14

The following summarizes information about share purchase warrants outstanding at June 30, 2020:

			June 30, 2020	June 30, 2019
Issue Date	Expiry Date	Exercise Price	Number of Warrants Outstanding	
15-Dec-17	15-Jun-20	\$0.20	-	9,382,133
26-Nov-18	25-Nov-19	\$0.15	-	3,721,895
28-Nov-18	27-Nov-19	\$0.15	-	2,612,373
16-Apr-19	15-Apr-22	\$0.10	16,270,000	16,270,000
7-Jun-19	6-Jun-22	\$0.10	2,000,000	2,000,000
			18,270,000	33,986,401
Weighted average remaining contractual life of warrants (years)			1.81 yrs.	1.85 yrs.

**Basic and diluted loss per share**

The calculation of basic and diluted loss per shares for the year ended June 30, 2020 was based on the loss attributable to common shareholders of \$603,444 (2019 - \$961,092) and the weighted average number of common shares outstanding of 9,704,710 (2019 - 5,579,380) after being retroactively restated for the share consolidation subsequent to the year ended June 30, 2020 (Note 13).

**Share-based payment reserve**

The share-based payment reserve records items recognized as share-based compensation expense until such time the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

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**9. SHARE CAPITAL (CONTINUED)**

***Warrant reserve***

The warrant reserve records the proceeds allocated to warrants on the issuance of units in private placements until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

***Escrowed shares***

As at June 30, 2020, there are nil shares in escrow (2019 -18,534,113).

**10. RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2020, the Company entered into the following transactions with related parties:

Incurred \$67,500 (2019 – \$92,500) to the CFO of the Company for professional fees;

Incurred \$nil (2019 – \$30,000) to the chairman and director of the Company, for management fees;

Incurred \$81,000 (2019 – \$109,500) to the president and CEO of the Company, for management fees;

Incurred \$nil (2019 – \$52,500) to a director of the Company for geological services which has been capitalized to exploration and evaluation assets (Note 6);

Recorded \$12,552 (2019 - \$24,000) in rent recovery with a company with a common director.

***Related party balances***

At June 30, 2020, accounts payable balance to related parties consist of \$137,216 (June 30, 2019 - \$27,275) owed to directors and officers of the Company and companies with directors in common. These amounts are unsecured, non-interest bearing and due on demand (Note 7).

At June 30, 2020, included in prepaid expenses is an amount of \$nil (June 30, 2019 - \$27,127) representing a prepayment made to the President and CEO of the Company to reimburse expenses incurred on behalf of the Company.

As at June 30, 2020, included in receivables is an amount of \$nil (June 30, 2019 - \$72,843) owed by a company with a common officer (Note 4). The bad debt expense consists of a write-off of \$59,448 (2019 - \$nil) receivables owed by a company with a common officer.

**11. SEGMENTED INFORMATION**

The Company currently conducts its operations in Canada, the United States and Australia in one business segment being the exploration of resource properties.

**Geographic segments**

The following exploration and evaluation assets, are located in the following countries:

	June 30, 2020	June 30, 2019
	-\$ -	-\$ -
Canada (Note 6)	3,061,423	3,068,275
Australia (Note 6)	2,402,014	2,377,082
United States (Note 6)	510,676	365,396
	<b>5,974,113</b>	<b>5,810,753</b>

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**12. INCOME TAXES**

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

	June 30, 2020	June 30, 2019
	- \$ -	- \$ -
Loss before income taxes	(603,444)	(961,092)
Expected income tax recovery	(162,930)	(259,495)
Change in valuation allowance	197,793	271,008
Non-deductible items and other	(34,863)	(11,513)
Total income tax recovery	-	-

The significant components of the Company's deferred income tax asset unrecognized are as follow:

	June 30, 2020	June 30, 2019
	- \$ -	- \$ -
Non-capital loss carry-forwards	1,107,851	891,458
Share issuance costs	26,554	44,587
Marketable securities	11,923	7,737
Mineral properties	(128,328)	(123,575)
	1,018,000	820,207

The Company has non-capital carry forward losses of \$1,527,123 that expire in 2037, \$879,714 that expire in 2038, \$1,019,731 that expire in 2039 and \$676,584 that expire in 2040.

**13. SUBSEQUENT EVENTS**

On July 15, 2020 the Company entered into a definitive purchase agreement to sell a portfolio of royalty interests to Electric Royalties Ltd. (Electric Royalties) on the Millennium Cobalt Project, the Mt. Dorothy Cobalt Project and the Cobalt Ridge Project located in Queensland Australia.

***Initial Royalty***

Pursuant to the terms of the agreement, in consideration for a 0.5% gross metal royalty (the "Royalty") on Millennium and the Mount Isa Projects, Electric Royalties will issue to the Company 1.15 million shares (the "Consideration Shares") in Electric Royalties and make a \$150,000 cash payment. The Consideration shares will be escrowed and have a staged vesting period over eighteen months.

***Additional Royalties Option***

Electric Royalties, has also been granted a call option ("First Option"), exercisable at any time, for a period of two years from the Effective Date, to acquire a 0.5% royalty on the Net Smelter Returns from the Millennium Cobalt Project (the "Millennium NSR"), by paying C\$500,000 to Global, payable up to 25% in shares of Electric Royalties, at Electric Royalties' election.

Upon exercise of the First Option, Electric Royalties will have a call option, exercisable on the earlier of: (i) the third anniversary of the Closing Date and (ii) six months from the date that a preliminary economic analysis or similar study on the Millennium Project is provided to Electric Royalties, to increase the Millennium NSR by a further 1%, by paying \$1,000,000 to Global, payable up to 25% in shares of Electric Royalties, at the election of Electric Royalties.

The completion of the transaction is subject to the approval of the Australian Foreign Investment Review Board.

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**13. SUBSEQUENT EVENTS (CONTINUED)**

On August 20, 2020, the Company announced that effective on August 25, 2020, the implementation of share consolidation of all of the issued and outstanding share capital on a 10 old for 1 new basis.

The post-consolidation share capital of the Company at June 30, 2020 is described in the below table:

	Pre-Consolidation	Post-Consolidation
Common Shares	97,301,171	9,730,117
Options	4,806,482	480,648
Warrants	18,270,000	1,827,000

On September 16, 2020, the Company issued 1,000,000 common shares to Primus and 750,000 common shares to Nevada Sunrise as part of the acquisition agreement dated April 7, 2020 (Note 6).

On September 28, 2020, the Company completed a private placement for 5,278,000 units at a price of \$0.125 per unit for a total of \$659,750. Each unit consisted of one common share and one transferable common share purchase warrant at an exercise price of \$0.15 for 3 years from the date of issuance. The Company paid finders' fees as follows: \$19,160 and 153,280 broker warrants, each broker warrant at an exercise price of \$0.15 for 12 months from the date of issuance.

On October 1, 2020, the Company formed a new, wholly-owned U.S. subsidiary – U.S. Battery Metals Corporation with the purposes of searching business opportunities in United States of America.