NEW ENERGY METALS CORP.
(formerly Darien Resource Development Corp.)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW ENERGY METALS CORP.
(formerly Darien Resource Development Corp.)

We have audited the accompanying consolidated financial statements of New Energy Metals Corp. (formerly Darien Resource Development Corp.), which comprise the consolidated statement of financial position as at June 30, 2018 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Energy Metals Corp. (formerly Darien Resource Development Corp.) as at June 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Other matter
The consolidated financial statements of New Energy Metals Corp. as at June 30, 2017 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements on November 1, 2017.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 25, 2018

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NEW ENERGY METALS CORP.
(formerly Darien Resource Development Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	June 30, 2018	June 30, 2017
ASSETS		
Current		
Cash (Note 4)	$ 1,239,733	$ 389,802
Receivables (Note 5)	3,963	-
Prepaid expenses	188,033	-
	1,431,729	389,802
Exploration and Evaluation Assets (Note 6)	2,513,121	117,100
	$ 3,944,850	$ 506,902
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Notes 7 and 8)	$ 121,306	$ 25,000
Shareholders’ equity (deficiency)		
Share capital (Note 9)	5,273,229	507,001
Reserves (Note 9)	1,107,729	-
Deficit	(2,557,414)	(25,099)
	3,823,544	481,902
	$ 3,944,850	$ 506,902

Nature of operations and going concern (Note 1)

On behalf of the Board:

“Charles Hethey” Director *“Grant Ewing”* Director

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

NEW ENERGY METALS CORP.
(formerly Darien Resource Development Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
Years ended June 30

	2018	2017
Administrative Expenses		
Consulting fees (Note 8)	$ 160,569	$ -
Impairment loss on exploration and evaluation assets (Note 6)	352,095	-
Investor relations and promotion	147,183	-
Insurance	4,375	-
Listing expense	68,690	-
Finance expense (Note 9)	214,419	-
Office and general	42,480	99
Professional fees (Note 8)	166,989	25,000
Property investigation costs	508,809	-
Regulatory and transfer agent	62,047	-
Salaries and benefits (Note 8)	86,236	-
Share-based compensation (Notes 8 and 9)	836,007	-
Travel	43,032	-
Loss Before Other Item	(2,692,931)	(25,099)
Other Item		
Foreign exchange	160,616	-
Loss and Comprehensive Loss for the Year	$ (2,532,315)	$ (25,099)
Basic and Diluted Loss per Share	$ (0.12)	$ (0.00)
Weighted Average Number of Common Shares Outstanding – basic and diluted	21,831,478	7,837,616

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

NEW ENERGY METALS CORP.
(formerly Darien Resource Development Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
Years ended June 30

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (2,532,315)	$ (25,099)
Items not affecting cash:		
Share-based compensation	836,007	-
Impairment of exploration and evaluation assets	352,095	-
Finance expense	214,419	-
Changes in non-cash working capital items:		
Increase in receivables	(3,963)	-
Increase in prepaid expenses	(188,033)	-
Increase in accounts payable and accrued liabilities	96,306	25,000
Net cash used in operating activities	(1,225,484)	(99)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	4,748,687	507,001
Proceeds from the exercise of warrants	280,000	-
Share issue costs	(373,156)	-
Net cash provided by financing activities	4,655,531	507,001
CASH FLOWS FROM INVESTING ACTIVITY		
Expenditures on exploration and evaluation assets	(2,580,116)	(117,100)
Net cash used in investing activities	(2,580,116)	(117,100)
Increase in Cash	849,931	389,802
Cash, beginning of year	389,802	-
Cash, end of year	$ 1,239,733	$ 389,802

Supplemental disclosure with respect to cash flows (Note 11)

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

NEW ENERGY METALS CORP.
(formerly Darien Resource Development Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total
Balance, March 13, 2017 (inception)	2,000,001	$ 2,001	$ -	$ -	$ 2,001
Shares issued for cash:					
Private placement	10,100,000	505,000	-	-	505,000
Loss for the period	-	-	-	(25,099)	(25,099)
Balance, June 30, 2017	12,100,001	$ 507,001	$ -	$ (25,099)	$ 481,902
Shares issued for cash:					
Private placement	21,994,749	4,748,687	-	-	4,748,687
Warrants	5,600,000	280,000	-	-	280,000
Share issue costs	-	(373,156)	-	-	(373,156)
Agent warrants	-	(271,722)	271,722	-	-
Shares issued for non-cash:					
Property acquisition	900,000	168,000	-	-	168,000
Shares issued as finance expense	471,251	214,419			214,419
Share-based compensation	-	-	836,007	-	836,007
Loss for the year	-	-	-	(2,532,315)	(2,532,315)
Balance, June 30, 2018	41,066,001	$ 5,273,229	$ 1,107,729	$ (2,557,414)	$ (3,823,544)

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

(Expressed in Canadian Dollars) Page 4

1. NATURE OF OPERATIONS AND GOING CONCERN

New Energy Metals Corp. (formerly Darien Resources Development Corp.) (the "Company") was incorporated on March 13, 2017 under the laws of British Columbia. The Company's head office address is Suite 2300 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3. Effective January 25, 2018 the Company closed its initial public offering and its shares were listed for trading on the TSX Venture exchange ("TSX-V") under the symbol ENRG. To date, the Company has not earned operating revenue.

The Company is in the process of acquiring exploration and evaluation assets and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

As at June 30, 2018, the Company has working capital of $1,310,423 (June 30, 2017 – $364,802) and an accumulated deficit of $2,557,414 (June 30, 2017 - $25,099). The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. Based on financings completed during the year ended June 30, 2018 and the Company's property payment obligations management estimates it will require additional funding for operations for the ensuing year.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. Such adjustments could be material.

2. BASIS OF PREPARATION

The Board of Directors of the Company reviewed and approved the consolidated financial statements on October 25, 2018.

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities recorded at fair value. Intercompany balances and transactions are eliminated on consolidation. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements include the accounts of the Company and its subsidiary as follows:

Subsidiary	Proportion of Ownership Interest	Country of Incorporation	Principle Activity
New Energy Metals Corp SPA	100%	Chile	Exploration

The Company consolidates its subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating activities.

All intercompany transactions and balances are eliminated on consolidation.

2. BASIS OF PREPARATION *(Cont'd…)*

Reporting currency and foreign currency translation

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

Significant accounting judgments estimates and assumptions

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the consolidated financial statements.

Exploration and evaluation assets impairment

Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted or planned and results of exploration and evaluation activities on the exploration and evaluation assets. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Functional currency determination

The functional currency of the Company is the Canadian dollar based on management's assessment of the nature of the Company's operations. The functional currency of the Company's subsidiary is the Canadian dollar, based on management's assessment of whether a specific subsidiary is a standalone operation or integrated with the operations of the parent company. Should management's judgment about the nature of a subsidiary differ from its actual nature, a material difference in the accounting for the foreign exchange gain could result.

2. BASIS OF PREPARATION *(Cont'd…)*

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option/warrant. Changes in these input assumptions can significantly affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less from the date of purchase, that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued. Option payments received are treated as a reduction in the carrying value of the related acquisition costs of the exploration and evaluation asset until the payments are more than acquisition costs, at which time they are then credited to operations.

Exploration and evaluation expenditures are capitalized. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized to the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that an impairment may exist. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Exploration and evaluation assets *(cont'd…)*

After technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the Company tests the asset or CGU for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset and is classified as a component of property, plant and equipment.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset price received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

Restoration and environmental obligations

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value.

The Company's estimates of reclamation 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 assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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. For those unexercised options and share purchase warrants that expired, the recorded value remains in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Control

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgement in determining whether control exists. Judgement is exercised in the evaluation of the variable returns and in determining the extent to which the Company can exercise its power to generate variable returns.

Earnings or loss per share

Basic earnings or loss per share is calculated on the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares from 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 the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. The Company has included total escrow shares in the calculation as their release is subject to the passage of time. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding options and warrants in the diluted loss per common share calculation would be anti-dilutive.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Share capital – the market trading price of the common share;
- Warrant reserve – based on the valuation derived using the Black-Scholes option pricing model; and
- Flow-through premium – any excess, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to mineral properties and the flow-through premium, if any, is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Flow-through shares *(cont'd…)*

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through share tax expense is accrued and recorded in profit or loss.

Financial instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

The Company has classified its cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

The Company does not have any assets classified as loans and receivables, because the Company's receivables are comprised only of input tax credits.

Held-to-maturity investments - These assets are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months of the reporting period.

The Company does not have any assets classified as held-to-maturity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Financial instruments *(cont'd…)*

Financial assets *(cont'd…)*

Available-for-sale **-** Non-derivative financial assets not included in the above categories are classified as available- for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

The Company does not have any assets classified as available-for-sale.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

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

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss **-** This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities **-** This category consists of liabilities carried at amortized cost using the effective interest method.

The Company has classified its accounts payable and accrued liabilities as other financial liabilities. The Company does not have any assets classified as fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the excess.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Standards Interpretation Committee ("IFRIC") that are mandatory for future accounting periods.

- IFRS 9 *Financial Instruments*: New standard that replaced IAS 39 *Financial Instruments: Recognition and Measurement* for classification and measurement. Effective for annual periods beginning on or after January 1, 2018.

- IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

- IFRS 15 *Revenue from Contracts with Customers*: New standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*, effective for annual periods beginning on or after January 1, 2018

The adoption of these new standards is not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars) Page 12

4. CASH

The Company's cash consists of the following:

	June 30, 2018	June 30, 2017
Cash held with banks	$ 1,110,843	$ 389,802
Cash held with banks in foreign currencies	51,472	-
Cash held in trust in foreign currencies	77,418	-
Total	$ 1,239,733	$ 389,802

5. RECEIVABLES

	June 30, 2018	June 30, 2017
GST receivable	$ 3,963	$ -

6. EXPLORATION AND EVALUATION ASSETS

Title to Mineral Property Interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

Exxeter Property, Quebec Canada

On March 27, 2017 (the "Effective Date"), the Company entered into an option agreement to acquire a 100% interest in the Exxeter by paying a total of $335,000 and issuing 300,000 common shares of the Company. The option will be exercised as follows:

Date		Amount	Shares
March 27,2017	$	10,000 (paid)	-
January 29,2018		-	300,000 (issued)
March 27,2018		25,000 (paid)	-
March 27, 2019		50,000	-
March 27, 2020		250,000	-
Total	$	335,000	300,000

In addition, the Company is required to incur exploration expenditures of $600,000 on the Exxeter Property as follows:

i. $100,000 on or before the first anniversary of the Effective Date (incurred);
ii. a further $200,000 on or before the second anniversary of the Effective Date; and
iii. a further $300,000 on or before the third anniversary of the Effective Date.

The Company will also be responsible to make all government payments to maintain the mineral claims in good standing. The optionor will also retain a 1% net smelter return royalty (the "Royalty") on the Exxeter Property. The Company may purchase, at any time, 1% of the Royalty by paying the optionor a total of $1,000,000.

(Expressed in Canadian Dollars) Page 13

6. EXPLORATION AND EVALUATION ASSETS (*Cont'd…)*

Cristal Copper Property, Chile

On March 1, 2018 and amended on August 20, 2018, the Company entered into an assignment and assumption agreement where by the Company agreed to assume an option agreement to acquire a 100% interest in the Cristal Copper project. The project is in northern Chile. The Company agreed to assume an underlying option agreement and to reimburse the vendor of the property for expenses and property payments previously incurred totalling $193,410 (US$150,000) (paid). The option can be exercised by paying a further US$ 4,500,000 as follows:

Date		Amount
February 4, 2018 (paid)	US$	30,000
August 2, 2018 (paid)		20,000
February 4, 2019		50,000
August 4, 2019		200,000
August 4, 2020		500,000
August 4, 2021		700,000
August 4, 2022		3,000,000
Total	US$	4,500,000

The vendor retains a 3% net smelter royalty ("NSR"), which the Company can buy back 2% by paying US$2,000,000 for each percentage point of the NSR. In addition, there is an additional 1% NSR with the original vendor which the Company can buy back by paying US$1,000,000.

Onix Cobalt Property, Chile

On April 4, 2018 and amended on July 18, 2018 the Company entered into an option agreement to acquire a 100% interest in the Onix Uno Cobalt project in the San Juan district of Chile by paying a total of US$1,400,000 and issuing 1,100,000 common shares of the Company. The option will be exercised as follows:

Date		Amount	Shares
On signing of the agreement	US$	300,000 (paid)	250,000(issued)
July 1, 2018		78,300 (paid)	-
March 31, 2019		621,700	550,000
July 1, 2019		400,000	300,000
Total	US$	1,400,000	1,100,000

Codiciada Cobalt Property, Chile

On March 6, 2018, the Company entered into an option agreement to acquire a 100% interest in the Codiciada Cobalt project in the San Juan district of Chile by paying a total of US$200,000 and issuing 300,000 common shares of the Company. The option will be exercised as follows:

Date		Amount	Shares
On signing of the agreement	US$	100,000 (paid)	150,000 (issued)
September 6, 2018		100,000	150,000
Total	US$	200,000	300,000

Subsequent to the year ended June 30, 2018, the Company has forfeited their option agreement and as such, the Company has determined that the carrying value of its interest in the Codiciada Property as at

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6. EXPLORATION AND EVALUATION ASSETS (*Cont'd…)*

June 30, 2018 was impaired as no additional expenditures are planned for the property. As a result, the Company wrote off cumulative costs incurred to date on the Codiciada Property of $154,338 as an impairment loss, determined in accordance with Level 3 of the fair value hierarchy.

Amelia Cobalt Property, Chile

On March 8, 2018 and amended on July 18, 2018, the Company entered into an option agreement to acquire a 100% interest in the Amelia Cobalt projects in the San Juan district of Chile by paying a total of US$200,000 and issuing 200,000 common shares of the Company. The option will be exercised as follows:

Date		Amount	Shares
On signing of the agreement	US$	40,000 (paid)	40,000 (issued)
July 1, 2018		10,440 (paid)	-
April 9, 2019		89,560	100,000
February 1, 2020		60,000	60,000
Total	US$	200,000	200,000

Consuelo Cobalt Property, Chile

On March 8, 2018 and amended on July 18, 2018, the Company entered into an option agreement to acquire a 100% interest in the Consuelo 1-5 Cobalt projects in the San Juan district of Chile by paying a total of US$800,000 and issuing 800,000 common shares of the Company. The option will be exercised as follows:

Date		Amount	Shares
On signing of the agreement	US$	160,000 (paid)	160,000(issued)
July 1, 2018		41,760 (paid)	-
May 8, 2019		358,240	400,000
September 1, 2019		240,000	240,000
Total	US$	800,000	800,000

La Sufrida Cobalt property, Chile

On April 4, 2018, the Company entered into an option agreement to acquire a 100% interest in the La Sufrida Cobalt project in the San Juan district of Chile by paying a total of US$500,000.

The option can be exercised as follows:

Date		Amount
On signing of the agreement	US$	150,000 (paid)
September 14, 2018		150,000
March 14, 2019		200,000
Total	US$	500,000

Subsequent to the year ended June 30, 2018, the Company has forfeited their option agreement and as such, the Company has determined that the carrying value of its interest in the La Sufrida Property as at June 30, 2018 was impaired as no additional expenditures are planned for the property. As a result, the Company wrote off cumulative costs incurred to date on the La Sufrida Property of $197,757 as an impairment loss, determined in accordance with Level 3 of the fair value hierarchy.

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6. EXPLORATION AND EVALUATION ASSETS (*Cont'd…)*

Pirula Cobalt property, Chile

On March 8, 2018 and amended on July 18, 2018 the Company entered into an option agreement to acquire a 100% interest in the Pirula Cobalt project in the San Juan district of Chile by paying a total of US$700,000. The option will be exercised as follow:

Date		Amount
On signing of the agreement	US$	150,000 (paid)
July 1, 2018		65,250 (paid)
May 8, 2019		484,750
Total	US$	700,000

Victoria Cobalt property, Chile

On March 8, 2018 and amended on July 18, 2018, the Company entered into an option agreement to acquire a 100% interest in the Victoria Cobalt project in the San Juan district of Chile by paying a total of US$2,600,000 and issuing 2,600,000 common shares. The Company received conditional approval from the TSX.V. To secure the project the Company paid $395,513 (US$300,000), as noted below. The option can be exercised as follows:

Date		Amount	Shares
On signing of the agreement	US$	300,000 (paid)	300,000
July 1, 2018		104,400 (paid)	-
May 6, 2019		695,600	800,000
March 1, 2020		500,000	500,000
March 1, 2021		500,000	500,000
March 1, 2022		500,000	500,000
Total	US$	2,600,000	2,600,000

Tres Salares Lithium property, Chile

On April 19, 2018, the Company entered into an option agreement to acquire a 100% interest in the Atacama Lithium project in the Salar de Atacama district of Chile by paying a total of US$9,350,000 and issuing 9,350,000 common shares. The Company received conditional approval from the TSX.V. To secure the project the Company paid $725,308 (US$550,000), as noted below. The option can be exercised as follows;

Date		Amount	Shares
On signing of the agreement	US$	550,000 (paid)	550,000
January 29, 2019		1,600,000	1,600,000
January 29, 2020		2,000,000	2,000,000
January 29, 2021		2,200,000	2,200,000
January 29, 2022		3,000,000	3,000,000
Total	US$	9,350,000	9,350,000

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6. EXPLORATION AND EVALUATION ASSETS (*Cont'd…)*

	Exxeter	Cristal	La Sufrida	Pirula	Onix	Codiciada	Consuelo	Amelia	Victoria	Tres Salares	Total
Balance, beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquisition costs											
Cash payments	10,000	-	-	-	-	-	-	-	-	-	10,000
Total acquisition costs	10,000	-	-	-	-	-	-	-	-	-	10,000
Deferred exploration costs											
Geophysical	107,100	-	-	-	-	-	-	-	-	-	107,100
Total exploration costs for the year	107,100	-	-	-	-	-	-	-	-	-	107,100
Balance, June 30, 2017	**$ 117,100**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 117,100**
Acquisition costs											
Cash payments	25,000	237,308	197,757	197,757	395,513	131,838	210,941	52,735	395,513	725,308	2,569,470
Shares issued	78,000		-	-	37,500	22,500	24,000	6,000	-	-	168,000
Total acquisition costs	103,000	237,308	197,757	197,757	433,013	154,338	234,941	58,735	395,513	725,308	2,737,470
Deferred exploration costs											
Geophysical	933	9,713	-	-	-	-	-	-	-	-	10,646
Total exploration costs for the year	933	9,713									10,646
Impairment	-	-	(197,757)	-	-	(154,338)	-	-	-	-	(352,095)
Balance, June 30, 2018	**$ 221,033**	**$ 247,021**	**$ -**	**$ 197,757**	**$ 433,013**	**$ -**	**$ 234,941**	**$ 58,735**	**$ 395,513**	**$ 725,308**	**$ 2,513,121**

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2018	June 30, 2017
Trade payables	$ 121,306	$ 25,000

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the year ended June 30 was:

	2018	2017
Short-term benefits paid or accrued:		
Salaries and benefits	$ 86,236	$ -
Consulting fees	28,000	-
Share-based compensation	478,733	-
Professional fees	26,972	5,000
Total remuneration	$ 619,941	$ 5,000

Accounts payable and accrued liabilities as at June 30, 2018 included $4,725 (June 30, 2017 - $5,000) owed to directors and companies controlled by a director or officer. Amounts owed to directors and companies controlled by a director and officer are non-interest bearing and without stated terms of repayment.

9. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value

On March 12, 2017, the Company issued 1 common share for total proceeds of $1.

On March 13, 2017, the Company issued 2,000,000 Common Shares at a price of $0.001 per share for total proceeds of $2,000.

On April 28, 2017, the Company issued 8,100,000 Units at a price of $0.05 per share for total gross proceeds of $405,000. Each Unit consisted of one Common Share and one non-transferable share purchase Warrant with each Warrant entitling the holder to purchase an additional Common Share of the Company at any time for a period of three years from the date of issuance at a price of $0.05 per Common Share.

Also, on April 28, 2017, the Company issued 2,000,000 "flow-through" units (the "FT Units") at a price of $0.05 per FT Unit for total gross proceeds of $100,000. Each FT Unit consists of one Common Share and one Common Share Warrant with each Warrant entitling the holder to purchase an additional Common Share of the Company at any time for a period of three years from the date of issue at a price of $0.05 per Common Share. As at June 30, 2018, the Company has an obligation to spend $100,000 flow-through proceeds by April 27, 2019.

On January 25, 2018 the Company completed its initial public offering by issuing 5,000,000 Common Shares at a price of $0.10 per share for gross proceeds of $500,000 and paid a cash finder's fee of $40,000 and issued 400,000 agent Warrants valued at $21,163 and incurred other finance costs of $27,501.

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9. SHARE CAPITAL AND RESERVES *(Cont'd…)*

On March 12, 2018, the Company issued 16,994,749 Common Shares at a price of $0.25 for gross proceeds of $4,248,687 and paid a cash finder's fee $305,655 and issued 523,978 agent Warrants valued at $250,559. The Company also issued 471,251 Common Shares as part of a finance expense in connection to loan payables to various lenders. A finance expense of $214,419 was recorded.

During the year end June 30, 2018, the Company had 5,600,000 Warrants exercised and received $280,000.

During the year ended June 30, 2018 the Company issued 900,000 Common Shares for property acquisitions with a fair value of $168,000.

Escrow shares

At June 30, 2018, there were 1,800,000 (June 30, 2017 – 2,000,001) shares held in escrow with the Company's registrar and transfer agent. Of these shares 200,000 was released from Escrow on January 25, 2018 and the remaining are being released from escrow in equal tranches of 300,000 common shares beginning on July 25, 2018 and every six months thereafter.

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to directors, senior officers, employees, management company employees, and consultants to acquire up to 10% of the issued and outstanding common shares. Under the plan, the maximum issuance in any 12-month period is limited for any consultant or person providing investor relations services to 2%, for insiders to 10% and for any other person to 5%. The exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of five years. Options issued for investor relations services will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may vest within any three-month period. All other vesting terms are determined by the Board of Directors.

	Number of Options	Weighted Average Exercise Price
As at June 30, 2017 and March 31, 2017 (inception)	-	$ -
Options granted	2,700,000	0.41
As at June 30, 2018	2,700,000	0.41
Number of options currently exercisable	2,700,000	$ 0.41

The weighted average remaining contractual life of options outstanding at June 30, 2018 was 4.66 (June 30, 2017 – Nil) years.

Stock options outstanding are as follows:

Number of Options	Exercise Price	Expiry Date
1,700,000	$ 0.25	January 29, 2023
1,000,000	0.69	April 11, 2023

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9. SHARE CAPITAL AND RESERVES *(Cont'd…)*

Stock options *(cont'd…)*

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the year ended June 30, 2018, and 2017:

	2018	2017
Risk-free interest rate	2.07%	-
Expected life of options	5.00	-
Annualized volatility	100%	-
Dividend rate	0%	-

During the year ended June 30, 2018, the Company recognized share-based compensation expense of $836,007 (2017 - $Nil), in connection with the vesting of stock options granted.

Warrants

As at June 30, 2018, the Company had share purchase warrants outstanding enabling the holders to acquire common shares as follows:

	Number of Warrants	Weighted Average Exercise Price
As at March 31, 2017 (inception)	-	$ -
Warrants granted	10,100,000	0.05
As at June 30, 2017	10,100,000	$ 0.05
Warrants exercised	(5,600,000)	0.05
Agent warrants granted	923,978	0.19
As at June 30, 2018	5,423,978	$ 0.07

The weighted average remaining contractual life of warrants outstanding at June 30, 2018 was 1.80 (2017 – 2.33) years.

Warrants outstanding are as follows:

Number of Shares	Exercise Price	Expiry Date
4,500,000	$ 0.05	April 28, 2020
400,000	$ 0.10	January 26, 2020
523,978	$ 0.25	March 12, 2020
5,423,978	$ 0.07	

The weighted average assumptions used for the Black-Scholes option pricing model are as follows;

	June 30, 2018	**June 30, 2017**
Expected life of warrants	2.00	-
Annualized volatility	100%	-
Dividend rate	-	-
Discount rate	1.78%	-

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10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2018	2017
	$	$
Loss before income taxes	(2,532,315)	(25,099)
Statutory tax rate	26.5%	26%
Expected income tax recovery at statutory rates	(671,063)	(6,526)
Change in timing differences	(1,760)	-
Effect of change in tax rates	(6,971)	-
Items not deductible for tax purposes	221,590	-
Unused tax losses and tax offsets not recognized	458,204	6,526
Income tax expense	-	-

Significant components of the Company's deferred income tax assets (liabilities) not recognized are shown below:

	2018	2017
		$
Non-capital losses carried forward	369,665	6,526
Deferred income tax assets not recognized	369,665	6,526
Net deferred income tax assets	-	-

As at June 30, 2017, the Company had approximately $820,000 of non-capital loss carry forwards available to reduce taxable income for future years. The non-capital losses start to expire in 2037.

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion of all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended June 30, 2018 were:

- Issued 923,978 agent warrants with a fair value of $271,722 recorded as share issuance costs.
- Issued 2,700,000 stock options with a share-based compensation expense of $836,007.
- Issued 900,000 shares for property acquisition valued at $168,000

There were no significant non-cash transactions during the year ended June 30, 2017.

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12. SEGMENTED INFORMATION

The business of the Company is the acquisition, exploration and development of mineral properties which is considered one business segment.

Geographic information for long-term assets is as follows:

	June 30, 2018	June 30,2017
Exploration and evaluation assets		
Canada	$ 221,033	$ 117,100
Chile	2,292,088	-
Total	$ 2,513,121	$ 117,100

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments is remote and has deposited cash in high credit quality financial institutions.

Liquidity risk

As of June 30, 2018, the Company had cash balance of $1,239,733 (June 30, 2017 - $389,802) to settle current liabilities of $121,306 (June 30, 2017 - $25,000). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is not exposed to liquidity risk.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Cont'd…)*

Financial risk factors *(cont'd…)*

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign exchange risk

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States and Chilean currencies. The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Chile and are denominated in either United States dollars or Chilean pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary. The Company's sensitivity analysis suggests that a consistent 5% change in the rate of exchange in the foreign jurisdictions where it has assets employed would change foreign exchange gain or loss by $130,000 (2017 - $Nil).

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of all components of shareholders' equity (deficiency), specifically its issued common shares, stock options and warrants reserves balances.

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, exploration and development 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.

The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there

14. CAPITAL MANAGEMENT *(Cont'd…)*

is sufficient 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. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year ended June 30, 2018.