

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

(unaudited - Expressed in Canadian Dollars)

## **NOTICE TO READER**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The condensed consolidated interim financial statements of the Company for the quarter ended September 30, 2018 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these unaudited condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim condensed financial statements by an entity's auditor.

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

	September 30, 2018	June 30, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash (Note 3)	\$ 486,553	\$ 1,239,733
Receivables (Note 4)	21,029	3,963
Prepaid expenses	<u>121,183</u>	<u>188,033</u>
	628,765	1,431,729
<b>Exploration and Evaluation Assets (Note 5)</b>	<u>2,292,502</u>	<u>2,513,121</u>
	\$ 2,921,267	\$ 3,944,850
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ <u>208,690</u>	\$ <u>121,306</u>
	208,690	121,306
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 8)	5,273,229	5,273,229
Reserves (Note 8)	1,107,729	1,107,729
Deficit	<u>(3,668,381)</u>	<u>(2,557,414)</u>
	<u>2,712,577</u>	<u>(3,823,544)</u>
	\$ 2,921,267	\$ 3,944,850

**Nature of operations and going concern** (Note 1)

**Subsequent event** (Note 13)

**On behalf of the Board:**

“Charles Hethey”

Director

“Gunther Roehlig”

Director

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

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30****(Unaudited - Expressed in Canadian Dollars)**

	2018	2017
<b>EXPENSES</b>		
Consulting fees (Note 7)	\$ 81,245	\$ -
Foreign exchange loss	16,099	-
Impairment loss on exploration and evaluation assets (note 5)	725,108	-
Investor relations	80,855	-
Listing expense	-	20,000
Office	15,375	76
Professional fees	45,846	7,824
Property investigation	65,850	-
Regulatory fees	22,595	13,996
Salaries (Note 7)	48,225	-
Travel	9,769	-
	<u>-</u>	<u>-</u>
<b>Loss and comprehensive Loss for the period</b>	<b>1,110,967</b>	<b>41,896</b>
<b>Loss per common share</b>		
-Basic and diluted	\$ (0.03)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>		
-Basic and diluted	41,066,001	12,100,001

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

**NEW ENERGY METALS CORP.**  
(formerly Darien Resource Development Corp.)  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30  
(Unaudited - Expressed in Canadian Dollars)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) for the period	\$ (1,110,967)	\$ (41,896)
Items not effecting cash:		
Impairment of exploration and evaluation assets	725,108	-
Changes in non-cash working capital items:		
Increase in receivables	(17,066)	-
Increase in prepaid expenses	66,850	-
Increase (decrease) in accounts payable and accrued liabilities	38,339	(5,000)
Net cash used in operating activities	<u>(297,736)</u>	<u>(46,896)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	<u>(455,444)</u>	-
Net cash (used)provided from investing activities	<u>(455,444)</u>	-
Change in cash during the period	(753,180)	(46,896)
Cash, beginning of period	<u>1,239,733</u>	<u>389,802</u>
Cash, end of period	<u>\$ 486,553</u>	<u>\$ 342,906</u>
<b>Cash paid during the year for:</b>		
Income taxes	\$ -	\$ -
Interest	-	-

**Supplemental disclosure with respect to cash flows (Note 9)**

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

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Unaudited - Expressed in Canadian Dollars)

	Share Capital		Reserves	Deficit	Total
	Number of shares	Amount			
Balance, June 30, 2017	12,100,001	\$ 507,001	\$ -	\$ (25,099)	\$ 481,902
Loss for the period	-	-	-	(41,896)	(41,896)
Balance, September 30, 2017	12,100,001	507,001	-	(66,995)	440,006
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 period	-	-	-	(2,490,419)	(2,490,419)
Balance, June 30, 2018	41,066,001	5,273,229	1,107,729	(2,557,414)	3,823,544
Loss for the period	-	-	-	(1,110,967)	(1,110,967)
Balance, September 30, 2018	41,066,001	\$ 5,273,229	\$ 1,107,729	\$ (3,668,381)	\$ 2,721,577

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

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(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 are listed 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 September 30, 2018, the Company has working capital of \$420,075 (June 30, 2018 – \$1,310,423) and an accumulated deficit of \$3,668,381 (June 30, 2018 – \$2,557,414). 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 period ended September 30, 2018 and the Company’s property payment obligations management estimates it will require additional funding for operations for the ensuing year.

These condensed consolidated interim 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. Such adjustments would be material.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended June 30, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as investment held-for-trading, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting. These condensed consolidated interim financial statements are prepared in Canadian dollars, which is the functional currency of the Company and its subsidiary.

**Approval of condensed interim consolidated financial statements**

These condensed consolidated interim financial statements for the three months ended September 30, 2018 were reviewed, approved and authorized for issue by the Board of Directors on November 26, 2018.

**Basis of consolidation**

These condensed consolidated interim financial statements include the transactions and balances of the Company’s subsidiary, New Energy Metals SpA., which is a 100% owned subsidiary in Chile.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

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

All intercompany transactions and balances are eliminated on consolidation.

**Financial instruments**

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company’s classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company’s financial assets on the transition date. Prior periods were not restated, and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of the Company’s financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

**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 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.

The adoption of this new standard is not expected to have a significant impact on the Company’s condensed consolidated interim financial statements.

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

Page 6

**3. CASH**

The Company's cash consists of the following:

	September 30, 2018	June 30, 2018
Cash held with banks	\$ 407,354	\$ 1,110,843
Cash held with banks in foreign currencies	3,691	51,472
Cash held in trust in foreign currencies	75,508	77,418
Total	\$ 486,553	\$ 1,239,733

**4. RECEIVABLES**

	September 30, 2018	June 30, 2018
GST/VAT receivable	\$ 21,029	\$ 3,963

**5. 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.

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

Page 7

**5. 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

During the period ended September 30, 2018, the Company forfeited their option and as such, the Company has determined that the carrying value of its interest in the Codiciada Property as at

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

Page 8

**5. 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 during fiscal 2018.

**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 project 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 project 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

During the period ended September 30, 2018 the Company forfeited their option 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 during fiscal 2018.

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

Page 9

**5. 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

Subsequent to period end September 30, 2018 the Company forfeited their option and as such, the Company has determined that the carrying value of its interest in the Tres Salares Lithium property as at September 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 Tres Salares Lithium property of \$725,108 as an impairment loss, determined in accordance with Level 3 of the fair value hierarchy during fiscal 2019.

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS (cont'd....)**

	Exxeter	Cristal	La Sufrida	Pirula	Onix	Codiciada	Consuelo	Amelia	Victoria	Tres Salares	Total
<b>Balance, June 30, 2017</b>	<b>\$ 117,100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,100</b>
Acquisition costs											
Cash payments	25,000	237,308	197,757	197,757	395,513	131,838	210,941	52,735	395,513	725,108	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	725,108	2,737,470
Deferred exploration costs											
Geophysical	933	9,713	-	-	-	-	-	-	-	-	10,646
Total exploration costs for the period	933	9,713									10,646
Impairment	-	-	(197,757)	-	-	(154,338)	-	-	-	-	(352,095)
<b>Balance, June 30, 2018</b>	<b>\$ 221,033</b>	<b>\$ 247,021</b>	<b>\$ -</b>	<b>\$ 197,757</b>	<b>\$ 433,013</b>	<b>\$ -</b>	<b>\$ 234,941</b>	<b>\$ 58,735</b>	<b>\$ 395,513</b>	<b>\$ 725,108</b>	<b>\$ 2,513,121</b>
Acquisition costs											
Cash payments	-	25,800	-	84,130	100,957	-	53,843	13,461	134,609	-	412,800
Total acquisition costs	-	25,800	-	84,130	100,957	-	53,843	13,461	134,609	-	412,800
Deferred exploration costs											
Assays	-	-	-	1,139	1,139	-	1,139	1,139	-	-	4,556
Field	-	-	-	5,102	5,102	-	5,102	5,102	-	-	20,408
Geophysical	49,045	-	-	-	-	-	-	-	-	-	49,045
Land administration	-	-	-	38	38	-	38	38	-	-	152
Report preparation	-	-	-	4,382	4,382	-	4,382	4,382	-	-	17,528
Total exploration costs for the period	49,045	-	-	10,661	10,661	-	10,661	10,661	-	-	91,689
Impairment	-	-	-	-	-	-	-	-	-	(725,108)	(725,108)
<b>Balance, September 30, 2018</b>	<b>\$ 270,078</b>	<b>\$ 272,821</b>	<b>\$ -</b>	<b>\$ 292,548</b>	<b>\$ 544,631</b>	<b>\$ -</b>	<b>\$ 299,445</b>	<b>\$ 82,857</b>	<b>\$ 530,122</b>	<b>\$ -</b>	<b>\$ 2,292,502</b>

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2018	June 30, 2018
Trade payables	\$ 208,690	\$ 121,306

**7. 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 period ended September 30 was:

	2018	2017
Short-term benefits paid or accrued:		
Salaries (*)	\$ 48,000	\$ -
Consulting fees	21,000	-
Professional fees	518	7,824
<b>Total remuneration</b>	<b>\$ 69,518</b>	<b>\$ 7,824</b>

(\*) Grant Ewing resigned as a director and CEO as of November 1, 2018.

Accounts payable and accrued liabilities as at September 30, 2018 included \$532 (June 30, 2018 - \$4,725) owed to directors and companies controlled by a director or officer.

**8. SHARE CAPITAL AND RESERVES**

Authorized – Unlimited common shares without par value

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.

On March 12, 2018, the Company issued 16,994,749 common shares at a price of \$0.25 per share 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 September 30, 2018, there were 1,500,000 (June 30, 2018 – 1,800,000) common 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 shares beginning on July 25, 2018 and every six months thereafter.

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (cont'd...)****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.

Stock option transactions are summarized as follows:

	September 30, 2018		June 30, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of the period	2,700,000	\$ 0.41	-	\$ -
Granted	-	\$ -	2,700,000	\$ 0.41
Options outstanding, end of the period	2,700,000	\$ 0.41	2,700,000	\$ 0.41

The weighted average remaining contractual life of options outstanding at September 30, 2018 was 4.41 (June 30, 2018 – 4.66) 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

**Warrants**

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

	September 30, 2018		June 30, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the period	5,423,978	\$ 0.07	10,100,000	\$ 0.05
Warrants exercised	-	\$ -	(5,600,000)	\$ 0.05
Agent warrants issued	-	\$ -	923,978	\$ 0.19
Warrants outstanding, end of the period	5,423,978	\$ 0.07	5,423,978	\$ 0.07

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (cont'd...)****Warrants (cont'd...)**

The weighted average remaining contractual life of warrants outstanding at September 30, 2018 was 1.55 (June 30, 2018 – 1.80) 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;

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

**9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the period ended September 30, 2018.

- During the period ended September 30, 2018 there was exploration and evaluation assets in accounts payable and accrued liabilities in the amount of \$49,045.

There were no significant non-cash transactions during the periods ended September 30, 2017.

**10. SEGMENTED INFORMATION**

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

Geographic information is as follows:

	September 30, 2018	June 30, 2018
Exploration and evaluation assets		
Canada	\$ 270,078	\$ 221,033
Chile	2,747,532	2,292,088
Total	\$ 3,017,610	\$ 2,513,121

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

---

**11. 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 receivables and 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 and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

*Liquidity risk*

As of September 30, 2018, the Company had cash balance of \$486,553 (June 30, 2018 – \$1,239,733) to settle current liabilities of \$208,690 (June 30, 2018 – \$121,306). 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.

*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.

**NEW ENERGY METALS CORP.**

(formerly Darien Resource Development Corp.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in Canadian Dollars)

---

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Foreign currency 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 \$131,000 (June 30, 2018 – \$130,000).

*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.

**12. CAPITAL MANAGEMENT**

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

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 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 period ended September 30, 2018.

**13. EVENTS AFTER REPORTING PERIOD**

The Company signed a letter of intent (the "Letter of Intent") with Wealth Minerals Ltd. ("WML"), whereby WML or its wholly-owned subsidiary (collectively, "Wealth") can acquire a 70% interest in the Company's Cristal Copper project (the "Project") located in northern Chile. The Company, through its wholly-owned Chilean subsidiary, has an option to acquire a 100% interest in the Project pursuant to an option agreement with a third-party vendor.

Subject to satisfactory completion of due diligence by Wealth and acceptance by the TSX-V of the transaction contemplated by Letter of Intent, the parties expect to enter into a definitive assignment and assumption agreement for the assignment of a 70% interest in the Project to Wealth upon terms to be agreed upon by the parties.