

NEW ENERGY METALS CORP.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW ENERGY METALS CORP.

Opinion

We have audited the financial statements of New Energy Metals Corp. (the "Company"), which comprise:

- the statements of financial position as at June 30, 2022 and 2021;
- the statements of income (loss) and comprehensive income (loss) for the years then ended;
- the statements of changes in shareholders' deficiency for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had a working capital deficiency of \$444,270 and an accumulated deficit of \$9,223,875 as at June 30, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886



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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

October 28, 2022

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

NEW ENERGY METALS CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	June 30, 2022	June 30, 2021
ASSETS		
Current		
Cash (Note 4)	\$ 4,898	\$ 72,695
Receivables (Note 5)	1,649	8,833
Advances (Note 12)	-	71,996
Marketable securities (Note 6)	-	17,500
	\$ 6,547	\$ 171,024
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Notes 7 and 9)	\$ 311,323	\$ 666,479
Loans payable (Note 8)	139,494	124,512
	450,817	790,991
Shareholders' deficiency		
Share capital (Note 10)	7,272,176	7,264,176
Reserves (Note 10)	1,507,429	1,507,429
Deficit	(9,223,875)	(9,391,572)
	(444,270)	(619,967)
	\$ 6,547	\$ 171,024

Nature of operations and going concern (Note 1)

Subsequent event (Note 16)

On behalf of the Board:

"Stuart Ross"

Director

"Christopher Little"

Director

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

NEW ENERGY METALS CORP.
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED JUNE 30,
(Expressed in Canadian Dollars)

	2022	2021
EXPENSES		
Consulting fees (Note 9)	\$ 15,000	\$ 84,000
Foreign exchange loss (gain)	7,184	(9,535)
Gain on disposition of subsidiary (Note 12)	(296,650)	-
Gain on forgiveness of debt (Notes 7 and 9)	-	(194,999)
Interest on loan payable (Note 8)	14,982	13,341
Investor relations	280	1,640
Management fees (Note 9)	-	45,000
Office expense (Note 9)	7,995	19,927
Professional fees (Note 9)	59,762	34,638
Property investigation	3,194	-
Realized loss on marketable securities (Note 6)	3,740	-
Regulatory fees	15,316	13,055
Travel	-	17
Unrealized gain on marketable securities (Note 6)	-	(13,500)
Write-off of receivable (Note 12)	1,500	-
Income and comprehensive income for the year	\$ 167,697	\$ 6,416
Earning per common share - Basic and diluted	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding		
-Basic and diluted	23,187,205	22,068,027

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

NEW ENERGY METALS CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,
(Expressed in Canadian Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the year	\$ 167,697	\$ 6,416
Items not affecting cash:		
Accrued interest on loan payable	14,982	13,341
Gain on disposition of subsidiary	(296,650)	-
Loss (gain) on forgiveness of debt	-	(194,999)
Realized loss on marketable securities	3,740	-
Unrealized gain on marketable securities	-	(13,500)
Write-off of receivable	1,500	-
Changes in non-cash working capital items:		
Change in receivables	7,184	(5,960)
Change in advances	71,984	(71,996)
Change in prepaid expenses	-	24,680
Change in accounts payable and accrued liabilities	(59,994)	118,025
Net cash used in operating activities	<u>(89,557)</u>	<u>(123,993)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds from the sale of marketable securities	<u>13,760</u>	-
Net cash provided by investing activity	<u>13,760</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the exercise of warrants	8,000	96,000
Share issuance costs	-	(704)
Net cash provided by financing activities	<u>8,000</u>	<u>95,296</u>
Change in cash during the year	<u>(67,797)</u>	<u>(28,697)</u>
Cash, beginning of year	<u>72,695</u>	<u>101,392</u>
Cash, end of year	<u>\$ 4,898</u>	<u>\$ 72,695</u>
Cash paid during the year:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

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

NEW ENERGY METALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Deficit	Total
	Number of shares	Amount			
Balance, June 30, 2020	21,550,767	\$ 7,168,880	\$ 1,507,429	\$ (9,397,988)	\$ (721,679)
Private placement	1,600,000	96,000	-	-	96,000
Share issuance cost	-	(704)	-	-	(704)
Income for the year	-	-	-	6,416	6,416
Balance, June 30, 2021	23,150,767	7,264,176	1,507,429	(9,391,572)	(619,967)
Shares issued for warrants	100,000	8,000	-	-	8,000
Income for the year	-	-	-	167,697	167,697
Balance, June 30, 2022	23,250,767	\$ 7,272,176	\$ 1,507,429	\$ (9,223,875)	\$ (444,270)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

New Energy Metals Corp. (the “Company”) was incorporated on March 13, 2017 under the laws of British Columbia. The Company’s head office address is Suite 2710 – 200 Granville Street, Vancouver, BC, V6C 1S4. 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.

As at June 30, 2022, the Company had a working capital deficiency of \$444,270 (2021 - \$619,967) and an accumulated deficit of \$9,223,875 (2021 - \$9,391,572). The Company expects to incur further losses in the development of its business. These material uncertainties 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.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Basis of presentation

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

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary (Note 12). In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Approval of financial statements

The policies applied in the financial statements are presented below and are based on IFRS issued and outstanding as of June 30, 2022. On October 28, 2022, the Board of Directors approved the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Company's significant accounting policies:

(a) Cash and cash equivalents

Cash and cash equivalents are comprised of bank deposits and highly-liquid investments, which are readily convertible into known amounts of cash and which mature within 90 days from the original dates of acquisition.

(b) Exploration and evaluation assets ("E&E")

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result, those E&E costs in excess of estimated recoveries are written off to profit or loss.

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 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(c) Provisions for environmental rehabilitation

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

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 mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

(d) Equity units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares and warrants on a residual value basis. The value allocated to the common shares is based on the market price of the shares and the residual, if any, is allocated to the warrants. Consideration received for the exercise of warrants is recorded in share capital and the related amount recognized in warrant reserve is transferred to share capital.

(e) 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 expire, the recorded value remains in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(f) 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, fair value through profit or loss or fair value through other comprehensive income. 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:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statements of financial position at fair value with changes in fair value therein, recognized in profit or loss.

The Company classifies cash and its marketable securities as fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method.

There are no financial assets classified as measured at amortized cost.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is carried in the statement of financial position at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

There are no financial assets classified as measured at FVTOCI.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(f) Financial instruments (cont'd...)

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

The Company's financial liabilities include accounts payable and accrued liabilities and loans payable and are classified as financial liabilities measured at amortized cost.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and marketable securities. The carrying value of accounts payable and accrued liabilities and loans payable approximate their fair values due to short-term maturity of these instruments.

(g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in net loss, except to the extent that if the income tax expense related to items recognized directly in equity, the income tax expense would also be recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the statement of financial position liability method. Under this method, deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(h) Income (loss) per share

Income (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The dilutive effect on income (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted income (loss) per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive. Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(i) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments and estimates exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Critical accounting judgments

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.

4. CASH

The Company's cash consists of the following:

	June 30, 2022	June 30, 2021
Cash held with banks	\$ 4,672	\$ 71,724
Cash held with banks in foreign currencies	226	971
Total	\$ 4,898	\$ 72,695

NEW ENERGY METALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 AND 2021
(Expressed in Canadian Dollars)

5. RECEIVABLES

	June 30, 2022	June 30, 2021
GST receivable	\$ 1,649	\$ 8,833

6. MARKETABLE SECURITIES

	Common shares	Total
Wealth Minerals Ltd. ⁽ⁱ⁾		
Balance, June 30, 2020	50,000	\$ 4,000
Unrealized loss from change in fair value	-	13,500
Balance, June 30, 2021	50,000	17,500
Sale of marketable securities	(50,000)	(13,760)
Realized loss from sale of securities	-	(3,740)
Balance, June 30, 2022	-	\$ -

⁽ⁱ⁾ During the year ended June 30, 2020, the Company received 50,000 common shares of Wealth Minerals Ltd. valued at \$18,500 in relation to the sale of a mineral property.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2022	June 30, 2021
Trade payables ⁽ⁱ⁾	\$ 268,323	\$ 646,479
Accrued liabilities	43,000	20,000
Total	\$ 311,323	\$ 666,479

⁽ⁱ⁾ During the year ended June 30, 2021, the Company settled \$195,000 in management fees in consideration of \$1, which resulted in a gain of \$194,999 (Note 9).

8. LOANS PAYABLE

The Company entered into promissory note agreements with arm's length parties for total proceeds of \$106,884. The loan amounts bear interest at a rate of 12% per annum calculated and compounded annually and are payable on demand.

Balance, June 30, 2020	\$ 111,171
Accrual of interest	13,341
Balance, June 30, 2021	\$ 124,512
Accrual of interest	14,982
Balance, June 30, 2022	\$ 139,494

9. 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. Amounts paid or accrued to key management personnel for the year ended June 30, were:

	June 30, 2022	June 30, 2021
Short-term benefits paid or accrued:		
Consulting fees	\$ 15,000	\$ 84,000
Management fees	-	45,000
Professional fees	<u>26,991</u>	<u>37,280</u>
Total remuneration	\$ 41,991	\$ 166,280

During the year ended June 30, 2022, the Company accrued or paid \$7,446 (2021 - \$3,327) for office rent, included in office expense, to a corporation controlled by an officer of the Company.

Accounts payable and accrued liabilities as at June 30, 2022 include \$216,119 (2021 - \$265,463) owed to directors, officers and former officers of the Company. The amounts payable to the related parties are non-interest bearing, unsecured, and do not contain specified terms of repayment.

During the year ended June 30, 2021, the former Chief Executive Officer of the Company agreed to settle \$195,000 in accrued management fees in consideration of \$1, which resulted in a gain of \$194,999 (Note 7).

10. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

During the year ended June 30, 2022, the Company issued 100,000 common shares pursuant to warrant exercises for proceeds of \$8,000.

During year ended June 30, 2021, the Company closed a private placement and issued 1,600,000 units at a price of \$0.06 per unit for gross proceeds of \$96,000, with each unit consisting of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share in the capital of the Company for a period of 12 months at an exercise price of \$0.08 per share, and for a further 12 months at an exercise price of \$0.10 per share.

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.

10. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options (cont'd...)

During the years ended June 30, 2022 and 2021, the Company did not grant any stock options.

Stock option transactions are summarized as follows:

	Year Ended June 30, 2022		Year Ended June 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	275,000	\$ 0.24	1,925,000	\$ 0.24
Cancelled/Expired	(275,000)	0.24	(1,650,000)	0.24
Options outstanding, end of the year	-	\$ -	275,000	\$ 0.24

The weighted average remaining contractual life of options outstanding at June 30, 2022 was Nil (2021 - 0.93) years.

Warrants

Warrant transactions are summarized as follows:

	Year Ended June 30, 2022		Year Ended June 30, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the year	1,600,000	\$ 0.08	15,710,919	\$ 0.25
Issued	-	-	1,600,000	0.08
Cancelled/Expired	-	-	(15,710,919)	0.25
Exercised	(100,000)	0.08	-	-
Warrants outstanding, end of the year	1,500,000	\$ 0.10	1,600,000	\$ 0.08

The weighted average remaining contractual life of warrants outstanding at June 30, 2022 was 0.68 (2021 - 1.68) years.

NEW ENERGY METALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 AND 2021
(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd...)

Warrants (cont'd...)

Warrants outstanding are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,500,000	\$ 0.10	March 5, 2023
1,500,000		

11. SEGMENTED INFORMATION

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

12. SALE OF SUBSIDIARY

Effective December 30, 2021, the Company sold 100% of the outstanding shares of its wholly owned Chilean subsidiary New Energy Metals SpA for proceeds of \$1,500 and disposed of net liabilities of \$295,150. The transaction resulted in a gain of \$296,650. The proceeds receivable was subsequently written off due to uncertainty in collectability.

As at the date of disposition, the net assets of New Energy Metals SpA were as follows:

	<i>Carrying value at December 30, 2021</i>
Assets:	
Cash	\$ 12
Liabilities:	
Accounts payable and accrued liabilities	\$ (295,162)
Net Liabilities disposed:	\$ (295,150)

These financial statements include the financial statements of the Company and its wholly owned subsidiary, New Energy Metals SpA, which was controlled by the Company until disposition date, December 30, 2021. As a result of the disposition the financial statements only include consolidated income and comprehensive income until the date of disposition. All significant intercompany transactions and balances have been eliminated.

13. RISK MANAGEMENT

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

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. As of June 30, 2022, the Company had a cash balance of \$4,898 (2021 - \$72,695) to settle current liabilities of \$450,817 (2021 - \$790,991). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

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. The Company is not exposed to material market risk.

Interest rate risk

The Company has cash balances and no variable 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. The Company is not exposed to material interest rate risk.

13. 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 were primarily in Chile and were 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.

As at June 30, 2022 and 2021, the following financial assets and liabilities denominated in currencies other than Canadian dollars are as follows (expressed in Canadian dollars):

	June 30, 2022	June 30, 2021
Cash	\$ 226	\$ 971
Advances	-	71,996
Accounts payable	-	(382,956)
Net financial assets (liabilities)	\$ 226	\$ (309,989)

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 approximately \$Nil (2021 - \$15,500).

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' 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 year ended June 30, 2022.

NEW ENERGY METALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 AND 2021
(Expressed in Canadian Dollars)

15. INCOME TAXES

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates for the years ended June 30, 2022 and 2021:

	2022	2021
Income (Loss) before income taxes	\$ 167,697	\$ 6,416
Statutory tax rate	27%	27%
Expected income tax expense (recovery) at statutory rates	\$ 45,278	\$ 1,732
Change in timing differences	41,478	51,964
Effect of change in tax rates	-	-
Items not taxable for tax purposes	(80,096)	(52,650)
Under(over)provided in prior years	88,969	-
Unused tax losses and tax offsets not recognized	(95,629)	(1,046)
Income tax expense	-	-

The Company has operating losses that may be carried forward to apply against future years' income for income tax purposes. These losses expire as follows:

	Non-capital losses
2038	\$ 820,735
2039	1,080,996
2040	533,083
2041	202,083
2042	384,095
	\$ 3,020,992

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

	June 30, 2022	June 30, 2021
Resource properties	\$ 1,381,243	\$ 1,381,243
Investments	-	135
Share issuance costs	4,172	45,505
Non-capital losses carried forward	811,013	866,174
	\$ 2,196,428	\$ 2,293,057

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.

16. SUBSEQUENT EVENT

Subsequent to June 30, 2022, the Company entered into an option agreement to acquire a 100% interest in 26 mineral claims located in the Omineca Mining Division of British Columbia (the "Property"), subject to the reservation of a 2% net smelter returns royalty.

Pursuant to the terms of the agreement, the Company is required to issue the following common shares and complete the following cash payments to the optionor of the Property (the "Optionor"):

Cash

- i) \$25,000 on the execution date of the agreement, July 15, 2022 (the "Execution Date");
- ii) \$45,000 on or before the 12 month anniversary of the Execution Date;
- iii) \$60,000 on or before the 24 month anniversary of the Execution Date; and
- iv) \$90,000 on or before the 36 month anniversary of the Execution Date.

Common shares

- i) 300,000 common shares on the closing date, which is anticipated to be 10 days following the date on which the TSXV accepts the option agreement pursuant to the policies of the exchange;
- ii) 300,000 common shares on or before the 12 month anniversary of the Execution Date;
- iii) 300,000 common shares on or before the 24 month anniversary of the Execution Date; and
- iv) 300,000 common shares on or before the 36 month anniversary of the Execution Date.

The Company is also required to complete \$5,000 worth of staking or other similar acquisition for mineral claims within the area of interest within 12 months of the Execution Date.

In addition, and subject to the exercise of the option by the Company, the Company shall be obligated to issue the following common shares upon the occurrence of certain milestones:

- i) Issue 200,000 common shares upon the publication of a positive preliminary feasibility study or pre-feasibility study on the Property;
- ii) Issue 200,000 common shares upon the commencement of commercial production; and
- iii) Issue 200,000 common shares upon the successful determination of an inferred mineral resource or indicated mineral resource on the Property of not less than 2,000,000 ounces of gold.

The option agreement also includes certain advance royalty payments obligations following the 7th anniversary of the Execution Date.