

NEW ENERGY METALS CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
(Unaudited – Prepared by Management)
(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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The condensed interim financial statements of the Company for the quarter ended September 30, 2022 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 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.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | September 30, 2022 | June 30, 2022 |
|--|-------------------------------|--------------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 1,531 | \$ 4,898 |
| Receivables | 7,979 | 1,649 |
| | <u>9,510</u> | <u>6,547</u> |
| Exploration and evaluation assets (Note 4) | <u>129,618</u> | <u>-</u> |
| | <u>\$ 139,128</u> | <u>\$ 6,547</u> |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | |
| Current | | |
| Accounts payable and accrued liabilities (Notes 5 and 7) | \$ 420,540 | \$ 311,323 |
| Loans payable (Note 6) | 143,549 | 139,494 |
| | <u>564,089</u> | <u>450,817</u> |
| Shareholders' deficiency | | |
| Share capital (Note 8) | 7,272,176 | 7,272,176 |
| Subscriptions received in advance (Note 13) | 50,000 | - |
| Reserves (Note 8) | 1,507,429 | 1,507,429 |
| Deficit | (9,254,566) | (9,223,875) |
| | <u>(424,961)</u> | <u>(444,270)</u> |
| | <u>\$ 139,128</u> | <u>\$ 6,547</u> |

Nature of operations and going concern (Note 1)

Subsequent event (Note 13)

On behalf of the Board:

“Stuart Ross” Director “Christopher Little” Director

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

NEW ENERGY METALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | 2022 | 2021 |
|---|--------------------|--------------------|
| EXPENSES | | |
| Consulting fees (Note 7) | \$ 7,500 | \$ 13,500 |
| Foreign exchange loss (gain) | (14) | 20,917 |
| Interest on loan payable (Note 6) | 4,055 | 3,620 |
| Office expense | 5,627 | 2,444 |
| Professional fees (Note 7) | 13,113 | 11,932 |
| Shareholders communication | 410 | - |
| Unrealized gain on marketable securities | - | (6,500) |
| Loss and comprehensive loss for the period | \$ (30,691) | \$ (45,913) |
| Loss per common share - Basic and diluted | \$ (0.00) | \$ (0.00) |
| Weighted average number of common shares outstanding | | |
| -Basic and diluted | 23,250,767 | 23,150,767 |

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

NEW ENERGY METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | 2022 | 2021 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (30,691) | \$ (45,913) |
| Items not affecting cash: | | |
| Accrued interest on loan payable | 4,055 | 3,620 |
| Unrealized gain on marketable securities | - | (6,500) |
| Changes in non-cash working capital items: | | |
| Change in receivables | (6,330) | 6,423 |
| Change in advances | - | (3,515) |
| Change in accounts payable and accrued liabilities | 86,682 | 49,909 |
| Net cash provided by operating activities | <u>53,716</u> | <u>4,024</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exploration and evaluations assets | <u>(107,083)</u> | - |
| Net cash used in investing activity | <u>(107,083)</u> | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Subscription received in advance | <u>50,000</u> | - |
| Net cash provided by financing activities | <u>50,000</u> | - |
| Change in cash during the period | (3,367) | 4,024 |
| Cash, beginning of period | <u>4,898</u> | 72,695 |
| Cash, end of period | <u>\$ 1,531</u> | <u>\$ 76,719</u> |
| Cash paid during the period: | | |
| Income taxes | \$ - | \$ - |
| Interest | \$ - | \$ - |

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

NEW ENERGY METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Share Capital | | Reserves | Subscription received in advance | Deficit | Total |
|------------------------------------|---------------------|---------------------|---------------------|--|-----------------------|---------------------|
| | Number of shares | Amount | | | | |
| Balance, June 30, 2021 | 23,150,767 | \$ 7,264,176 | \$ 1,507,429 | \$ - | \$ (9,391,572) | \$ (619,967) |
| Loss for the period | - | - | - | - | (45,913) | (45,913) |
| Balance, September 30, 2021 | 23,150,767 | 7,264,176 | 1,507,429 | - | (9,437,485) | (665,880) |
| Shares issued for warrants | 100,000 | 8,000 | - | - | - | 8,000 |
| Income for the period | - | - | - | - | 213,610 | 213,610 |
| Balance, June 30, 2022 | 23,250,767 | 7,272,176 | 1,507,429 | - | (9,223,875) | (444,270) |
| Subscriptions received in advance | - | - | - | 50,000 | - | 50,000 |
| Loss for the period | - | - | - | - | (30,691) | (30,691) |
| Balance, September 30, 2022 | 23,250,767 | \$ 7,272,176 | \$ 1,507,429 | \$ 50,000 | \$ (9,254,566) | \$ (424,961) |

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

NEW ENERGY METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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 September 30, 2022, the Company had a working capital deficiency of \$554,579 (June 30, 2022 - \$444,270) and an accumulated deficit of \$9,254,566 (June 30, 2022 - \$9,223,875). 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 condensed 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 condensed interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended June 30, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim 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 10). In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Approval of condensed interim financial statements

The policies applied in the condensed interim financial statements are presented below and are based on IFRS issued and outstanding as of September 30, 2022. On November 29, 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.

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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.

NEW ENERGY METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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4. EXPLORATION AND EVALUATION ASSETS

Troitsa Kate Property, British Columbia, Canada

On July 15, 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 option agreement, the Company is required to issue the following common shares and complete the following cash payments to the optionor of the Property:

Cash

- i) \$25,000 on or before July 15, 2022;
- ii) \$45,000 on or before July 15, 2023;
- iii) \$60,000 on or before July 15, 2024; and
- iv) \$90,000 on or before July 15, 2025.

Common shares

- i) 300,000 common shares on or before July 15, 2022;
- ii) 300,000 common shares on or before July 15, 2023;
- iii) 300,000 common shares on or before July 15, 2024; and
- iv) 300,000 common shares on or before July 15, 2025.

The Company is also required to complete \$5,000 worth of staking or other similar acquisition of mineral claims within a defined area of interest on or before July 15, 2023.

In addition, and subject to the exercise of the option by the Company, the Company is 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 July 15, 2029.

The Company is currently negotiating an extension with the optionor of the Property regarding the outstanding option payments of \$25,000 and 300,000 common shares which were unpaid as of September 30, 2022.

NEW ENERGY METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

| | Troitsa Kate | Total |
|---------------------------------|---------------------|--------------|
| Balance, June 30, 2022 and 2021 | \$ - | \$ - |
| <i>Acquisition costs</i> | - | - |
| <i>Exploration costs</i> | | |
| Assays | 10,819 | 10,819 |
| Field work | 4,360 | 4,360 |
| Geological consulting | 38,202 | 38,202 |
| Geophysical | 45,535 | 45,535 |
| Report preparation | 15,500 | 15,500 |
| Travel | 15,202 | 15,202 |
| Balance, September 30, 2022 | \$ 129,618 | \$ 129,618 |

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2022 | June 30, 2022 |
|---------------------|-------------------------------|--------------------------|
| Trade payables | \$ 337,361 | \$ 268,323 |
| Accrued liabilities | 83,179 | 43,000 |
| Total | \$ 420,540 | \$ 311,323 |

6. 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, 2021 | \$ 124,512 |
| Accrual of interest | 14,982 |
| Balance, June 30, 2022 | 139,494 |
| Accrual of interest | 4,055 |
| Balance, September 30, 2022 | \$ 143,549 |

NEW ENERGY METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

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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. Amounts paid or accrued to key management personnel for the periods ended September 30, were:

| | September 30, 2022 | September 30, 2021 |
|--------------------------------------|-------------------------------|-----------------------|
| Short-term benefits paid or accrued: | | |
| Consulting fees | \$ 7,500 | \$ 13,500 |
| Office | - | 3,219 |
| Professional fees | 5,704 | - |
| Total remuneration | \$ 13,204 | \$ 16,719 |

During the period ended September 30, 2022, the Company:

- i) accrued or paid \$Nil (2021 - \$3,219) for office rent, included in office expense, to a corporation controlled by a former corporate secretary of the Company.
- ii) accrued or paid \$7,500 (2021 - \$13,500) for CFO services to an officer of the Company.
- iii) accrued or paid \$5,704 (2021 - \$Nil) for professional services to a company controlled by a director of the Company.

Accounts payable and accrued liabilities as at September 30, 2022 include \$232,897 (June 30, 2022 - \$216,119) 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.

8. 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.

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.

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

Stock option transactions are summarized as follows:

| | Period Ended September 30, 2022 | | Year Ended June 30, 2022 | |
|--|------------------------------------|--|-----------------------------|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Options outstanding, beginning of the period | - | \$ - | 275,000 | \$ 0.24 |
| Cancelled/Expired | - | - | (275,000) | 0.24 |
| Options outstanding, end of the period | - | \$ - | 275,000 | \$ 0.24 |

Warrants

Warrant transactions are summarized as follows:

| | Period Ended September 30, 2022 | | Year Ended June 30, 2022 | |
|---|------------------------------------|--|-----------------------------|--|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Warrants outstanding, beginning of the period | 1,500,000 | \$ 0.08 | 1,600,000 | \$ 0.08 |
| Exercised | - | - | (100,000) | 0.08 |
| Warrants outstanding, end of the period | 1,500,000 | \$ 0.10 | 1,500,000 | \$ 0.10 |

The weighted average remaining contractual life of warrants outstanding at September 30, 2022 was 0.43 (June 30, 2022 - 0.68) years.

Warrants outstanding are as follows:

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

9. SEGMENTED INFORMATION

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

NEW ENERGY METALS CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022 AND 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

10. 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.

11. 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 September 30, 2022, the Company had a cash balance of \$1,531 (June 30, 2022 - \$4,898) to settle current liabilities of \$564,089 (June 30, 2022 - \$450,817). 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.

11. RISK MANAGEMENT (cont'd...)

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.

Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States currencies. The Company's operating expenses are incurred primarily in Canadian dollars. As at September 30, 2022, the Company has a minimal balance of cash in US dollars and does not believe that the foreign currency risk related to the balance is significant.

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, 2022.

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13. SUBSEQUENT EVENTS

Subsequent to September 30, 2022, the Company completed a non-brokered private placement financing of 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000, of which \$50,000 was received during the period ended September 30, 2022. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share in the capital of the Company for a period of 24 months at an exercise price of \$0.10 per share.

The Company did not pay any finder's fees in connection with the financing. The closing of the financing remains subject to approval by the TSX-V.

Subsequent to September 30, 2022, the Company granted an aggregate of 2,299,000 stock options to certain directors, officers and consultants. Each option is exercisable into one common share of the Company at a price of \$0.10 per share for a period of five years.