



**NEW ENERGY METALS**  
CORP.

## **FINANCIAL STATEMENTS**

**JUNE 30, 2023 and 2022**

(In Canadian dollars)

## Independent Auditor's Report

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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, 2023 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and 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, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability continue as a going concern.

### Other Matter

The financial statements for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 28, 2022.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

### Evaluation of Assessment of Impairment Indicators of Mineral Properties

As described in Note 5, the carrying value of the Company's mineral properties and related deferred costs is \$841,100 as at June 30, 2023. Management assesses at each reporting period-end whether there is an indication that an asset or group of assets is impaired. If such indicator exists, the asset's recoverable amount is estimated. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit or CGU). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Management applies significant judgment in order to

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assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Group's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount. No impairment indicators were identified by management as at June 30, 2023.

We considered this a key audit matter due to (i) the significance of the mineral properties and related deferred costs in the financial statements, (ii) the level of subjectivity required in applying audit procedures to assess the factors considered by management in its assessment of impairment indicators, and (iii) the significant auditor attention and audit effort the matter required.

### **Audit Response**

We responded to this matter by performing procedures over management's assessment of indicators of impairment which included the following:

- Obtained, for a sample of claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates;
- Reviewed internal and external resources, such as current year exploration expenditures and planned work programs and budgets to evidence continued and planned exploration expenditures;
- Assessed the Company's market capitalization to net assets ratio at June 30, 2023; and
- Assessed whether there are facts and circumstances that could indicate that the carrying values of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit.

### **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 will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's 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.

### **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.



## Auditor's Responsibilities for the Audit of the Financial Statements

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



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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.

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

*WDM*

*Chartered Professional Accountants*

Vancouver, B.C.  
October 24, 2023

# NEW ENERGY METALS CORP.

## STATEMENTS OF FINANCIAL POSITION

As at June 30, 2023 and 2022

(Expressed in Canadian dollars)

	Notes	2023	Restated - Note (3(b)) 2022
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash		395,118	4,898
GST recoverable		22,435	1,649
Prepaid expenses		107,708	-
		525,261	6,547
Exploration and evaluation assets	4	841,100	-
<b>Total assets</b>		<b>1,366,361</b>	<b>6,547</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5, 9	161,637	311,323
Loans payable	6	-	139,494
		161,637	450,817
<b>Shareholders' equity</b>			
Share capital	7	9,645,576	7,272,176
Reserves	7	276,632	-
Deficit		(8,717,484)	(7,716,446)
<b>Total equity</b>		<b>1,204,724</b>	<b>(444,270)</b>
<b>Total liabilities and equity</b>		<b>1,366,361</b>	<b>6,547</b>

Nature of operations and going concern 1  
Subsequent event 4(a), 15

Approved on behalf of the Board of Directors:

(Signed) "Rishi Kwatra"

Director

(Signed) "Keenan Hohol"

Director

# NEW ENERGY METALS CORP.

## STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

	Notes	2023	2022
		\$	\$
Expenses			
Consulting fees		135,321	3,194
Exploration and evaluation expenditures	8	137,311	-
General and administration		61,256	7,995
Investor relations and shareholder communication		295,537	280
Management fees	9	72,500	15,000
Professional fees	9	37,948	59,762
Regulatory and transfer agent		49,315	15,136
Share-based compensation	7, 9	294,331	-
Loss before other items		(1,083,519)	(101,367)
Other items			
Finance costs	6	(12,067)	(14,892)
Foreign exchange		(79)	(7,184)
Gain on forgiveness of debt		94,627	-
Gain on disposition of subsidiary	10	-	296,650
Loss on sale of marketable securities		-	(3,740)
Write-off of receivable	10	-	(1,500)
		82,481	269,334
Net (loss) income for the year		(1,001,038)	167,967
Net (loss) earnings per share - basic and diluted		(0.04)	0.01
Weighted average number of common shares outstanding		27,581,940	23,187,205

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

# NEW ENERGY METALS CORP.

## STATEMENTS OF CHANGES IN EQUITY

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

	Notes	Share capital		Reserves			Deficit	Total
		Number	Amount	Stock options	Warrants	Total		
			\$	\$	\$	\$	\$	\$
Balance, June 30, 2022 <i>Restated - Note (3(b))</i>		23,250,767	7,272,176	-	-	-	(7,716,446)	(444,270)
Shares issued for cash	7	7,466,000	1,466,500	-	-	-	-	1,466,500
Share issuance costs	7	-	(8,200)	-	3,300	3,300	-	(4,900)
Shares issued for exploration and evaluation assets	4, 7	1,730,000	716,100	-	-	-	-	716,100
Exercise of warrants	7	1,500,000	148,000	-	-	-	-	148,000
Exercise of options	7	300,000	51,000	(21,000)	-	(21,000)	-	30,000
Share-based compensation	7	-	-	294,332	-	294,332	-	294,332
Loss for the year		-	-	-	-	-	(1,001,038)	(1,001,038)
<b>Balance, June 30, 2023</b>		<b>34,246,767</b>	<b>9,645,576</b>	<b>273,332</b>	<b>3,300</b>	<b>276,632</b>	<b>(8,717,484)</b>	<b>1,204,724</b>
Balance, June 30, 2021 <i>Restated - Note (3(b))</i>		23,150,767	7,264,176	42,350	-	42,350	(7,926,493)	(619,967)
Exercise of warrants	7	100,000	8,000	-	-	-	-	8,000
Expired options	3(b)	-	-	(42,350)	-	(42,350)	42,350	-
Income for the year		-	-	-	-	-	167,697	167,697
<b>Balance, June 30, 2022 <i>Restated - Note (3(b))</i></b>		<b>23,250,767</b>	<b>7,272,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,716,446)</b>	<b>(444,270)</b>

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

# NEW ENERGY METALS CORP.

STATEMENTS OF CASH FLOWS  
Years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	2023	2022
	\$	\$
Operating activities		
Net (loss) income for the year	(1,001,038)	167,697
Items not affecting cash		
Accrued interest	-	14,982
Gain on disposition of subsidiary	-	(296,650)
Gain on forgiveness of debt	(94,627)	-
Write-off of receivable	-	1,500
Loss on sale of marketable securities	-	3,740
Share-based compensation	294,331	-
Changes in non-cash working capital items		
GST recoverable	(20,786)	7,184
Advances	-	71,984
Prepaid expenses	(107,708)	-
Accounts payable and accrued liabilities	(55,058)	(59,994)
	(984,886)	(89,557)
Investing activities		
Acquisition of exploration and evaluation assets	(125,000)	-
Proceeds from sale of marketable securities	-	13,760
	(125,000)	13,760
Financing activities		
Shares issued for cash, net of share issuance costs	1,639,600	8,000
Repayment of loans	(139,494)	-
	1,500,106	8,000
Increase (decrease) in cash	390,220	(67,797)
Cash, beginning of year	4,898	72,695
Cash, end of year	395,118	4,898
Non-cash transaction		
Shares issued for exploration and evaluation assets	716,100	-

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

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 1. Nature of Operations and Going Concern

#### (a) Nature of operations

New Energy Metals Corp. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 13, 2017. The address of the Company's registered office is 610 – 700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable.

#### (b) Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

As at June 30, 2023, the Company had working capital of \$363,624 (2022 - working capital deficiency of \$444,270) and an accumulated deficit of \$8,717,484 (2022 - \$7,716,446). The Company expects to incur further losses until it successfully develops its business. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities, its ability to attain profitable operations and generate funds therefrom and raise equity capital or borrowings sufficient to meet current and future obligations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

The factors above indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments to amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies

#### (a) Basis of Presentation and Measurement

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

The Company has reclassified certain immaterial items on the comparative statement of comprehensive (loss) income to conform with current period’s presentation.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting. The financial statements are presented in Canadian dollars unless otherwise noted. The functional and presentation currency of the Company is the Canadian dollar.

The financial statements were approved and authorized for issue by the Board of Directors of the Company on October 24, 2023.

#### (b) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks, demand deposits and money market instruments with maturities of three months or less, which are readily convertible into cash and are subject to insignificant changes in value. Cash and cash equivalents are designated as financial assets at amortized cost.

#### (c) Share capital

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company’s shares on the date of share issuance. Warrants issued as purchase consideration in non-monetary transactions are recorded at fair value using the Black-Scholes option pricing model.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (Continued)

#### (d) Share-based compensation

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

The fair value of options is calculated using the Black-Scholes option pricing model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of 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. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital. When the stock options are forfeited or expired unexercised, the amounts previously recognized in the reserve are transferred to deficit (Note 4(b)).

#### (e) Loss per share

The Company calculates basic earnings or loss per share by dividing net income or loss by the weighted average number of common shares outstanding during the reporting period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

Diluted earnings per share is computed in a manner similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from restricted and deferred stock units and the assumed exercise of stock options and warrants, if dilutive.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (Continued)

#### (f) Exploration and evaluation assets

##### (i) Exploration properties

Exploration properties represent properties for which the Company has not yet performed sufficient exploration work to determine whether significant mineralization exists. Exploration properties are carried at the cost of acquisition and included in exploration and evaluation assets. Exploration expenditures incurred on such properties are expensed as incurred as exploration expenditures in profit or loss. Examples of exploration expenditures that are expensed under this policy include topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching and sampling. Note 4(a)

##### (ii) Evaluation properties

Evaluation properties represent properties for which the Company has identified a mineral resource or reserves of such quantity and grade or quality that it has reasonable prospects for economic extraction. Mineral resource and reserves are considered to have reasonable prospects for economic extraction when the Company has sufficient information to determine that extraction is viable and feasible at expected long-term metal prices. Expenditures made in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource or reserve are capitalized and included in exploration and evaluation assets. Evaluation expenditures include the costs of drilling, sampling and other costs related to defining and delineating the mineral deposit.

When the technical feasibility and commercial viability of the extraction of mineral resources or reserves associated with the Company's evaluation properties are demonstrable and management has made a decision to proceed with development, the capitalized costs associated with evaluation assets are reclassified from exploration and evaluation assets to mineral properties, and are tested for impairment at that time.

##### (iii) Amortization and depletion

Exploration and evaluation assets are not subject to depletion or amortization, but rather are tested for impairment when circumstances indicate that the carrying value may not be recoverable.

#### (g) Impairment of non-financial assets

Exploration and evaluation assets are tested for impairment when circumstances indicate that the carrying value may not be recoverable. When facts and circumstances suggest that the carrying amount of an asset exceeds its recoverable amount, the Company performs an impairment test by comparing the recoverable amount to the carrying amount of the relevant exploration and evaluation property. The recoverable amount is the higher of fair value less costs to sell and value in use. When the carrying value exceeds the recoverable amount of the relevant exploration and evaluation property, an impairment charge is recorded and the property is written down to its recoverable amount. In addition, exploration and evaluation assets are tested for impairment at the date they are transferred to mineral properties, plant and equipment.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (Continued)

#### (g) Impairment of non-financial assets (continued)

Non-financial assets other than goodwill that have suffered an impairment are evaluated for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

#### (h) Reclamation and remediation provisions

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes the cost of future reclamation and remediation as a liability when: the Company has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reasonable estimate of the obligation can be made. The liability is measured initially by discounting expected costs to the net present value using pre-tax rates and risk assumptions specific to the liability. The resulting cost is capitalized to the carrying value of the related assets or expensed to profit or loss where there is no carrying value of the related assets, or where the cost is not recoverable. In subsequent periods, the liability is adjusted for accretion of the discount with the offsetting amount charged to the statement of comprehensive income as a finance cost. Any change in the amount or timing of the underlying cash flows is adjusted to the carrying value of the liability, with the offsetting amount recorded as an adjustment to the reclamation and remediation provision cost included in mineral properties or exploration, evaluation and development expenses. Any amount charged to the carrying value of assets is depreciated over the remaining life of the relevant assets.

It is reasonably possible that the ultimate cost of remediation and reclamation could change in the future due to uncertainties associated with defining the nature and extent of environmental disturbance, the application of laws and regulations by regulatory authorities, changes in remediation technology and changes in discount rates. The Company reviews its reclamation and remediation provision at least annually and as evidence becomes available indicating that its expected reclamation and remediation costs may have changed. Any such changes in costs could materially impact the future amounts recorded as reclamation and remediation provision.

As at June 30, 2023 and 2022, the Company did not have any reclamation and remediation liabilities.

#### (i) Financial instruments

##### (i) Recognition and classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (Continued)

#### (i) Financial instruments (continued)

##### (i) Recognition and classification (continued)

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

##### (ii) Measurement

###### Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

###### Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

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Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (Continued)

#### (i) Financial instruments (continued)

##### (ii) Measurement (continued)

Subsequent measurement (continued)

Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized when the obligations are discharged, cancelled, or expired.

##### (iii) Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVTOCI, the Company applies the expected credit loss model. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (Continued)

#### (j) Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### (k) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below:

##### (i) Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (Continued)

#### (k) Significant accounting judgments, estimates and assumptions (continued)

##### (ii) Share-based compensation

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of the Company's share price, expected life of options and rate of forfeiture of awards granted, changes in subjective input assumptions can materially affect the fair value estimate.

##### (iii) Impairment of exploration and evaluation assets

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which the Company has the right to explore in a specific area, actual and planned exploration expenditures, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends.

##### (iv) Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

#### (l) New accounting standards issued but not yet effective

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 3. Change in Accounting Policies

#### (a) Exploration and evaluation assets

Effective July 1, 2022, the Company elected to change its accounting policy for exploration and evaluation assets where costs directly related to exploration properties are expensed as incurred as exploration expenditures in profit or loss. Previously, the Company capitalized all expenditures related to exploration properties in exploration and evaluation assets. Examples of exploration expenditures that are expensed under this policy include topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching and sampling. Exploration properties represent properties for which the Company has not yet performed sufficient exploration work to determine whether significant mineralization exists. Exploration properties continue to be carried at the cost of acquisition and included in exploration and evaluation assets. The Company considers all of its properties to be in this category as at June 30, 2023, and as such, all exploration costs associated with these properties are expensed as incurred.

There was no impact of this voluntary change in accounting policy on prior period amounts.

#### (b) Share-based compensation

Effective July 1, 2022, the Company elected to change its accounting policy for share-based compensation in accordance with IFRS 2 *Share-based Payment*, to recognize a transfer within equity for forfeited or expired vested equity instruments. Previously, the values of all forfeited and expired vested options and expired unexercised warrants remained in reserves. Management determined that reclassification of expired equity instruments within equity would provide more relevant information as it better reflects the fair value of awards that are expected to vest.

As a result, the opening 2021 shareholders' equity was restated to reclassify forfeited and cancelled options of \$1,117,057 and expired warrants of \$348,022 from reserves to deficit and the opening 2022 shareholder's equity was restated to reclassify expired options of \$42,350 from reserves to deficit as follows:

Amended and restated statement of financial position	June 30, 2021	Adjustments	June 30, 2021
	As previously reported		As restated
	\$	\$	\$
Stock options reserve	1,159,407	(1,117,057)	42,350
Warrants reserve	348,022	(348,022)	-
Total reserves	1,507,429	(1,465,079)	42,350
Deficit	(9,391,572)	1,465,079	(7,926,493)

For the June 30, 2021 financial statements, the restatement did not have any impact on the statement of loss and comprehensive loss, basic and diluted loss per share calculation and the statement of cash flows.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 3. Change in Accounting Policies (continued)

#### (b) Share-based compensation (continued)

Amended and restated statement of financial position	June 30, 2022	Adjustments	June 30, 2022
	As previously reported		As restated
	\$	\$	\$
Stock options reserve	1,159,407	(1,159,407)	-
Warrants reserve	348,022	(348,022)	-
<b>Total reserves</b>	<b>1,507,429</b>	<b>(1,507,429)</b>	<b>-</b>
Deficit	(9,223,875)	1,507,429	(7,716,446)

For the June 30, 2022 financial statements, the restatement did not have any impact on the statement of loss and comprehensive loss, basic and diluted loss per share calculation and the statement of cash flows.

### 4. Exploration and Evaluation Assets

As at June 30, 2023, the Company had interests in the following exploration and evaluation assets:

	Troitsa (a)	Roslyn (b)	Total
	\$	\$	\$
Balance, June 30, 2021	-	-	-
Acquisition			
Cash	25,000	100,000	125,000
Shares	115,500	600,600	716,100
Balance, June 30, 2022	140,500	700,600	841,100
Acquisition			
Cash	-	-	-
Shares	-	-	-
Balance, June 30, 2023	140,500	700,600	841,100

#### (a) Troitsa Kate Copper Property ("Troitsa")

On July 15, 2022, the Company entered into an option agreement to acquire Troitsa located in British Columbia comprising 28 mineral claims. The Company may acquire a 100% interest in Troitsa for the following consideration:

- (i) Cash payments of \$220,000:
  - \$25,000 upon execution of the Agreement (paid);
  - \$45,000 on or before July 15, 2023 (amended, 900,000 shares issued subsequent to June 30, 2023);
  - \$60,000 on or before July 15, 2024; and
  - \$90,000 on or before July 15, 2025.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 4. Exploration and Evaluation Assets (continued)

#### (a) Troitsa Kate Copper Property ("Troitsa") (continued)

##### (ii) Issuance of 1,200,000 common shares:

- 300,000 shares on or before July 15, 2022 (issued);
- 300,000 shares on or before July 15, 2023 (issued subsequent to June 30, 2023);
- 300,000 shares on or before July 15, 2024; and
- 300,000 shares on or before July 15, 2025.

##### (iii) Completion of \$5,000 worth of staking or similar acquisition of mineral claims within a defined area of interest on or before July 15, 2023 (completed).

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

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

The agreement is subject to a 2% Net Smelter Return ("NSR") royalty, of which, 0.5% can be purchased for \$3,000,000 payable in common shares of the Company. The option agreement also includes certain advance royalty payments obligations following July 15, 2029.

As at June 30, 2023, the Company paid \$25,000 and issued 300,000 common shares (Note 7(b)(ii)) with a fair value of \$115,500 towards the acquisition of Troitsa.

During the year ended June 30, 2023, the Company incurred exploration costs of \$137,311 on Troitsa (Note 8).

Subsequent to June 30, 2023, the Company amended the agreement whereby the cash payment requirement of \$45,000 due July 15, 2023, was satisfied by the issuance of 900,000 shares with a fair value of \$40,500.

#### (b) Roslyn Lithium Property ("Roslyn")

On December 6, 2022, the Company entered into an assignment and assumption agreement, as amended, to acquire Roslyn located in Ontario comprising 12 mining claims. The Company may acquire a 100% interest in Roslyn for the following consideration:

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 4. Exploration and Evaluation Assets (continued)

#### (b) Roslyn Lithium Property ("Roslyn") (continued)

- (i) Cash payments of \$2,300,000:
  - \$100,000 within 60 days of the date of the agreement (paid);
  - \$100,000 on December 6, 2023;
  - \$100,000 on December 6, 2024; and
  - \$2,000,000 on December 6, 2025.
  
- (ii) Issuance of 2,230,000 common shares:
  - 1,430,000 Common shares within 60 days of the date of the agreement (issued);
  - 400,000 Common shares on December 6, 2023; and
  - 400,000 Common shares on December 6, 2024.

The agreement is subject to a 3% NSR royalty, of which, 0.5% can be purchased by the Company for \$1,000,000.

As at June 30, 2023, the Company paid \$100,000 and issued 1,430,000 common shares (Note 7(b)(iii)) with a fair value of \$600,600 towards the acquisition of Roslyn.

### 5. Accounts Payable and Accrued Liabilities

	2023	2022
	\$	\$
Accounts payable	146,637	268,323
Accrued liabilities	15,000	43,000
	161,637	311,323

### 6. Loans Payable

- (a) The Company entered into promissory note agreements in the aggregate principal amount of \$106,884 (the "Loans"). The Loans were payable on demand and bore interest at a rate of 12% per annum, calculated and compounded annually. During the year ended June 30, 2023, the Company fully repaid the Loans and interest of \$42,131.
  
- (b) On December 2, 2022, the Company received a loan in the amount of \$60,000. The loan was payable on demand and bore interest at 24% per annum. On March 2, 2023, the Company fully repaid the loan and interest of \$1,144.
  
- (c) During the year ended June 30, 2023, the Company received non-interest bearing loans from a company controlled by a former director of the Company in the aggregate amount of \$8,000. The loans were fully repaid on February 17, 2023.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 7. Share Capital and Reserves

(a) Authorized

Unlimited common shares without par value.

(b) Issued and outstanding

As at June 30, 2023, the Company's issued and outstanding share capital consisted of 34,246,767 (2022 – 23,250,767) issued and fully paid common shares.

Year ended June 30, 2023

- (i) On January 27, 2023, the Company closed a non-brokered private placement of 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of \$0.10 per share until January 27, 2025.
- (ii) On February 2, 2023, the Company issued 300,000 common shares with fair value of \$115,500 pursuant to the Troitsa property option agreement. Note 4(a)
- (iii) On March 2, 2023, the Company issued 1,430,000 common shares with fair value of \$600,600 pursuant to the Roslyn property option agreement. Note 4(b)
- (iv) During the year ended June 30, 2023, the Company closed a non-brokered private placement of 5,466,000 units at a price of \$0.25 per unit for gross proceeds of \$1,366,500. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.50 per share for a period of two years from the date of issuance.

The Company paid a finder's fee of \$4,900 and 19,600 broker warrants with a fair value of \$3,300. The fair value of the broker warrants was estimated at \$0.17 per warrant using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of issuance: risk free rate of 3.90%; dividend yield of 0%; stock price volatility of 125.36%; and an expected life of 2 years.

- (v) An aggregate of 300,000 common shares were issued for gross proceeds of \$30,000 pursuant to options exercises. The fair value of the options of \$21,000 was reclassified from reserves to share capital on the exercise of these options.
- (vi) An aggregate of 1,500,000 common shares were issued for gross proceeds of \$148,000 pursuant to warrants exercises.

Year ended June 30, 2022

- (vii) 100,000 common shares were issued for gross proceeds of \$8,000 pursuant to a warrant exercises.

## NEW ENERGY METALS CORP.

### NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 7. Share Capital and Reserves (continued)

##### (c) Warrants

Each warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Warrants	Weighted average exercise price
	#	\$
Balance, June 30, 2021 and 2022	1,500,000	0.10
Issued	4,752,600	0.33
Exercised	(1,500,000)	0.10
Balance, June 30, 2023	4,752,600	0.33

The following table summarizes the warrants outstanding as at June 30, 2023:

Exercise Price	Expiry date	Warrants
\$		#
0.10	January 27, 2025	2,000,000
0.50	January 11, 2025	1,369,600
0.50	February 17, 2025	1,383,000
		4,752,600

As at June 30, 2023, the weighted average remaining contractual life of the warrants was 1.58 years.

##### (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.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 7. Share Capital and Reserves (continued)

#### (d) Stock options (continued)

A summary of the status of the options outstanding follows:

	Options	Weighted average exercise price
	#	\$
Balance, June 30, 2021	275,000	0.24
Granted	-	-
Expired	(275,000)	0.24
Balance, June 30, 2022	-	-
Granted	3,219,000	0.19
Exercised	(300,000)	0.10
Balance, June 30, 2023	2,919,000	0.20

The following table summarizes the options outstanding and exercisable as at June 30, 2023.

Exercise Price	Expiry date	Options outstanding	Options exercisable
\$		#	#
0.10	November 18, 2027	1,999,000	1,999,000
0.42	March 3, 2028	820,000	820,000
0.36	March 27, 2028	100,000	12,500
		2,919,000	2,831,500

During the year ended June 30, 2023, the Company recorded share-based compensation \$294,331 (2022 - \$Nil), respectively, for stock options granted and vested.

The weighted average fair value of stock options granted during the year ended June 30, 2023 was \$0.15 (2022 - \$Nil) per option. The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of grant:

	2023	2022
Risk-free annual interest rate	3.35%	-
Expected annual dividend yield	0%	-
Expected stock price volatility	147%	-
Expected life of options (years)	5	-
Forfeiture rate	15%	-

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 8. Exploration and Evaluation Expenditures

	Troitsa (a)	Roslyn (b)	Total
	\$	\$	\$
Balance, June 30, 2021 and 2022	-	-	-
Assays	11,218	-	11,218
Fieldwork	4,360	-	4,360
Geology and geophysics	80,400	-	80,400
Professional fees	26,131	-	26,131
Travel	15,202	-	15,202
Balance, June 30, 2023	137,311	-	137,311

### 9. Related Party Transactions

#### (a) Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company, and is comprised of the Company's Board of Directors and executive officers. Key management compensation for the years ended June 30, 2023 and 2022 consisted of the following:

	2023	2022
	\$	\$
CEO fees	37,500	-
CFO fees	15,000	-
Former CFO fees	20,000	15,000
Share based compensation <sup>(1)</sup>	136,369	-
	208,869	15,000

<sup>(1)</sup> Share-based compensation represents the fair value of options granted and vested to directors and officers of the Company.

#### (b) Related party transactions

During the year ended June 30, 2023, the Company paid professional fees of \$18,669 (2022 - \$26,991) to a company controlled by a former director of the Company for legal services.

#### (c) Related party balances

As at June 30, 2023, included in accounts payable and accrued liabilities were \$76,198 (2022 - \$216,119) due to former directors, officers and a company controlled by a former director of the Company. The amounts are unsecured, non-interest bearing and without fixed terms of repayment.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 10. Sale of Subsidiary

Effective December 30, 2021, the Company sold 100% of the issued and 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.

### 11. Capital Management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise. The Company currently has no externally-imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended June 30, 2023.

### 12. Fair Value of Financial Instruments

As at June 30, 2023, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term maturity.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.
- Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

During the year ended June 30, 2023, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy .

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 13. Financial Instruments Risk

The Company's financial instruments are exposed to the following risks:

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held with highly rated and reputable Canadian financial institutions and with a lawyer's trust account, and therefore, are not subject to credit risk. The Company's maximum exposure to credit risk is equal to the carrying amounts of cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As of June 30, 2023, the Company had a cash balance of \$395,118 (2022 - \$4,898) to settle current liabilities of \$161,637 (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 manages liquidity risk through its capital management as outlined in Note 11 to the financial statements. At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

(c) Market Risk

Market risk is the risk that changes in market related factors, such as interest rates and market prices, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at June 30, 2023, the Company did not have any financial instruments subject to significant interest rate risk.

(ii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. As at June 30, 2023, the Company did not have any financial instruments subject to significant price risk.

# NEW ENERGY METALS CORP.

## NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

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### 14. Income Tax

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

	2023	2022
	\$	\$
Net (loss) income before income taxes	(1,101,037)	167,697
Canadian statutory tax rate	27%	27%
Expected income tax (recovery)	(297,280)	45,278
Under provided in prior years	-	88,969
Permanent differences	116,543	(80,096)
Change in deferred tax asset not recognized	180,737	(95,629)
Total income tax expense	-	-

The unrecognized deductible temporary differences as at June 30, 2023, are comprised of non-capital loss carryforwards of \$677,596 (2022 - \$811,013) and share issuance costs of \$16,831 (2022 - \$4,172).

As at June 30, 2023, the Company had non-capital loss carryforwards of approximately \$3,698,588 which may be carried forward to apply against future income for Canadian tax purposes subject to final determination by taxation authorities expiring 2038 to 2043 (2022 - \$3,020,992 expiring 2038 to 2042).

### 15. Subsequent Event

On July 28, 2023, the Company entered into an assignment and assumption agreement to acquire the Atikokan Lithium Property (the "Atikokan Property") located in Ontario. The Company may acquire a 100% interest in the Atikokan Property by making aggregate cash payments of \$66,000 over a period of two years. The agreement is subject to a 3% NSR royalty.