



**Nevada Energy Metals Inc.**  
**Consolidated Financial Statements**  
**For the years ended 30 June, 2019 and 2018**

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nevada Energy Metals Inc.:

### Opinion

We have audited the consolidated financial statements of Nevada Energy Metals Inc. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for year ended June 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019, and its financial performance and its cash flows for the year ended June 30, 2019 in accordance with International Financial Reporting Standards.

### 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

We draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Matter

The financial statements for the year ended June 30, 2018 were audited by another auditor whose report dated October 23, 2018 expressed an unqualified opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in 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. If, based on the work we have performed on this other information, 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 International Financial Reporting Standards, 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.

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

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

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

*DML*

**DALE MATHESON CARR-HILTON LABONTE LLP**

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

October 28, 2019

**Nevada Energy Metals Inc.**  
**Consolidated Statements of Financial Position**  
**As at years ended 30 June, 2019 and 2018**  
(Expressed in Canadian dollars)

	Notes	As at 30 June 2019	As at 30 June 2018
<b>ASSETS</b>		\$	\$
<b>Current assets</b>			
Cash		1,063,313	1,328,995
Amounts receivable	4	15,718	15,783
Prepaid expenses		17,306	-
		<b>1,096,337</b>	1,344,778
<b>Exploration and evaluation properties</b>	6	171,135	131,292
<b>Total assets</b>		<b>1,267,472</b>	1,476,070
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	123,187	25,464
		<b>123,187</b>	25,464
<b>Equity</b>			
Common shares	8	3,099,458	2,676,587
Reserves	8	4,193,958	4,118,648
Deficit		(6,149,131)	(5,344,629)
<b>Total equity</b>		<b>1,144,285</b>	1,450,606
<b>Total equity and liabilities</b>		<b>1,267,472</b>	1,476,070

**Nature of operations and going concern** (Note 1),  
**Commitments and contingencies** (Note 16)

**APPROVED BY THE BOARD:**

*“Tim Fernback”*

*“John Oness”*

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Tim Fernback

\_\_\_\_\_  
John Oness

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

**Nevada Energy Metals Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**For the years ended 30 June, 2019 and 2018**  
(Expressed in Canadian dollars)

	Notes	Year ended 30 June 2019	Year ended 30 June 2018
		\$	\$
<b>Administration expenses</b>			
Bank charges and interest		1,947	29,418
Consulting	12, 13	231,442	225,160
Corporate development	12, 13	258,000	-
Marketing and communications	8	53,536	24,151
Office and miscellaneous	12	48,455	18,136
Professional fees		3,655	30,363
Rent	12	58,339	37,473
Share-based payments	8	54,181	-
Transfer agent fees		22,281	44,207
Travel, lodging and food		76,004	-
<b>Loss before other items</b>		<b>(807,840)</b>	<b>(408,908)</b>
<b>Other items</b>			
Interest income		32	-
Foreign exchange gain		3,306	17,814
Gain on sale of short term investments	5	-	501,208
Impairment on exploration and evaluation properties	6	-	(258,549)
Recovery of exploration and evaluation properties	6	-	609,820
<b>Net income (loss) for the year</b>		<b>(804,502)</b>	<b>461,385</b>
<b>Other comprehensive (loss) gain</b>			
Unrealized (loss) gain on short term investments	5	-	(40,000)
<b>Net comprehensive income (loss) for the year</b>		<b>(804,502)</b>	<b>421,385</b>
<b>Income (loss) per share</b>			
Basic and diluted	9	<b>(0.11)</b>	0.10

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

**Nevada Energy Metals Inc.**  
**Consolidated Statements of Cash Flows**  
**For the years ended 30 June, 2019 and 2018**  
(Expressed in Canadian dollars)

	Notes	Year ended 30 June 2019	Year ended 30 June 2018
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Income (loss) for the year		(804,502)	461,385
Adjustment for:			
Share-based payments	8	54,181	-
Shares for service	8	-	4,972
Impairment on exploration and evaluation properties	6	-	258,549
Gain on sale of short term investments	5	-	(501,208)
Recovery of exploration and evaluation properties	6	-	(609,820)
Changes in operating working capital:			
Decrease (increase) in trade and other receivables		65	(2,455)
Decrease (increase) in prepaid expenses		(17,306)	3,790
Increase (decrease) in trade and other payables		97,723	(733)
<b>Cash used in operating activities</b>		<b>(669,839)</b>	<b>(385,520)</b>
<b>INVESTING ACTIVITIES</b>			
Exploration and evaluation properties expenditures	6	(39,843)	(21,564)
Proceeds from sale of short term investment	5	-	1,638,708
<b>Cash (used in) provided by investing activities</b>		<b>(39,843)</b>	<b>1,617,144</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of common shares, net	8	444,000	-
<b>Cash provided by financing activities</b>		<b>444,000</b>	<b>-</b>
<b>Increase (decrease) in cash</b>		<b>(265,682)</b>	<b>1,231,624</b>
Cash, beginning of year		1,328,995	97,371
<b>Cash, end of year</b>		<b>1,063,313</b>	<b>1,328,995</b>

**Supplemental cash flow information** (Note 14)

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

**Nevada Energy Metals Inc.**  
**Consolidated Statements of Changes in Equity**  
**For the years ended 30 June, 2019 and 2018**  
(Expressed in Canadian dollars)

	Number of common shares	Common shares	Stock option reserve	Warrant reserve	Accumulated other comprehen- sive income (loss)	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balances – 30 June 2017	4,679,209	2,671,615	838,903	3,279,745	40,000	(5,806,014)	1,024,249
Shares issued for:							
Services (Note 8)	9,944	4,972	-	-	-	-	4,972
Unrealized loss on short term investments (Note 5)	-	-	-	-	(40,000)	-	(40,000)
Net income for the year	-	-	-	-	-	461,385	461,385
Balances, 30 June 2018	4,689,153	2,676,587	838,903	3,279,745	-	(5,344,629)	1,450,606
Shares issued for:							
Cash (Note 8)	5,320,000	444,000	-	-	-	-	444,000
Finder's fees (Note 8)	450,000	(21,129)	-	21,129	-	-	-
Share-based payments (Note 8)	-	-	54,181	-	-	-	54,181
Net loss for the period	-	-	-	-	-	(804,502)	(804,502)
<b>Balances, 30 June 2019</b>	<b>10,459,153</b>	<b>3,099,458</b>	<b>893,084</b>	<b>3,300,874</b>	<b>-</b>	<b>(6,149,131)</b>	<b>1,144,285</b>

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

**Nevada Energy Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended 30 June, 2019 and 2018**  
(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Nevada Energy Metals Inc. (the “Company”) was incorporated on 2 June 2011 under the laws of the province of British Columbia. The Company is a reporting issuer in British Columbia and Alberta, on the TSX Venture Exchange (“TSXV”) under the trading symbol “BFF”, co-listed on the OTCQB (United States) under the symbol “SSMLF”. The Company is in the process of acquiring, exploring and developing mineral resources located in Nevada. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties, or sell the properties outright. The Company has not yet determined whether these properties contain ore reserves which are economically recoverable and the Company is considered to be in the exploration stage.

On 3 March 2016, the Company incorporated a wholly owned subsidiary in Nevada, US, Nevada Energy Metals, USA Inc. (Note 2.1).

On 1 November 2017, the Company consolidated its share capital on one (1) new common share without par value for every ten (10) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

On 24 January 2018, the Company consolidated its share capital on one (1) new common share without par value for every two (2) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

**1.1 Going concern**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast significant doubt on the validity of this assumption and ultimately the appropriateness of the use of accounting principles related to a going concern. From inception to date, the Company has incurred losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 30 June 2019, the Company had cash of \$1,063,313 (30 June 2018: \$1,328,995) and working capital of \$973,150 (30 June 2018: \$1,319,314), but management cannot provide assurance that the Company will ultimately achieve profitable operations, or raise additional debt and/or equity capital. Existing funds on hand at 30 June 2019 will not be sufficient to support the Company’s needs for cash to conduct exploration and to continue operations during the current year. The Company will require additional funding to be able to meet ongoing requirements for general operations and to advance and retain mineral exploration and evaluation property interests. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or the disposition of properties in the future.

**Nevada Energy Metals Inc.**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

**1.1 Going concern (continued)**

Management has been successful in obtaining sufficient funding for operating, exploration and capital requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to the management of the Company.

If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures including ceasing operations. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate, such adjustments could be material.

**2. BASIS OF PREPARATION**

**2.1 Basis of consolidation**

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

Name	Country of Incorporation	% Equity interest at	
		30 June 2019	30 June 2018
Nevada Energy Metals USA Inc. (Note 1)	USA	100%	100%

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements of the subsidiaries are included in the consolidated financial statements from the date that control is obtained to the date control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

**2.2 Basis of presentation**

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 10, and are presented in Canadian dollars except where otherwise indicated.

**Nevada Energy Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
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**2 BASIS OF PREPARATION (continued)**

**2.3 Statement of compliance**

The consolidated financial statements of the Company and its subsidiary, including comparatives, have been prepared in accordance with accounting policies in compliance with IFRS and International Accounting Standards (“IAS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended 30 June 2019.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

*Exploration and evaluation expenditures*

The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the year when new information becomes available.

**Nevada Energy Metals Inc.**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Significant accounting judgments, estimates and assumptions** (continued)

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

*Decommissioning and restoration costs*

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 30 June 2019 and 2018. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on changes in laws, regulations and negotiations with regulatory authorities.

*Share based payments*

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3.1.1. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component. The Company measures the value of the common shares first. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves.

**Nevada Energy Metals Inc.**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Significant accounting judgments, estimates and assumptions** (continued)

*Deferred income taxes*

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realized the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiary operate could limit the ability of the Company to obtain tax deductions in future periods.

*Going concern*

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1.1).

*Determination of Functional Currency*

The functional currency of the Company's subsidiary is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic event.

**3.2 Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

**3.3 Taxation**

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**Nevada Energy Metals Inc.**  
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(Expressed in Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Taxation (continued)**

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

**3.4 Exploration and evaluation properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and/or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**Nevada Energy Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
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(Expressed in Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.5 Decommissioning, restoration and similar liabilities**

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties. A gain or loss may be incurred upon settlement of the decommissioning obligation.

**3.6 Financial assets and liabilities**

The Company adopted all of the requirements of IFRS 9 Financial Instruments on July 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. 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. 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 if the Company has opted to measure them at FVTPL.

**Nevada Energy Metals Inc.**  
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(Expressed in Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Financial assets and liabilities (continued)**

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Amounts receivable	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on July 1, 2018.

Measurement

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

*Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Financial assets and liabilities (continued)**

*Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss.

**3.7 Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. 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 the statements of loss and comprehensive 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.

**3.8 Derecognition of financial assets and liabilities**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**3.9 Impairment of non-financial assets**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.9 Impairment of non-financial assets (continued)**

its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

**3.10 Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**3.11 Share-based payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized 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 fair value of the options, as determined using the Black-Scholes Option Valuation Model, which incorporates all market vesting conditions are expensed to profit or loss. The corresponding amount is recorded to the stock options reserve. 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 will eventually vest.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.12 Foreign currency translation**

The Company's reporting currency and the functional currency of all of its operations, including that of its subsidiary, is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

**3.13 Earnings (loss) per share**

Basic per share amounts are calculated by dividing the earnings or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted per share amounts are determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of share purchase warrants and stock options.

**3.14 Change in accounting policy**

The IASB issued a number of new and revised IASs, IFRSs, amendments and related IFRIC interpretations which are effective for the Company's financial year beginning on 1 July 2018. For the purpose of preparing and presenting the consolidated financial statements, the Company has consistently adopted all these new standards for the year ended 30 June, 2019.

*IAS 28 Investment in Associates and Joint Ventures*

As part of the annual improvements 2014-2016 cycle, this standard was amended to clarify whether an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organization, or a mutual fund, unit trust or similar entities including investment linked insurance funds. The amendment is applicable for annual periods beginning on or after 1 January 2018.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.14 Change in accounting policy (continued)**

*IFRS 2 Share-based payment*

IFRS 2, Share-based payment, issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a “net settlement” for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendment is applicable for annual periods beginning on or after 1 January 2018.

*IFRS 7 Financial Instruments: Disclosures*

IFRS 7 clarifies the definition for continuing involvement in a transferred financial asset. The amendment is effective for annual periods beginning on or after 1 January 2018.

*IFRS 9 Financial Instruments*

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting and replaces IAS 39. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The amendment is applicable for annual periods beginning on or after 1 January 2018.

*IFRIC 22 Foreign Currency Transactions and Advance Consideration*

This interpretation clarifies when an entity recognizes a non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The interpretation is applicable for annual periods beginning on or after 1 January 2018.

The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

**3.15 Standards, amendments and interpretations issued but not yet effective**

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the Company.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. The Company is evaluating the impact of these standards. Certain other new standards, amendments, and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.15 Standards, amendments and interpretations issued but not yet effective** (continued)

*Conceptual Framework and References to the Conceptual Framework in IFRS Standards*

On 29 March 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance but does provide additional guidance on topics not previously covered such as presentation and disclosure. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to amend certain IFRS, IAS, IFRIC and SIC. These amendments are effective for annual periods beginning on or after 1 January 2020.

*IFRS 10 Consolidated Financial Statements*

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The effective date for the amendment of IFRS 10 is for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted.

*IFRS 11 Joint Arrangements*

As part of the annual improvements 2015-2017 cycle, this is an amendment to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The effective date for this amendment is for annual periods beginning on or after 1 January 2019.

*IFRS 16 Leases*

This is an amendment to set out a new model for lease accounting. The effective date for this amendment is for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the Company has adopted IFRS 15. The company has not early adopted IFRS 16. For the year ended it 30 June 2020, it has been estimated that adoption of IFRS 16 would result in right-of-use-asset of \$58,866 and a corresponding lease liability of \$58,866.

*IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

These are amendments to IAS 1 and IAS 8 to revise the definition of 'material'. The new definition of material and the accompanying explanatory paragraphs are contained in IAS 1. The definition of material in IAS 8 has been replaced with a reference to IAS 1. The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The Company has not early adopted IAS 1.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.15 Standards, amendments and interpretations issued but not yet effective (continued)**

*IAS 28 Investments in associates and joint ventures*

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. An additional amendment is made regarding long-term interests in associates and joint ventures to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied and to reduce confusion about the accounting for long-term interests in associates and joint ventures. The effective date for the former amendment to IAS 28 is for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted. The effective date for the latter amendment is for annual periods beginning on or after 1 July 2019. Earlier application is also permitted. The company has not early adopted IAS 28.

*IAS 23 Uncertainty over Income Tax Treatments*

IFRIC 23 is an interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over tax treatments. The effective date of IFRIC 23 is for annual periods beginning on or after 1 January 2019.

The Company has not early adopted nor assessed the financial statement impact of these standards, amendments and interpretations, and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company, other than as separately disclosed.

**4. AMOUNTS RECEIVABLE**

The Company's amounts receivable are as follows:

	<b>As at 30 June 2019</b>	As at 30 June 2018
	\$	\$
GST/HST receivable	<b>15,718</b>	6,117
Shared office costs receivable (Note 12)	-	9,666
<b>Total amounts receivable</b>	<b>15,718</b>	15,783

Included in amounts receivable of the Company are amounts due from related parties which are disclosed in Note 12. The amounts are unsecured, interest-free and repayable upon written notice given from the Company.

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**5. SHORT TERM INVESTMENT**

Lico Energy Metals Inc. (“LiCo”) is a company with certain directors in common (Note 12).

During the year ended 30 June 2018, the Company received 3,000,000 shares of LiCo valued at \$300,000 related to the Black Rock Desert Project option agreement (Notes 6, 12 and 14).

During the year ended 30 June 2018, the Company received 4,000,000 shares of LiCo valued at \$440,000 related to the Dixie Valley Project option agreement (Notes 6, 12 and 14).

During the year ended 30 June 2018, the Company sold all of the 10,500,000 shares of LiCo for total proceeds of \$1,638,708, resulting in a gain of \$501,208.

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**6. EXPLORATION AND EVALUATION PROPERTIES**

<i>For the period ended 30 June 2019</i>	Teels Marsh West	Clayton Valley BBF-1	Total
	\$	\$	\$
Balance, 30 June 2018	131,292	-	<b>131,292</b>
Acquisition costs	-	-	-
Assaying	-	-	-
Consulting	-	-	-
Field expenses	-	-	-
Geology	-	-	-
Maintenance	23,695	16,148	<b>39,843</b>
Recoveries	-	-	-
Impairment	-	-	-
	23,695	16,148	<b>39,843</b>
Balance, 30 June 2019	154,987	16,148	<b>171,135</b>

<i>For the year ended 30 June 2018</i>	Teels Marsh West	Clayton Valley BBF-1	San Emidio Li	Dixie Valley	Black Rock Desert	Big Smokey Valley	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, 30 June 2017	109,728	-	112,583	130,180	-	145,966	498,457
Acquisition costs	-	-	-	-	-	-	-
Assaying	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Field expenses	866	-	-	-	-	-	866
Geology	-	-	-	-	-	-	-
Maintenance	20,698	-	-	-	-	-	20,698
Recoveries	-	-	-	(130,180)	-	-	(130,180)
Impairment	-	-	(112,583)	-	-	(145,966)	(258,549)
	21,564	-	(112,583)	(130,180)	-	(145,966)	(367,165)
Balance, 30 June 2018	131,292	-	-	-	-	-	131,292

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**6. EXPLORATION AND EVALUATION PROPERTIES** (continued)

**6.1 Teels Marsh West**

The Company staked claims located in Teels Marsh, Mineral County, Nevada. (the “Teels Marsh West Property”).

Teels Marsh West is a highly prospective Lithium exploration project, 100% owned without any royalties, located on the western part of a large evaporation pond, or playa (also known as a salar). Structural analysis reveals that Teels Marsh is bounded by faults and is tectonically active. Tectonic activities supply additional local permeability that could be provided by the faults that bound the graben and sub-basins.

**6.2 Clayton Valley BFF-1**

The Company staked claims located in Clayton Valley, Esmeralda County, Nevada (the “Clayton Valley BFF-1 Property”).

On 31 May 2016, the Company entered into an option agreement with 1074654 Nevada Ltd whereby 1074654 Nevada Ltd. has the option to acquire an undivided 70% interest in the Clayton Valley BFF-1 Property.

In order to earn a 70% interest in the Clayton Valley BFF-1 Property, 1074654 Nevada Ltd. is required to issue shares, make payments and incur exploration expenditures as follows:

		Payments	Shares	Exploration
		USD\$	(Notes 5 and 15)	Expenditures
		USD\$		USD\$
Payment on or before 2 June 2016	(received)	\$10,000	-	-
Payment on or before 30 June 2016	(received)	\$15,000	-	-
Payment on 19 July 2016	(received)	\$75,000	100,000	-
On or before 19 July 2017		\$100,000	100,000	\$100,000
On or before 19 July 2018		\$100,000	100,000	\$300,000
On or before 19 July 2019		-	-	\$600,000
		\$300,000	300,000	\$1,000,000

On 19 July 2017, the option agreement with 1074654 Nevada Ltd. expired without being exercised.

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**6. EXPLORATION AND EVALUATION PROPERTIES** (continued)

**6.3 Dixie Valley**

The Company staked placer claims located in Churchill County, west central Nevada (the “Dixie Valley Project”).

On 14 July 2016, the Company entered into an option agreement with LiCo whereby LiCo can acquire a 100% interest, subject to a 3% net smelter return, in 80 mineral claims located in Dixie Valley, Churchill County, Nevada. The option agreement is “non arm’s length” and is a related party transaction due to an officer and director in common between LiCo and the Company (Note 12). The TSX Venture Exchange approved the transaction on 10 August 2016. Pursuant to the terms of the Option Agreement, LiCo has 36 months within which to exercise the option:

On 30 August 2017, the Company amended the terms of the option agreement as follows:

		Cash Payments	Share issuances (Notes 5 and 14)	Exploration Expenditures
		USD\$		USD\$
Upon signing	(received)	20,000	-	-
Upon TSX Venture approval	(received)	180,000	2,000,000	-
On or before 30 August 2017	(received)	-	2,000,000	-
On or before 14 July 2018	(received)	-	2,000,000	-
On or before 14 July 2019		-	-	250,000
		<b>\$200,000</b>	<b>6,000,000</b>	<b>\$250,000</b>

On 31 August 2018, LiCo did not pay the annual property sustaining fees and dropped all the claims.

During the previous year ended 30 June 2018, the Company recorded a recovery of \$309,820 as a result of the option payments received from LiCo.

**6.4 Black Rock Desert**

The Company staked claims in Washoe County, Nevada (the “Black Rock Desert Project”).

On 10 November 2016, the Company entered into an option agreement with LiCo whereby LiCo can acquire an undivided 70% interest, subject to a 3% Net Smelter Royalty, in the Black Rock Desert Project. The option agreement is “non-arm’s length” and is a related party transaction due to an officer and director in common between LiCo and the Company (Note 12).

In order to earn a 70% interest in the Black Rock Desert Project, LiCo is required to issue shares, make payments and incur exploration expenditures:

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**6. EXPLORATION AND EVALUATION PROPERTIES** (continued)

**6.4 Black Rock Desert** (continued)

On 30 August 2017, the Company amended the terms of the option agreement. In order to earn a 100% interest in the Black Rock Desert Project, LiCo is required to issues shares, make payments and incur exploration expenditures as follows:

		Payments	Shares (Notes 5 and 14)	Exploration Expenditures
		USD\$		USD\$
Cash Payment upon execution	(received)	20,000	-	-
Cash Payment upon Exchange approval	(received)	150,000	1,500,000	-
On or before 30 August 2017	(received)	-	3,000,000	-
On or before 10 November 2019		-	-	250,000
		\$170,000	4,500,000	\$250,000

During the year ended 30 June 2018, the Company recorded a recovery of \$300,000 as a result of the option payments received from LiCo.

**6.5 San Emidio Li**

The Company staked claims located in the San Emidio Desert, Washoe County, Nevada (the “San Emidio Li Project”).

On 31 August 2017, the Company did not renew and dropped all the claims. An impairment of \$112,583 with respect to the San Emidio Li Project was recorded during the year ended 30 June 2018 (Note 14).

**6.6 Big Smokey Valley**

The Company staked claims located in Nye County, Nevada (the “Big Smokey Valley Project”).

On 31 August 2017, the Company did not renew and dropped all the claims. An impairment of \$145,966 with respect to the Big Smokey Valley Project was recorded during the year ended 30 June 2018 (Note 14).

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**7. TRADE AND OTHER PAYABLES**

The Company's trade payables and accrued liabilities are principally comprised of amounts for administrative activities. These are broken down as follows:

	<b>30 June 2019</b>	30 June 2018
	\$	\$
Trade payables	<b>7,181</b>	464
Accrued liabilities (Note 12)	<b>116,006</b>	25,000
<b>Total trade and other payables</b>	<b>123,187</b>	25,464

**8. SHARE CAPITAL**

**8.1 Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

As at 30 June 2019, the Company had 10,459,153 common shares outstanding (30 June 2018: 4,689,153 common shares).

**8.2 Common shares issuances**

**a) Private Placements**

During the year ended 30 June 2019 and 2018, the Company issued shares through private placements.

On 16 January 2019, the Company issued 4,320,000 units at a price of \$0.075 per unit for gross proceeds of \$324,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of two years. Finder's fees in the amount of 400,000 common shares and 200,000 share purchase warrants were paid in connection with the private placement. These warrants were calculated to have a fair value of \$17,129 using the Black-Scholes option pricing model with the following assumptions:

- Risk-free interest rate 1.92%
- Expected term (in years) 2
- Estimated dividend yield 0%
- Weighted-average estimated volatility 199%

On 25 September 2018, the Company issued 1,000,000 units at a price of \$0.12 per unit for gross proceeds of \$120,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.16 per share for a period of two years. Finder's fees in the amount of 50,000 common shares and 25,000 share purchase warrants were paid in connection with the private placement. These warrants were calculated to have a fair value of \$4,000 using the Black-Scholes option pricing model with the following assumptions:

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**8. SHARE CAPITAL** (continued)

**8.2 Common shares issuances** (continued)

**a) Private Placements** (continued)

- Risk-free interest rate 0.54%
- Expected term (in years) 2
- Estimated dividend yield 0%
- Weighted-average estimated volatility 296%

**b) Other**

- On 26 October 2017, the Company issued 9,944 common shares valued at \$4,972 for marketing services (Note 14).

**8.3 Share purchase warrants**

The following is a summary of the changes in the Company's share purchase warrants for the year ended 30 June 2019 and 2018:

	30 June 2019		30 June 2018	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Outstanding, beginning of year	-	\$ -	1,875,750	1.16
Granted	5,545,000	0.11	-	-
Exercised	-	-	-	-
Expired	-	-	(1,875,750)	1.16
<b>Outstanding, end of year</b>	<b>5,545,000</b>	<b>0.11</b>	-	-

**8.4 Stock options**

Effective 29 September, 2016, the Company has adopted a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. The aggregate maximum number of common shares issuable under the plan is 2,091,831 common shares. The aggregate number of options granted to one optionee in a 12-month period is limited to 5% of the issued common shares of the Company.

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's stock option activities for the year ended 30 June 2019 and 2018:

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**8. SHARE CAPITAL** (continued)

**8.4 Stock options** (continued)

	30 June 2019		30 June 2018	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding, beginning of period	321,500	1.470	321,500	1.46
Granted	730,000	0.075	-	-
Expired	(9,000)	1.600	(11,250)	1.33
Cancelled	(245,000)	1.889	-	-
<b>Outstanding, end of period</b>	<b>797,500</b>	<b>0.174</b>	321,500	1.47

On December 19, 2018, the Company granted 730,000 stock options to various consultants, directors and officers of the Company. These stock options have an exercise price of \$0.075 per share and expire on December 19, 2023. The fair value of these options was determined as \$54,181 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.54%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	228.79%

The following table summarizes information regarding stock options outstanding and exercisable as at 30 June 2019:

Exercise price	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price
<b>Options</b>				
\$0.075	730,000	730,000	4.47	\$0.075
\$0.667	45,000	45,000	1.53	\$0.667
\$2.400	22,500	22,500	1.78	\$2.400
<b>Total</b>	<b>797,500</b>	<b>797,500</b>	<b>4.23</b>	<b>\$0.174</b>

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**8. SHARE CAPITAL** (continued)

**8.5 SHARE-BASED PAYMENTS**

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which \$54,181 was recognized in the year ended 30 June 2019 (2018: \$Nil):

Grant date	Fair value	Amount vested during the year ended 30 June 2019	Amount vested during the year ended 30 June 2018
19 December 2018	54,181	\$ 54,181	\$ -
<b>Total</b>	54,181	<b>54,181</b>	-

**9. INCOME (LOSS) PER SHARE**

The calculation of basic and diluted loss per share is based on the following data:

Year ended 30 June	2019	2018
	\$	\$
Net income (loss) for the year	(804,502)	461,385
Weighted average number of shares – basic and diluted	7,622,578	4,684,165
<b>Income (loss) per share, basic and diluted</b>	<b>(0.11)</b>	0.10

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants were anti-dilutive for the year ended 30 June 2019 and 2018.

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**10. FINANCIAL INSTRUMENTS**

**10.1 Categories of financial instruments**

	<b>30 June 2019</b>	30 June 2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
<b>FVTPL</b>		
Cash and cash equivalents	<b>1,063,313</b>	1,328,995
<b>Total financial assets</b>	<b>1,063,313</b>	1,328,995
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	<b>7,181</b>	464
<b>Total financial liabilities</b>	<b>7,181</b>	464

**10.2 Fair value**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

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**10. FINANCIAL INSTRUMENTS (continued)**

**10.2 Fair value (continued)**

<b>As at 30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Financial assets at fair value</b>				
Cash and cash equivalents	1,063,313	-	-	1,063,313
<b>Total financial assets at fair value</b>	<b>1,063,313</b>	<b>-</b>	<b>-</b>	<b>1,063,313</b>

  

<b>As at 30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Financial assets at fair value</b>				
Cash and cash equivalents	1,328,995	-	-	1,328,995
<b>Total financial assets at fair value</b>	<b>1,328,995</b>	<b>-</b>	<b>-</b>	<b>1,328,995</b>

There were no transfers between Level 1 and 2 and 3 in the year ended 30 June 2019 and 30 June 2018.

**10.3 Management of financial risks**

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies and amounts receivable are due from the Government of Canada and financial institutions. As a result, the Company is not subject to significant credit risk.

**Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due (Note 1.1). The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no steady source of revenue and has obligations to meet its administrative overheads, maintain its mineral investments and to settle amounts payable to its creditors. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 30 June 2019, the Company had a working capital of \$973,150 (30 June 2018: \$1,319,314) (Note 1.1).

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**10. FINANCIAL INSTRUMENTS (continued)**

**10.3 Management of financial risks (continued)**

**Interest rate risk**

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short period of time, the impact would not be significant.

**Currency Risk**

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

**Commodity price risk**

The Company is not exposed to commodity price risk as it is still in exploration stage and does not hold investments in equity instruments.

**11. CAPITAL RISK MANAGEMENT**

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements.

The Company is dependent on external financing to fund its activities. In order to carry out its planned business strategy, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

As at 30 June 2019, the Company's capital structure consists of the equity of the Company (Note 8). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

As at 30 June 2019, the Company's available capital resources, consisting of cash and cash equivalents, totaled \$1,063,313 (30 June 2018: \$1,328,995). As at 30 June 2019, the Company's total payables are \$123,187 (30 June 2018: \$25,464). The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future.

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**12. RELATED PARTY TRANSACTIONS**

For the year ended 30 June 2019 and 2018, the Company had related party transactions with the following companies related by way of management, directors or shareholders in common:

- LiCo, a company with management and directors in common with the Company. The Company provides office and consulting services to LiCo.
- TCF Ventures Corp., a company controlled by the Chief Operating Officer of the Company.
- Zeus Capital Ltd., a company controlled by the Chief Financial Officer of the Company.

During the previous year ended 30 June 2018, the Company received \$Nil in cash and 7,000,000 shares from LiCo in relation to option agreements for the Dixie Valley Project and Black Rock Desert Project (Notes 5, 6 and 14).

As at 30 June 2019, the Company had a balance of \$Nil (30 June 2018: \$9,666) receivable from LiCo (Note 4).

As at 30 June 2019, included in accrued liabilities is a balance of \$89,600 (30 June 2018: \$Nil) payable to related parties as follows:

Year ended 30 June	2019	2018
	\$	\$
TCF Ventures Corp.	60,000	Nil
Director	5,600	Nil
Corporate Secretary	24,000	Nil
<b>Total accrued liabilities payable to related parties</b>	<b>89,600</b>	Nil

**12.1 Related party expenses**

The Company's related party expenses are summarized as follows:

Year ended 30 June	2019	2018
	\$	\$
Shared office and administration recoveries from LiCo	(3,328)	(23,932)
Shared rent recoveries from LiCo	(4,864)	(4,805)
Consulting fees, former CFO	29,750	42,000
Consulting fees, Corporate Secretary	48,000	48,000
Consulting fees, TCF Ventures Corp.	48,000	48,000
Corporate development, Corporate Secretary	48,000	-
Corporate development, TCF Ventures Corp.	90,000	-
Consulting fees, Zeus Capital Ltd.	9,000	-
<b>Total related party expenses</b>	<b>264,558</b>	109,263

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**13. KEY MANAGEMENT PERSONNEL COMPENSATION**

The remuneration of directors and other members of key management for the year ended 30 June 2019 and 2018 were as follows:

	<b>30 June 2019</b>	30 June 2018
	<b>\$</b>	<b>\$</b>
Short-term benefits – management and consulting fees	<b>134,750</b>	138,000
Accrued costs – corporate development	<b>138,000</b>	-
<b>Total key management personnel compensation</b>	<b>272,750</b>	138,000

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

**14.1 Cash payments for interest and taxes**

The Company made the following cash payments for interest and income taxes:

	<b>30 June 2019</b>	30 June 2018
	<b>\$</b>	<b>\$</b>
Interest paid (received)	-	-
Taxes paid	-	-
<b>Total cash payments</b>	<b>-</b>	<b>-</b>

During the year ended 30 June 2019, the Company issued no shares related to services (2018 - 9,944 shares valued at \$4,972 related to services (Note 8)).

During the year ended 30 June 2019, the Company received no shares from related parties in relation to mineral property option agreements (2018 - 7,000,000 shares valued at \$740,000 from related parties) in relation to mineral property option agreements (Notes 5 and 6).

During the year ended 30 June 2019, the Company recorded an impairment of \$Nil (2018 - 258,549 related to exploration and evaluation properties (Note 6)).

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**15. TAXES**

**15.1 Provision for income taxes**

<b>Year ended 30 June</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Income (loss) before tax	(804,502)	461,385
Statutory tax rate	27.00%	26.50%
Expected tax recovery (expense)	(217,216)	(122,267)
Non-deductible items	8,588	253,211
Change in prior year provision to actual	-	(49,013)
Change in future tax rates	(14,560)	8,735
Change in unrecognized deductible temporary differences	223,188	(90,666)
<b>Tax recovery for the year</b>	<b>-</b>	<b>-</b>

The change in tax rate is due to British Columbia increased its general corporate income tax rate from 11% to 12%, effective 1 January 2018.

**15.2 Deferred tax balances**

<b>As at 30 June</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Tax loss carry-forwards	676,948	463,669
Share issue costs	7,776	318
Mineral properties	132,367	129,916
Total deferred tax assets	817,091	593,903
Less: Unrecognized deferred tax assets	(817,091)	(593,903)
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>

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**15. TAXES (continued)**

**15.3 Expiry dates**

The Company's recognized and unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

<b>As at 30 June</b>	<b>2019</b>
	\$
<b>Non-capital losses</b>	
2031	708
2032	6,643
2033	86,248
2034	236,681
2035	189,887
2036	635,899
2037	454,985
2038	138,643
2039	757,521
<b>Total non-capital losses</b>	<b>2,507,215</b>
<b>Total allowable capital losses</b>	<b>-</b>
<b>Total resource-related deduction, no expiry</b>	<b>621,541</b>

**16. COMMITMENTS AND CONTINGENCIES**

As at 30 June 2019, the Company had the following commitments and contingent liabilities:

- a) Effective 1 June 2019, the Company entered into a rental agreement with an unrelated third party to lease office space for a term of three years. The Company has the following commitments relating to its operating lease:

	<b>&lt; 1 year</b>	<b>2-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
	\$	\$	\$	\$
Rent	42,887	82,199	-	125,086

- b) The Company's exploration and evaluation activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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**16. COMMITMENTS AND CONTINGENCIES** (continued)

- c) As at 30 June 2019, the Company owns various exploration and evaluation properties (Note 6). Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these obligations in the future.

**17. SEGMENTED INFORMATION**

The Company's only business activity is exploration and development of exploration and evaluation properties. This activity is carried out in the USA.

The breakdown of geographic area for the year ended 30 June 2019 and 30 June 2018 is as follows:

<b>Period ended 30 June 2019</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net loss</b>	<b>(770,568)</b>	<b>(33,934)</b>	<b>(804,502)</b>
<b>Current assets</b>	<b>1,096,337</b>	<b>-</b>	<b>1,096,337</b>
<b>Exploration and evaluation properties</b>	<b>-</b>	<b>171,135</b>	<b>171,135</b>
<b>Total assets</b>	<b>1,096,337</b>	<b>171,135</b>	<b>1,267,472</b>
<b>Year ended 30 June 2018</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net income</b>	<b>461,385</b>	<b>-</b>	<b>461,385</b>
<b>Current assets</b>	<b>1,344,778</b>	<b>-</b>	<b>1,344,778</b>
<b>Exploration and evaluation properties</b>	<b>-</b>	<b>131,292</b>	<b>131,292</b>
<b>Total assets</b>	<b>1,344,778</b>	<b>131,292</b>	<b>1,476,070</b>

**18. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Company for the year ended 30 June 2019 were approved and authorized for issue by the Board of Directors on 28 October 2019.