

**New Energy Metals  
Ltd**

**ACN 631 513 696**

Financial report  
For the year ended 30 June  
2020

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**NEW ENERGY METALS LTD**  
**ACN 631 513 696**

**DIRECTORS' REPORT**

**New Energy Metals Limited Update to 30 June 2020**

New Energy Metals Limited's ("NRG" or "the Company") primary focus has been on targeting and securing high-grade battery minerals projects located in world class geological districts utilising the Company's in-house database and intellectual property. The commodities of interest have been, and continue to be, the energy metals of nickel, lithium, copper and cobalt.

The Company is pleased to report it has turned its battery metals exploration focus to Nickel Sulphides in Western Australia (WA), has reached an agreement to acquire the Biranup Nickel Sulphide project in the world class Albany Fraser Belt, and is in the process of retaining a leading Nickel Sulphide prospectivity model built in conjunction with the Centre for Exploration Targeting at the University of Western Australia. This prospectivity model will drive additional Nickel Sulphide exploration and mining project opportunities in the future. The Company retains all its IP regarding Lithium projects in North America and Copper-Cobalt projects in Central Africa and may act on those at an appropriate time in the future, particularly when the team is able to travel and put boots on the ground.

NRG's current project summary is below:

**(1) Biranup Nickel Project Summary**

- Located in the world class Fraser Belt, host to Tropicana (10m ounces), Nova (25K t Ni-Cu)
- Drill ready granted tenements cover ~400km<sup>2</sup> with no Native Title or Pastoral Lease claims
- Extensive exploration database valued at ~\$10M
- 20 priority Nova-type Nickel-Copper targets generated from SPECTREM (EM) surveys (developed to detect massive sulphides under cover) within the project area.
- 2 high priority and drill ready Nickel-Copper targets under cover
  - Target 1 (Fire Dragon) is defined by coincident SPECTREM, MLEM and DHEM anomalies over an area of ca. 2 by 2 km as well as an initial drill hole intercept of mafic-ultramafic rocks with semi-massive sulphides (up to 30 volume percent) containing the chalcopyrite and pentlandite;
  - Target 2 (Silver Dragon) covers an ovoid magnetic feature coincident with anomalous Ni, Cu and Co geochemistry over an area of ca. 2 by 2.5 km Previous EM surveys over Target 2 have been ineffective due to clay cover. A previous drill hole designed to test this anomaly stopped short of the target.
- The Nickel-Copper targets are widespread with little systematic and/or dedicated work

**(2) Nickel Prospectivity Database**

- Rights to acquiring a proprietary Nickel Sulphide Prospectivity database
- Built in conjunction with the Centre For Exploration Targeting, a UWA-Curtin University JV
- Based on the mineral systems approach
- Highlights 5-10 districts and project opportunities in WA as a pipeline of Nickel opportunities

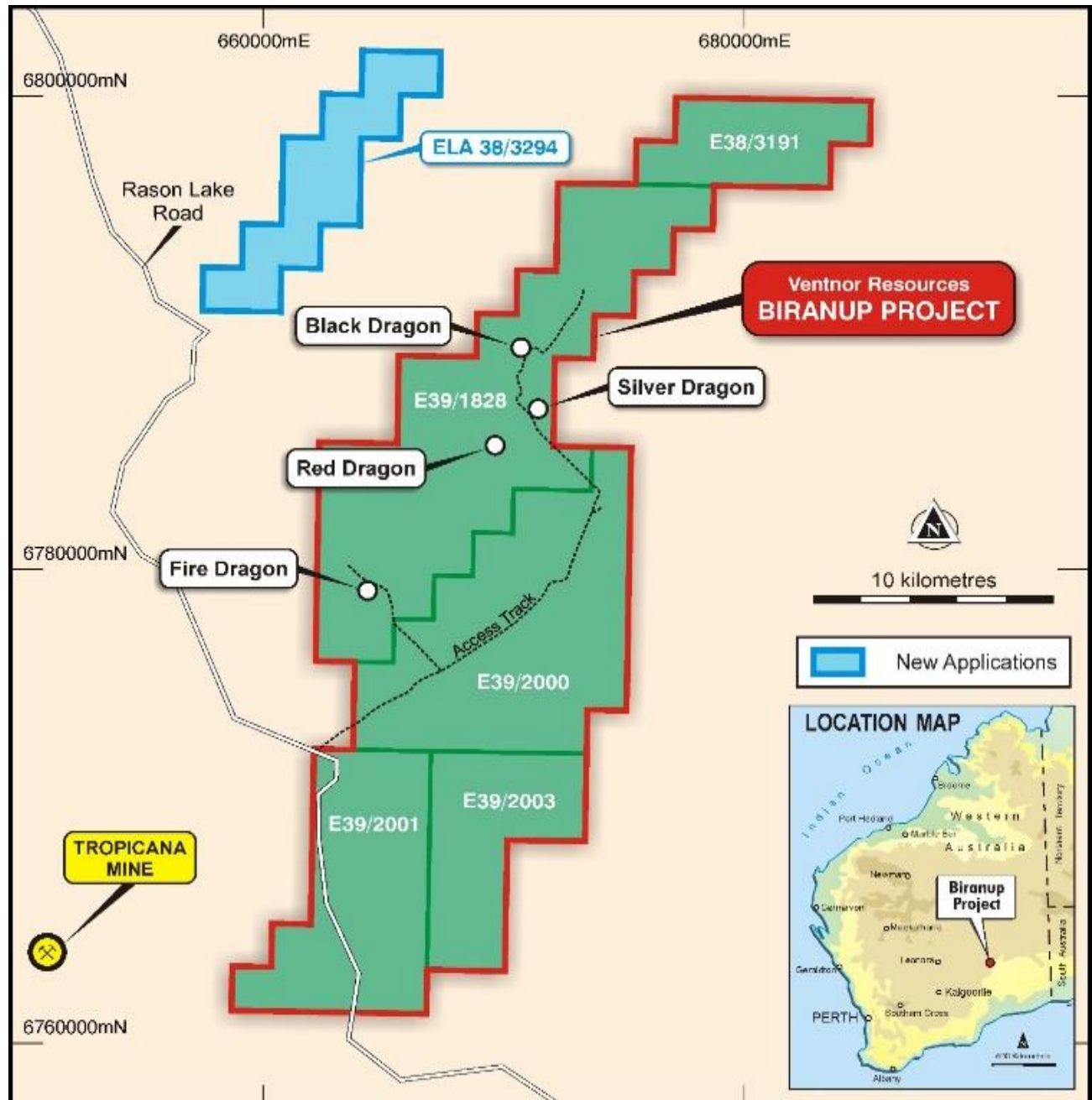
The Heads of Agreement (HOA) with VRX Silica considers the issue of 6.25M shares and various milestone payments related to certain resource definition and feasibility milestones (see <https://www.asx.com.au/asxpdf/20200701/pdf/44k47qm9vk29nd.pdf> for further information).

The Company has commenced a Seed Capital raising at 10c to raise \$350,000 to progress an IPO to raise \$4.5M at 20c and subsequent Listing on the ASX. Funds from the IPO will allow the Company to drill test the targets already identified, to generate new projects utilising its prospectivity database and to participate in

DIRECTORS' REPORT

M&A activities in the Nickel sector in WA.

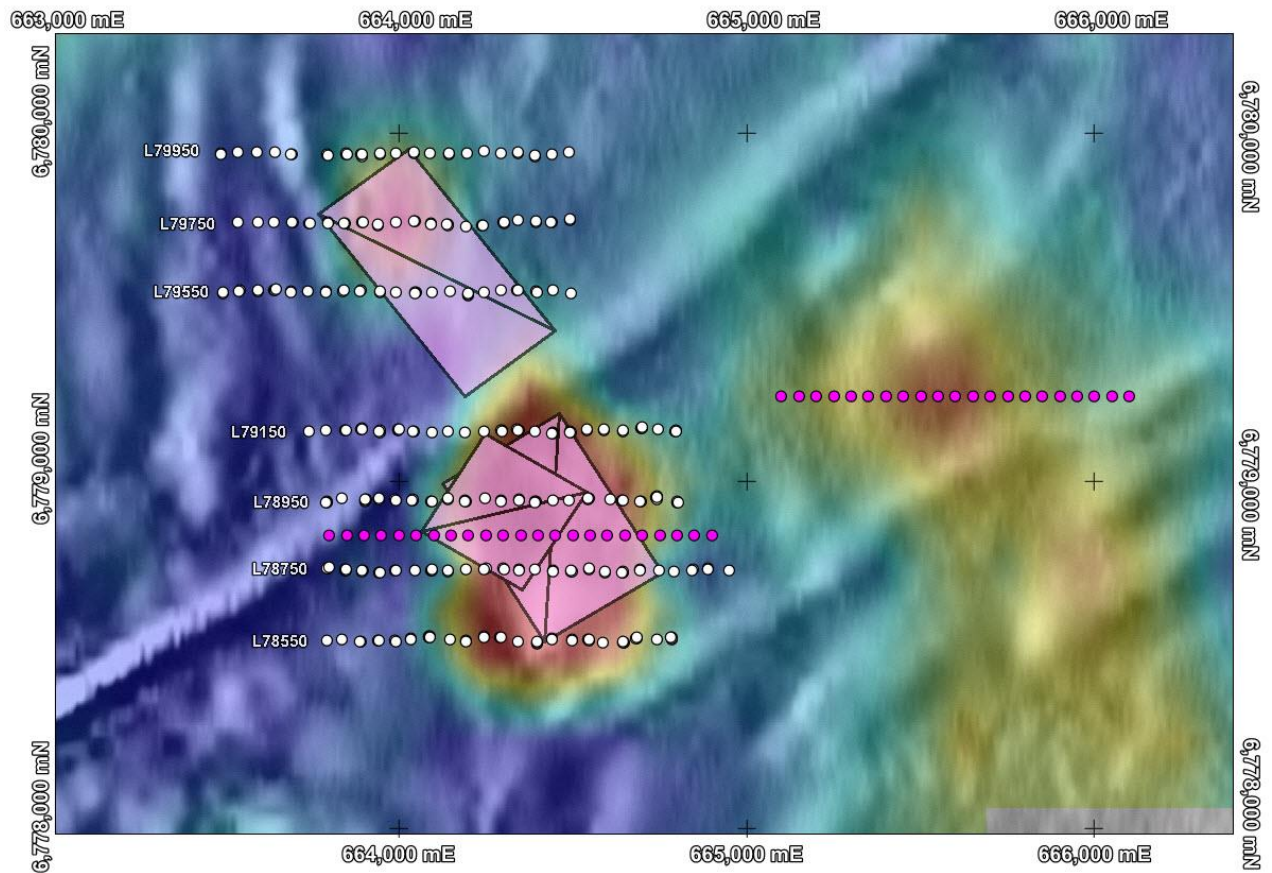
**Figure 1. BIRANUP NICKEL AND GOLD LOCATION**



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**Figure 2. HIGH PRIORITY NICKEL TARGET: FIRE DRAGON**



Regards

**MR M GAUCI**  
**Managing Director**  
**NEW ENERGY METALS LIMITED**  
**+61 417 417 907**

**NEW ENERGY METALS LTD**  
**ACN 631 513 696**

**DIRECTORS' REPORT**

The Directors present their report together with the consolidated financial report of New Energy Metals Ltd and its related subsidiaries ("the Company") for the year ended 30 June 2020 and auditor's report thereon.

The consolidated entity consists of New Energy Metals Ltd and its controlled entities for the year ended 30 June 2020.

**Directors names**

The names of the directors in office at any time during or since the end of the year are:

Mr. Matthew Gauci (appointed 7 February 2019)

Dr. Oliver Kreuzer (appointed 7 February 2019)

Dr. Kris Butera (appointed 7 February 2019)

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Results**

The loss of the Company for the year after providing for income tax amounted to \$64,815.

**Review of operations**

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant changes in state of affairs**

There were no significant changes in the Company's state of affairs that occurred during the year, other than those referred to elsewhere in this report.

**Principal activities**

The principal activity of the Company during the year was mineral exploration targeting high grade projects in the new energy metals sector.

No significant change in the nature of these activities occurred during the year.

**After balance date events**

Subsequent to the reporting period, the Company was undergoing the liquidation process of its two wholly owned Singaporean subsidiaries Prospect Cobalt Pte Ltd and Prospect Cobalt Sub 1 Pte Ltd. As at 30 June 2020, the two entities were dormant.

The Company also completed tranche 1 of a seed placement to raise additional working capital for the Company. 2,000,000 fully paid ordinary shares were issued at \$0.10 per share to raise \$200,000.

Other than the points noted above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Company, and the results of those operations, or the state of affairs of the Company in future financial years.

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**DIRECTORS' REPORT**

**Likely developments**

The Company expects to maintain the present status and level of operations.

**Environmental regulation**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Indemnification of officers**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the Company.

**Auditor's independence declaration**

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the year ended 30 June 2020 is provided with this report.

**Proceedings on behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the board of directors.

Director: 

Matthew Gauci

Dated this 30<sup>th</sup> day of October 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF NEW ENERGY METALS LIMITED

As lead auditor of New Energy Metals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of New Energy Metals Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 October 2020



**NEW ENERGY METALS LTD**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Revenue and other income</b>			
Other income	3	<u>25,135</u>	<u>56</u>
		<u>25,135</u>	<u>56</u>
<b>Less: expenses</b>			
Corporate and administrative expenses	4	(85,382)	(34,887)
Impairment expense		(1,000)	-
Project costs	5	<u>(3,568)</u>	<u>(83,518)</u>
		<u>(89,950)</u>	<u>(118,405)</u>
<b>Profit / (loss) before income tax expense</b>		<b>(64,815)</b>	<b>(118,349)</b>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><b>(64,815)</b></u>	<u><b>(118,349)</b></u>

The accompanying notes form part of these consolidated financial statements.

**NEW ENERGY METALS LTD**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	6	11,233	29,812
Trade and other receivables		<u>1,200</u>	<u>500</u>
<b>Total current assets</b>		<u><b>12,433</b></u>	<u><b>30,312</b></u>
<b>Total assets</b>		<u><b>12,433</b></u>	<u><b>30,312</b></u>
<b>Current liabilities</b>			
Trade and other payables		<u>26,247</u>	<u>5,311</u>
<b>Total current liabilities</b>		<u><b>26,247</b></u>	<u><b>5,311</b></u>
<b>Total liabilities</b>		<u><b>26,247</b></u>	<u><b>5,311</b></u>
<b>Net assets/(net asset deficiency)</b>		<u><b>(13,813)</b></u>	<u><b>25,001</b></u>
<b>Equity</b>			
Share capital	7	169,350	143,350
Accumulated losses		<u>(183,163)</u>	<u>(118,349)</u>
<b>Total equity/(deficiency in equity)</b>		<u><b>(13,813)</b></u>	<u><b>25,001</b></u>

The accompanying notes form part of these consolidated financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
<b>Balance as at Company inception</b>	-	-	-
Profit/(loss) for the period	-	(118,349)	(118,349)
<b>Total comprehensive income for the period</b>	-	(118,349)	(118,349)
<b>Transactions with owners in their capacity as owners:</b>			
Contributions net of costs	113,350	-	113,350
Share based payments	30,000	-	30,000
<b>Total transactions with owners in their capacity as owners</b>	143,350	-	143,350
<b>Balance as at 30 June 2019</b>	143,350	(118,349)	25,001

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2019</b>	143,350	(118,349)	25,001
Profit/(loss) for the year	-	(64,815)	(64,815)
<b>Total comprehensive income for the year</b>	-	(64,815)	(64,815)
<b>Transactions with owners in their capacity as owners:</b>			
Contributions net of costs	25,000	-	25,000
Share based payments	1,000	-	1,000
<b>Total transactions with owners in their capacity as owners</b>	26,000	-	26,000
<b>Balance as at 30 June 2020</b>	169,350	(183,163)	(13,813)

The accompanying notes form part of these consolidated financial statements.

**NEW ENERGY METALS LTD**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Cash flow from operating activities</b>			
Interest received		22	56
Payments to suppliers and employees		<u>(68,015)</u>	<u>(83,094)</u>
<b>Net cash used in operating activities</b>	7	<u><b>(67,993)</b></u>	<u><b>(83,038)</b></u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of assets		25,113	-
Loans provided to third parties		<u>(700)</u>	<u>-</u>
<b>Net cash provided by investing activities</b>		<u><b>24,413</b></u>	<u>-</u>
<b>Cash flow from financing activities</b>			
Proceeds from share issue net of costs		<u>25,000</u>	<u>112,850</u>
<b>Net cash provided by financing activities</b>		<u><b>25,000</b></u>	<u><b>112,850</b></u>
<b>Reconciliation of cash</b>			
Cash at beginning of the period		29,812	-
Net increase/(decrease) in cash held		<u>(18,579)</u>	<u>29,812</u>
<b>Cash at end of financial period</b>	6	<u><b>11,233</b></u>	<u><b>29,812</b></u>

The accompanying notes form part of these consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The directors have determined that the Company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared for use by the directors and members of the Company.

The consolidated financial statements incorporate New Energy Metals Ltd and its wholly owned subsidiaries ("the Company"). New Energy Metals Ltd is a company limited by shares, incorporated and domiciled in Australia. New Energy Metals Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110:	Events after the Reporting Period
AASB 136:	Impairments of Assets
AASB 1048:	Interpretation and Application of Standards
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies have been adopted in the preparation of this report:

**(a) Basis of preparation of the financial report**

The special purpose financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars (AUD), with amounts rounded to the nearest dollar, unless otherwise stated.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

**(b) Principles of consolidation**

*Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Energy Metals Ltd ("the Company") as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company.

Intercompany transactions, balance and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Financial Position respectively.

**(c) Going concern**

These consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred losses of \$64,815 and has a cash and cash equivalents balance of \$11,233 for the year ended 30 June 2020.

During the year, the Company raised \$25,000 in seed capital through the issue of ordinary shares. The Company earns no revenue. The ability of the Company to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding.

These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds to believe that the Company will continue as a going concern, after consideration of the following factors:

- The Company has the ability to issue additional shares (or other securities) under the Corporations Act 2001 to raise further working capital and has been successful in doing this previously, as evidenced by the successful seed capital raised during and post the end of the financial year and the issue of shares in lieu of cash for the acquisition of assets during the year;
- The successful placement to new and existing shareholders subsequent to 30 June 2020 to raise \$200,000 through the issue of 2,000,000 ordinary fully paid shares.
- Directors and other key management personnel may agree to accept equity in lieu of cash fees or defer fees until such time as the Company has sufficient cash to make payment; and
- The Company has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

The Directors have prepared a cash flow forecast for the next 12-month period reflecting the need for further funding as mentioned above. While the Directors are confident that they will be able to raise further capital, the funding, timing and extent is uncertain.

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**FOR THE YEAR ENDED 30 JUNE 2020**

In the event that the funding of an amount necessary to meet the future budgeted operational and investing activities of the Company is unavailable, the Directors would undertake steps to contain the operating and investment activities as mentioned above.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

**(d) Exploration and Evaluation Expenditure**

Exploration and evaluation costs are expensed to the consolidated statement of profit or loss and other comprehensive income as incurred.

**(e) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(f) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(g) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(h) Comparatives**

As this is the second reporting period since inception, the comparatives provided in this report represent the period since inception of the Company, rather than a full financial year. In future financial periods, where necessary, comparative information will be reclassified and repositioned for consistency with current year disclosures.

**(i) Issued capital**

Issued and paid up capital is recognised at fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**(j) Share based payments**

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Black Scholes option pricing model.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

**(k) Critical Accounting judgments**

*(i) Determining if an acquisition is a business combination or an asset acquisition*

In determining whether an acquisition is an asset acquisition or a business combination, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3, a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

In acquiring Prospect Cobalt Pte Ltd and Prospect Cobalt Sub 1 Pte Ltd during the year ended 30 June 2019, the Directors have determined that the transaction does not constitute a business combination and has been accounted for as an asset acquisition.

*(ii) Share based payment transactions*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted.

**NOTE 2: ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2019 with the exception of the impact of new and amended standards and interpretations issued by the AASB as follows:

**AASB 16: Leases**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a lease liability will be capitalised in the statement of financial position, measured as the present value of the fixed lease payments to be made over the lease term.



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The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A 'right-of-use' asset corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The standard has been applied as at 1 July 2019 without adjustment to comparatives. The adoption of AASB 16 did not have a significant impact on the Company.

**Accounting Standards and Interpretations issued but not yet effective**

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	2020	2019
	\$	\$
<b>NOTE 3: OTHER INCOME</b>		
Interest received	22	56
Proceeds from sale of assets <sup>(1)</sup>	25,113	-
	<u>25,135</u>	<u>56</u>

(1) In the prior period the Company acquired a Singaporean entity, Prospect Cobalt Pte Ltd. This transaction was accounted for as an asset acquisition. During the financial year ended 30 June 2020, the Company resolved to liquidate the entity and its subsidiary and dispose of any assets held resulting in the above proceeds from sale being received in October 2019.

	2020	2019
	\$	\$
<b>NOTE 4: CORPORATE AND ADMINISTRATIVE EXPENSES</b>		
Compliance and legal costs	64,018	12,127
Corporate advisory	8,000	21,500
General administrative expenses	12,364	1,260
	<u>85,382</u>	<u>34,887</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 5: PROJECT COSTS</b>		
Consulting fees	3,131	38,381
Project option fee paid in cash	-	5,000
Project option fee paid in shares	-	30,000
Other project costs	437	10,137
	<u><b>3,568</b></u>	<u><b>83,518</b></u>

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	<u><b>11,233</b></u>	<u><b>29,812</b></u>

**NOTE 7: SHARE CAPITAL**

	Number of ordinary shares	\$
<i>Movement in issued capital during the period:</i>		
<b>Opening balance at inception</b>	-	-
Issue of seed and foundation capital	15,250,004	121,000
Capital raising costs	-	(7,650)
Share based payments	3,000,000	30,000
<b>Closing balance at 30 June 2019</b>	<u><b>18,250,004</b></u>	<u><b>143,350</b></u>
 <b>Opening balance at 1 July 2019</b>	 18,250,004	 143,350
Issue of promoter and placement shares	2,500,000	25,000
Capital raising costs	-	-
Share based payments	100,000	1,000
<b>Closing balance at 30 June 2020</b>	<u><b>20,850,004</b></u>	<u><b>169,350</b></u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 7: RECONCILIATION OF NET LOSS AFTER TAX TO NET CASH USED IN OPERATING ACTIVITIES**

	<b>2020</b>	<b>2019</b>
	\$	\$
Loss for the year	(64,815)	(118,349)
<b>Adjustment for non-cash income and expense items</b>		
(Profit)/loss on disposal of assets	(25,113)	-
Share based payments	-	30,000
Impairment expense	1,000	-
<b>Change in assets and liabilities</b>		
Increase in trade and other payables	20,935	5,311
<b>Net cash outflow from operating activities</b>	<u>(67,993)</u>	<u>(83,038)</u>

**NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES**

There were no commitments or contingent liabilities which would require disclosure at the end of the year, other than those listed below:

Binding Term Sheet with VRX Silica Ltd

The Company executed a binding term sheet on 19 June 2020 with VRX Silica Ltd ("VRX") where the Company agrees to acquire 100% of the issued capital of Ventnor Gold Pty Ltd ("Ventnor"). Ventnor holds the application and tenements for the Biranup Nickel Project.

There are a number of conditions precedent for settlement to occur including completion of appropriate due diligence, obtaining the necessary approvals and the Company preparing and lodging a prospectus with ASIC, completing the capital raising and obtaining approval from the ASX for quotation of its securities on the official list of ASX.

Should the conditions precedent be satisfied, consideration payable includes:

- 6,250,000 fully paid ordinary shares to VRX in the capital of the Company at a deemed issue of \$0.20 per Share at settlement of the acquisition
- \$200,000 cash at the delineation of a JORC compliant inferred Resources of no less than 7.5Mt at a grade of 2% nickel and 0.5% copper on the land comprising the tenements;
- \$200,000 cash at the completion of a preliminary feasibility study with respect to the project demonstrating an ability to operate the project as a commercially viable enterprise; and
- \$500,000 cash at the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the project.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Binding Heads of Agreement with Black Dragon Energy (Aus) Pty Ltd

The Company executed a binding heads of agreement on 23 June 2020 with Black Dragon Energy (Aus) Pty Ltd, a wholly owned subsidiary of Zenith Minerals Limited ("ZNC") where the Company agrees to acquire a 100% legal and beneficial interest in the Tenement, Mining Information Statutory Licences ("nickel prospectivity database" or "Assets").

There are a number of conditions precedent for settlement to occur including completion of appropriate due diligence, obtaining the necessary approvals and the Company preparing and lodging a prospectus with ASIC, completing the capital raising and obtaining approval from the ASX for quotation of its securities on the official list of ASX.

Should the conditions precedent be satisfied, consideration payable by the Company includes:

- \$15,000 as reimbursement for costs incurred in connection with the development of the tenement;
- Shares in the Company to the value of \$100,000 at a deemed issue price equal to the offer price under the capital raising (condition precedent); and
- A royalty of 1.5% of the net smelter return on all minerals, mineral products and concentrates, produced and sold from the Assets.

**NOTE 9: ACQUISITION OF PROSPECT COBALT PTE LTD**

During the prior period, the Company acquired Prospect Cobalt Pte Ltd, a private company incorporated in Singapore and the owner of various assets situated in the Democratic Republic of Congo. Consideration comprised \$1,000 to be paid in the shares of the Company which were allotted 30 August 2019. The transaction has been deemed to be an asset acquisition rather than a business combination under AASB 3 as, in the assessment of the Directors, Prospect Cobalt Pte Ltd does not constitute a business under AASB 3.

Subsequent to 30 June 2020, the Company has resolved to liquidate Prospect Cobalt Pte Ltd and its subsidiaries.

**NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the reporting period, the Company was undergoing the liquidation process of its two wholly owned Singaporean subsidiaries Prospect Cobalt Pte Ltd and Prospect Cobalt Sub 1 Pte Ltd. As at 30 June 2020, the two entities were dormant.

The Company also completed tranche 1 of a seed placement to raise additional working capital for the Company. 2,000,000 fully paid ordinary shares were issued at \$0.10 per share to raise \$200,000 before costs.

Other than the points noted above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Company, and the results of those operations, or the state of affairs of the Company in future financial years.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 11: COMPANY DETAILS**

The registered office of the Company is:

New Energy Metals Limited  
945 Wellington Street  
WEST PERTH WA 6005

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**DIRECTORS' DECLARATION**

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 - 21 presents fairly the Company's financial position as at 30 June 2020 and performance for the year ended on that date of the Company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director: \_\_\_\_\_

Matthew Gauci

Dated this 30<sup>th</sup> day of October 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of New Energy Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of New Energy Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of New Energy Metals Limited, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

#### Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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 the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 this financial report.





A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO  
*J Prue*

Jarrad Prue

Director

Perth, 30 October 2020