



Press Release

NAMIBIA RARE EARTHS INITIATES PRELIMINARY ECONOMIC ASSESSMENT ON LOFDAL AND RETAINS FINANCIAL ADVISOR

- **MDM Engineering of South Africa engaged to complete preliminary economic assessment on Area 4 at Lofdal**
- **Cutfield Freeman retained as financial advisor to explore strategic options for Lofdal**

Halifax, Nova Scotia May 21, 2014 - Namibia Rare Earths Inc. ("Namibia Rare Earths" or the "Company") (TSX:NRE) (OTCQX:NMREF) is pleased to report that it has initiated a Preliminary Economic Assessment ("PEA") on the Area 4 heavy rare earth deposit at Lofdal in northwestern Namibia. MDM Engineering of South Africa has been engaged as the principal consultant for the report which will provide an economic analysis of the potential viability of the current resources at Lofdal. Ongoing metallurgical test work has achieved increased recoveries and upgrades, indicating that the targeted mineral concentrate grade of 20% total rare earth oxides ("TREO") can be attained from low grade feed of 0.3% TREO. Lofdal represents a unique opportunity for the development of a significant heavy rare earth supply outside of China.

MDM Engineering will be assisted by Mine Technics of Australia for pit optimization, mine planning and operations, Swinden Geoscience of Canada for geological inputs, and Digby Wells Environmental of South Africa for environmental management and planning. The PEA will utilize the NI 43-101 compliant resource completed in 2012 by MSA Group. The PEA is expected to be completed before the end of Q3.

Cutfield Freeman

As a result of this significant progress, the Company has engaged the services of Cutfield Freeman & Co. Ltd. ("CF&Co") as a financial advisor to assist in exploring strategic options to maximize shareholder value for its Lofdal asset. CF&Co is a global specialist mining corporate finance house headquartered in London with offices in Toronto and Hong Kong. CF&Co has been retained by the world's major mining and metal processing companies and advised on some of the industry's most significant transactions. They have also frequently worked alongside the management of smaller companies in implementing successful growth strategies. In addition to broad experience on transactions in the mining and metals

processing sector, CF&Co has specific relevant expertise advising clients in the rare earths industry.

Significance of the Area 4 Resource

Lofdal represents a unique opportunity for the development of a significant heavy rare earth supply outside of China. Current NI 43-101 compliant resources (company press release September 19, 2012) are 5,594 tonnes REO of indicated resource with 85.6% heavy rare earth enrichment and 4,180 tonnes REO of inferred resource with 85.1% heavy rare earth enrichment, all reported at a 0.3% TREO cut-off grade. The contained tonnage of rare earth oxides (REO) essentially can double in both categories at a lower cut-off of 0.1% TREO (Table 1). It is therefore an objective of the Mintek metallurgical test work to determine the amenability of the Area resource to concentration and extraction at this lower cut-off grade to be used in the PEA.

TABLE 1

In-situ Indicated Resource

Cut-Off %TREO	Tonnes million	LREO %	HREO %	TREO %	Tonnes REO	HREO Proportion
0.1	2.88	0.08	0.24	0.32	9 234	76.3%
0.2	1.62	0.09	0.37	0.45	7 358	80.9%
0.3	0.90	0.09	0.53	0.62	5 594	85.6%
0.4	0.58	0.09	0.69	0.78	4 477	88.3%
0.5	0.39	0.09	0.84	0.93	3 673	90.3%
0.6	0.28	0.09	1.00	1.09	3 039	91.8%
0.7	0.20	0.08	1.18	1.26	2 524	93.5%

In-situ Inferred Resource

Cut-Off %TREO	Tonnes million	LREO %	HREO %	TREO %	Tonnes REO	HREO Proportion
0.1	3.28	0.07	0.20	0.27	8 973	74.7%
0.2	1.80	0.08	0.30	0.37	6 748	79.3%
0.3	0.75	0.08	0.47	0.56	4 180	85.1%
0.4	0.42	0.08	0.64	0.72	3 071	88.8%
0.5	0.27	0.08	0.81	0.89	2 377	90.9%
0.6	0.21	0.08	0.91	0.99	2 049	92.1%
0.7	0.16	0.07	1.03	1.10	1 717	93.5%

Metallurgical Progress

Ongoing metallurgical test programs are being carried out concurrently by two leading laboratories in rare earth mineral processing - Mintek of South Africa and Nagrom of Australia. Mintek, as the lead laboratory, has completed the most recent test work on lower grade composites leading to the development of the beneficiation flow sheet described below. Beneficiation to produce an acceptable heavy rare earth mineral concentrate at Lofdal will likely comprise five steps:

- X-ray transmission (XRT) sorting of run of mine feed (10-25 mm crush)
- grinding of sorted material and fines to $-38\ \mu\text{m}$
- magnetic separation
- flotation
- gangue leaching

Flotation was initially rejected in the flow sheet as early results demonstrated poor selectivity between the target xenotime mineralization and calcite, one of the dominant gangue minerals. Further testing has achieved very high recovery of xenotime with calcite in flotation from magnetic concentrates prior to gangue leaching such that magnetic concentrate grades can effectively be doubled prior to leaching. Significant improvements in magnetic concentrate upgrades and recoveries have also been achieved.

This work has shown the potential to attain the targeted concentrate grade of 20% TREO from a run of mine feed grade of 0.3% TREO. Mintek is finalizing a summary report on this phase (Phase 3) of the test program, however recommendations have already been accepted to move to larger scale optimizations (Phase 4) using a one tonne sample of sorted material at a grade of 0.6% TREO that has been provided from the XRT sorting program completed in December 2013 by Tomra Sorting Solutions in Germany.

Opportunities for further optimizations by scavenging sorted XRT "waste" using x-ray fluorescence (XRF) sensors and examining whole ore flotation prior to magnetic separation will be studied as part of the Phase 4 program. Final recovery data from the Tomra sorting program are pending analyses of sorted "waste" material which has been retained in Germany. All sorted material and fines have been composited for the Phase 4 test work in South Africa. Mintek will retain approximately 700 kg and the remaining 300 kg will be provided to Nagrom.

Donald M. Burton, P.Geo. and President of Namibia Rare Earths Inc., is the Company's Qualified Person and has reviewed and approved this press release.

About Namibia Rare Earths Inc.

Namibia Rare Earths Inc. is developing a portfolio of mineral exploration projects in Namibia and is currently focused on the accelerated development of the Lofdal Rare Earths Project in northwestern Namibia. The common shares of Namibia Rare Earths Inc. trade on the Toronto Stock Exchange under the symbol "NRE" and in the United States on the OTCQX International under the symbol "NMREF".

For more information please contact -

Namibia Rare Earths Inc.

Don Burton, President

Tel: +01 (902) 835-8760

Fax: +01 (902) 835-8761

Email: Info@NamibiaREE.com

Web site: www.NamibiaRareEarths.com

Cowen Securities LLC

(Principal American Liaison)

OTCQX International Market (U.S.)

Christopher Weekes / Stephen Nash

Tel: +1 (212)-372-5766

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