

Namibia Critical Metals Inc.

(formerly Namibia Rare Earths Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

NAMIBIA CRITICAL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of the financial condition and results of operations ("MD&A") of Namibia Critical Metals Inc. (the "Company" formerly known as Namibia Rare Earths Inc.) is dated March 25, 2019 and provides an analysis of the Company's financial results and progress for the years ended November 2018 and 2017. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended November 30, 2018 and 2017 and related notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise noted.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. The information contained herein is subject to change and the Company does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

Donald M. Burton, P.Geo. and President of the Company, is the Company's Qualified Person and has reviewed and approved the technical information disclosed in this MD&A.

Overall Performance

The Company is engaged in the exploration for critical metals in Namibia through its 100% owned subsidiary, Namibia Rare Earths (Pty) Ltd., a Namibian company ("Namibia Pty") and its 95% interest in eleven additional Namibian subsidiaries acquired from Gecko Namibia (Pty) Ltd through the Company's Cayman subsidiary, Cayman Namibia Rare Earths Inc. on February 21, 2018. Since incorporation in 2004, Namibia Pty has established a presence in Namibia and has applied for and been granted a number of exclusive prospecting licenses.

The major focus of the Company's activities from 2010 to February 2018 has been the Lofdal Rare Earths Project and since March 2018 to November 2018 the Kunene Cobalt-Copper Property. The Lofdal property is the Company's most advanced project and comprises an exclusive prospecting license ("EPL 3400") located approximately 450 kilometers northwest of the capital city of Windhoek and 25 kilometers northwest of the town of Khorixas in the Kunene Region of north-western Namibia. The Lofdal property covers a total area of 210 square kilometers centered on the Lofdal carbonatite complex, a regional geological feature known to be associated with numerous occurrences of rare earth mineralization hosted by carbonatitic dykes, dyke swarms and to a lesser extent by intrusive plugs. EPL 3400, which provides for mineral rights to base and rare metals, and precious metals, was originally granted in 2005. It was renewed by the Government of Namibia in February 2017 for a further two-year period to November 16, 2018. An application for the renewal of EPL 3400 with a reduction in size to 179 square kilometers has been filed

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with the Ministry of Mines and Energy and is pending. In November 2016, the Company submitted an application to the Ministry of Mines and Energy for a Mining License which remains pending. The property is subject to a 2% net smelter revenue royalty in addition to royalties payable to the Government of Namibia. The Company released an initial mineral resource estimate on Area 4 of the Lofdal Rare Earths Project in September 2012. In May 2014, the Company initiated a Preliminary Economic Assessment ("PEA") on the Lofdal Rare Earths Project, which was released on November 13, 2014 and effective October 1, 2014. In the third quarter of 2015, the Company initiated an Environmental Impact Assessment ("EIA") which was completed in the third quarter of 2016 and was submitted to the Ministry of Environment and Tourism in support of the Company's application to the Ministry of Mines and Energy for a Mining License. On December 18, 2017 the Company received Environmental Clearance Certificates and approvals for proposed mine site infrastructure, power and water line corridors for the Lofdal property.

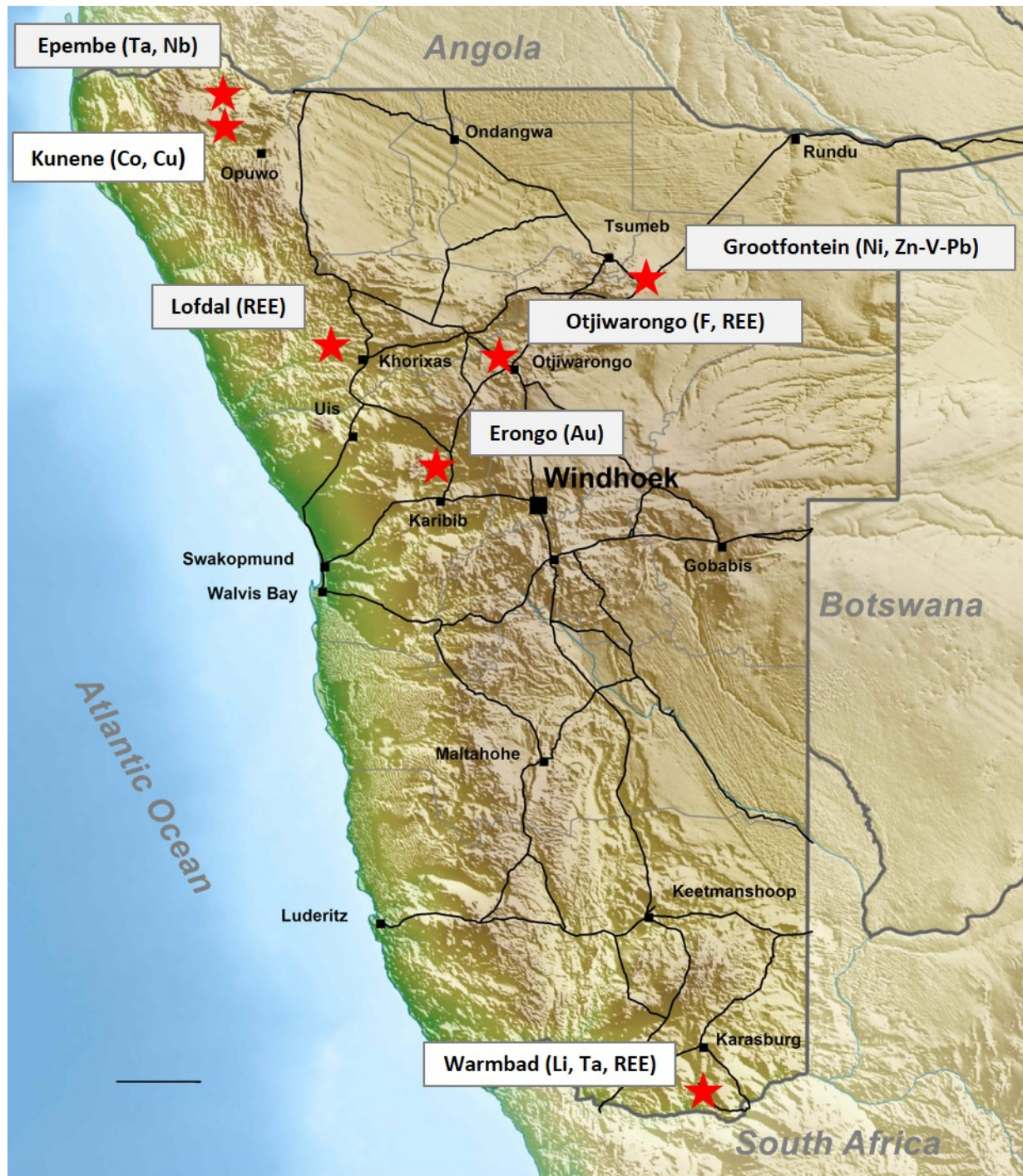
On February 21, 2018 the Company completed the acquisition of six critical metal properties in Namibia from Gecko Namibia (Pty). This transaction provides Namibia Critical Metals with a highly prospective, diversified portfolio of critical metals (Table 1 and Figure 1) and at the same time has secured a highly experienced strategic partner. Gecko Namibia and its subsidiaries are substantial participants in the Namibian resource sector with a proven track record in the mining industry. The portfolio of properties acquired from Gecko Namibia will expand the Company's commodity interest from solely heavy rare earths to a variety of highly critical commodities including cobalt, copper, zinc, vanadium, lithium, tantalum, niobium, nickel, and gold. Current ground holdings are summarized in Table 2.

Table 1 – Targeted Commodities in Critical Metals Project Portfolio

Commodity	Abbreviation
Rare Earth Elements	REE
Cobalt	Co
Copper	Cu
Lithium	Li
Tantalum	Ta
Niobium	Ni
Beryllium	Be
Phosphate	P
Nickel	Ni
Zinc	Zn
Lead	Pb
Fluorite	F
Gold	Au

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Figure 1 – Location of NCMI's critical metals projects



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Table 2 – Summary of Critical Metals Project Portfolio

Project Name	Commodity Targets	Development Stage	Licence Status	Area (km ²)
1. Lofdal Heavy Rare Earths	REE	Advanced - 43-101 resource and PEA completed; mining licence pending	1 EPL, 1 ML pending	210.3
2. Kunene Cobalt-Copper	Co, Cu, Zn	Brownfields - multiple targets sampled with drilling	7 EPLs (1 pending renewal, 1 pending grant)	2858.7
3. Warmbad Lithium	Li, Ta, Be, REE	resource and feasibility completed	1 EPL	604.3
4. Epembe Tantalum-Niobium	Ta, Nb, P	Greenfields - mineral occurrences mapped, no sampling	1 EPL, 1 MDRL	201.6
5. Grootfontein Nickel-PGE	Ni, PGEs, Cr, Zn, Pb, V	Brownfields - multiple targets sampled with drilling, initial metallurgy done	2 EPLs (1 pending grant)	1637.8
6. Otjiwarongo Carbonatite	REE, F, Ta, Nb	Conceptual - undefined targets, no sampling	1 EPL	91.6
7. Erongo Gold	Au	Greenfields - mineral occurrences mapped, no sampling	1 EPL	606.2
Total Area				6,210.5

- EPL = Exclusive Prospecting Licence; ML = Mining Licence; MDRL = Mineral Deposit Retention License

Lofdal Rare Earths Project

Development Strategy for Lofdal

There is a fundamental risk in taking any resource project from grass roots exploration through to production. This level of risk is heightened in the rare earth sector due in large part to the complexity of the metallurgy and the lack of operators with rare earth processing knowledge and expertise. The Company has openly sought a qualified strategic partner that could bring mining and processing expertise to the table and this has been achieved in large part through the transaction with Gecko Namibia.

The Company has implemented a phased approach to the development of the Lofdal Rare Earths Project. The project has been taken from discovery in 2011, through to 43-101 mineral resource in 2012 and Preliminary Economic Assessment ("PEA") in 2014. A full copy of the PEA is available on SEDAR at www.sedar.com. The MDM Group of South Africa was the principal consultant for the report which provided an economic analysis of the potential viability of the current resources at Lofdal at then projected rare earth prices. Rare earth prices have significantly declined since 2014 and the viability of the project is dependent in part upon improved pricing for the target oxides of dysprosium, terbium and yttrium. MDM was assisted by MineTech International Limited of Canada for pit optimization, mine planning and operations, and The MSA Group of South Africa for mineral resource estimates. **The PEA should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the Project has not been demonstrated at this time. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the PEA will be realized.**

Since 2013, the Company has focused on optimizing the metallurgical flowsheet and completing an Environmental Impact Assessment ("EIA") to support an application for a Mining Licence which was submitted in 2016. The Company received Environmental Clearance Certificates from the Ministry of Environment and Tourism in late 2017. The Mining Licence application remains under review with the Ministry of Mines and Energy

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Regional Assessment of Rare Earths Potential

The first systematic exploration for rare earths over Lofdal was initiated by Namibia Pty in 2008. In 2011 the Area 4 heavy rare earth deposit was discovered and since that time exploration results have demonstrated the occurrence of rare earth mineralization on a district scale (Figure 2).

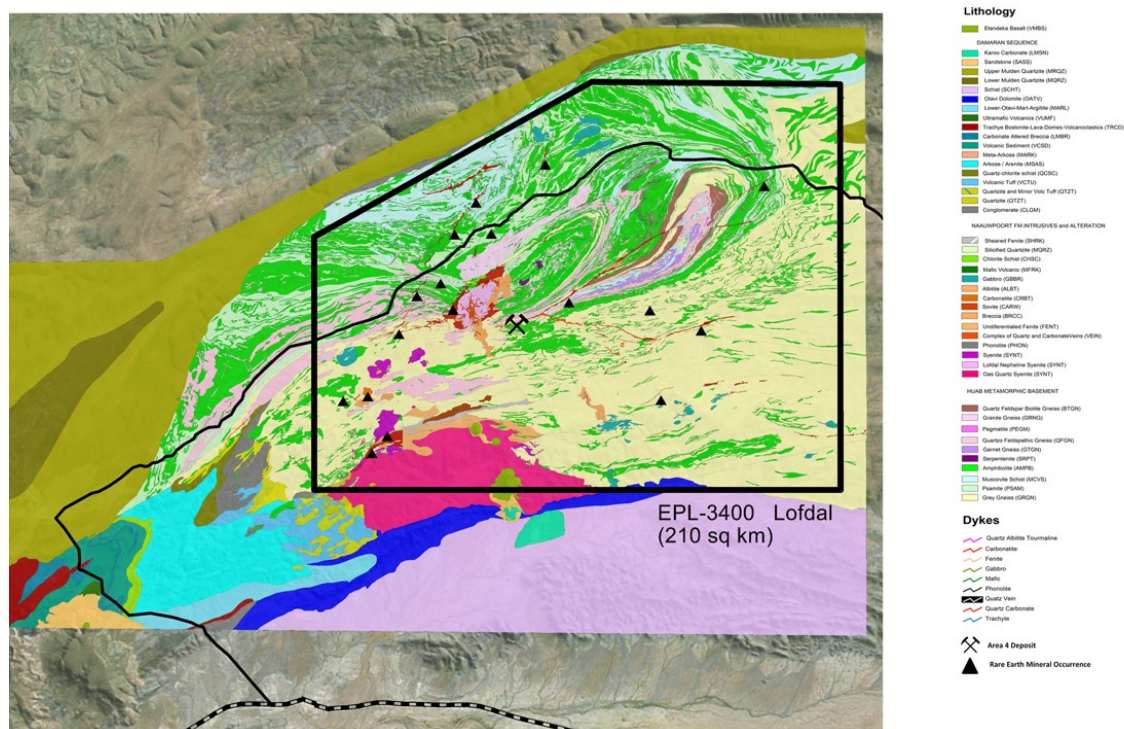
Rare earth mineralization at Lofdal is hosted in carbonatite dykes, structural zones and plugs exhibiting grades between 0.2-3% total rare earths ("TREO" which includes yttrium) and often exhibiting exceptional heavy rare earth enrichment ("HREE") greater than 50%. Rare earth deposits containing greater than 10% heavy rare earths ("HREO") can be considered to be enriched in heavy rare earths. The more significant mineralized structures have associated alteration haloes which can carry anomalous concentrations of rare earth elements. The Company uses classification nomenclature which considers heavy rare earths comprising europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu) and yttrium (Y). Light rare earths comprise lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd) and samarium (Sm). "Heavy rare earth enrichment" is the ratio of HREO:TREO, expressed as a percentage.

Mineralization at Area 4 is associated with large scale hydrothermal systems rather than primary magmatic emplacement as discrete dykes. Many of the larger, lower grade "dykes" previously mapped on surface are in fact alteration zones associated with these systems which in some areas significantly increases the strike and width potential of the heavy rare earth exploration target. There are two intrusive carbonatite bodies on the property. The Main Intrusion is an early stage calcitic ("sovite") body some two kilometers in strike length which does not carry significant amounts of rare earths but has potential for niobium and uranium mineralization. The smaller Emanyia plug is some 350 meters in diameter in outcrop and carries anomalous concentrations of rare earths typically in the range of 0.2-1% TREO but is not enriched in heavy rare earths.

Detailed mineralogical studies have confirmed that the principal heavy rare earth mineral at Lofdal is xenotime. The potential ore mineral assemblage in Area 4 is dominated by xenotime and subordinate zircon ± generally minor amounts of aeschynite, bastnasite group minerals (including synchysite-Y), thorite, and unidentified phases (Ca-Y silicate and Th-Zr silicate). In samples with high thorium (2,000-4,000 ppm) the potential ore mineral assemblage is dominated by xenotime and thorite. It should be noted that the average thorium content of the Area 4 deposit is only 326 ppm. Grain size and habit are variable with ore minerals being generally fine- to very fine-grained with much of the potential ore minerals averaging 15-20 microns but locally reaching up to 150 microns.

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Figure 2 – General geology of EPL 3400 showing the location of the Area Deposit in center and other rare earth occurrences



Lofdal Area 4 Mineral Resource Estimate

In September 2012, the Company released an initial mineral resource estimate for Area 4 of the Lofdal Rare Earths Project as set out in the technical report “*NI 43-101 Technical Report and Mineral Resource Estimate for Area 4 of the Lofdal Rare Earth Element (REE) Project, Khorixas District, Republic of Namibia*” dated October 29, 2012 (the “Lofdal Initial Resource Report”) a full copy of which is available on SEDAR at www.sedar.com.

On November 13, 2014 the Company released a Preliminary Economic Assessment of Area 4 at Lofdal. Based on metallurgical outcomes, the PEA utilized the initial mineral resource estimate for the Area 4 deposit at a cut-off grade of 0.1% total rare earth oxides ("TREO") which provides 2.88 Mt of indicated mineral resources yielding 9,230 t of REO, of which 7,050 t are estimated to be heavy rare earth oxides ("HREO") and 3.28 Mt of inferred mineral resources yielding 8,970 t of REO, of which 6,700 t are estimated to be HREO (Table 3). The remainder of the REO is made up of light rare earth oxides ("LREO").

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**TABLE 3 - In-Situ Mineral Resources¹ for the Area 4 Deposit
within the >0.1% TREO Envelope**

In-situ Indicated Mineral Resource

Cut-Off	Tonnes	LREO	HREO	TREO	REO	HREO
%TREO	million	%	%	%	Tonnes	Proportion
0.1	2.88	0.08	0.24	0.32	9,234	76.3%

In-situ Inferred Mineral Resource

Cut-Off	Tonnes	LREO	HREO	TREO	REO	HREO
%TREO	million	%	%	%	Tonnes	Proportion
0.1	3.28	0.07	0.20	0.27	8,973	74.7%

¹ Mineral resources which are not mineral reserves do not have demonstrated economic viability

Although mineral resource grades (% TREO) are relatively low, the high levels of heavy rare earth enrichment can provide significant tonnages of contained heavy REOs. The main elements of interest from the Area 4 mineral resource are europium, terbium, dysprosium and yttrium (with yttrium and dysprosium being the most abundant). Based on the REO distributions, these four elements are the most valuable in the deposit.

Area 4 Preliminary Economic Assessment

The Company released a PEA on Area 4 of Lofdal on November 13, 2014. The PEA concludes that the Lofdal Rare Earth Project currently has the potential to produce an average of 1,500 tonnes per annum of separated rare earth oxides ("REO") which, at then forecasted prices would generate after tax cumulative cash flow of US\$259M with a net present value_{10%} ("NPV") of US\$148M and an internal rate of return ("IRR") of 42%. Total capital costs were estimated at US\$162,935,000 and operating costs were estimated at US\$54.55/kg TREO produced or US\$91.99/tonne mined. The PEA indicates that there is considerable potential to expand the current mineral resource and recommends that additional drilling be carried out to provide for an extended mine life in conjunction with a six-month Prefeasibility Study ("PFS") program. Since the time of publication of the PEA rare earth prices have significantly declined and the viability of the project will be dependent in part, on improved rare earth prices particularly for the target oxides of dysprosium, terbium and yttrium. Capital and operating costs will also have to be confirmed given the time that has elapsed since preparation of the PEA.

The PEA should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the Project has not been demonstrated at this time. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the PEA will be realized.

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Environmental Impact Assessment

The Environmental Impact Assessment ("EIA") process was conducted over an eighteen-month period under the supervision of SLR Environmental Consulting (Namibia) (Pty) Limited ("SLR Namibia"). SLR is an international environmental consultancy with an expanding network of offices in Europe, North America, Asia-Pacific and Africa with 1,100 employees. SLR Namibia has been associated with significant mine development projects in Namibia including Swakop Uranium (Husab uranium mine), Paladin Energy (Langer Heinrich uranium mine) and B2 Gold (Otjikoto gold mine).

The EIA covers all aspects of mining and mineral processing through to the production of a xenotime mineral concentrate at site. The EIA was submitted to the Ministry of Environment and Tourism in June 2016 and on December 18, 2017 the Company received Environmental Clearance Certificates and approvals for proposed mine site infrastructure, power and water line corridors for the Lofdal property. An ECC is required as part of the process for the granting of a Mining Licence in Namibia. The EIA submission included the provision of Environmental Management Plans ("EMP") for mine site activities and the construction and maintenance of power and water pipeline services to the mine site. Detailed reports were compiled with the assistance of nine expert agencies related to groundwater, surface water, geochemistry, socio-economic, air quality, noise, avifauna, vertebrate, invertebrate, archaeological, radiological and visual impact assessments. Public and community consultations were held as part of the EIA process.

Baseline monitoring equipment and programs were implemented in 2015 for the collection of all required meteorological and radiometric data for the EIA. This work comprised a groundwater monitoring program together with meteorological and air quality data collection. Collection of further baseline data was suspended in 2018 and will resume as required for development of the project.

Metallurgical Studies

The PEA provided an economic assessment of the project based on the beneficiation of the Lofdal run-of-mine feed to 20% TREO mineral concentrate grade with an overall recovery of 64%. Beneficiation comprised upfront coarse crush and sorting with x-ray transmission sorters followed by fine grinding to magnetic separation, flotation and gangue acid leaching. This mineral concentrate would then be subjected to "cracking" in a hydrometallurgical plant to remove thorium and uranium to provide an acceptable mixed rare earth oxide product for separation. Test work at Mintek in South Africa and at Nagrom in Australia has indicated the sensitivity of the flow sheet to increased levels of ankerite (iron carbonate) with calcite, which can diminish the effectiveness of the magnetic separation stage. The distribution of ankerite within the deposit is not clearly defined, however there appear to be some ankerite-rich zones in the upper parts of the deposit. Additional sample of selected ankerite-rich mill feed was therefore provided to Nagrom to produce sufficient magnetic concentrate for further flotation tests on this problematic aspect of the mineralogy. Kyspy Investments Pty. of Australia conducted flotation testwork on the ankerite-rich sample which indicated that 73.1% of the TREO could be recovered into three separate concentrates (sulphide, carbonate recleaner and xenotime recleaner concentrates). Further investigations are recommended to optimize the selective flotation of xenotime in the presence of carbonates. The objective is to develop a robust flow sheet that can mitigate fluctuations in ankerite/calcite ratios in the gangue.

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The PEA also recommended that a larger bulk sample be collected to provide a more representative sample. An 18 t bulk sample of representative material from surface covering the 600-meter strike length of the 43-101 Area 4 resource was collected in 2018. This sample will be utilized for future metallurgical studies including both XRT and XRF sorting. The PEA considered the use of XRT sorters based on results from tests carried out by Tomra in Germany on HQ diameter core samples. Subsequent test work on Lofdal samples provided to RADOS in South Africa has confirmed the potential of XRF sorting to effectively upgrade run of mine at a cut-off of 0.2% TREO. This offers the potential to consider primary XRF sorting or to use XRF sorting as a scavenger following XRT sorting which has demonstrated a potential for 90% recovery of the rare earths.

Potential to Expand Resources at Lofdal

At Area 4 the potential to expand resources at depth has already been demonstrated by previous exploration drilling which has intersected the mineralized structure to a vertical depth of over 300 meters. Trenching to the west of the existing resource has demonstrated the potential to extend the strike length of Area 4 mineral resource an additional 200-300 meters and remains to be drilled.

There are a number of other rare earth occurrences on EPL 3400. The most significant occurrences in terms of heavy rare earth enrichment are found in Area 5 and the Northern Splay. Exploration drilling was carried in Area 5 in 2011 but no definitive resources have been estimated. Mineralization at the Northern Splay is very similar in tenure and character to that seen in Area 4 and has been mapped over a strike length of nearly 700 meters. No drilling has yet been carried out on the Northern Splay which is located about 10 kilometers northeast of Area 4 along the same structure which hosts the Area 4 mineral resource.

Lofdal Expenditures

For the year ended November 30, 2018, the Company incurred \$603,477 (2017: \$256,619) in exploration and evaluation expenditures on the Lofdal property which was focused on metallurgical analysis, environmental compliance and security of the camp. For 2019, the Company estimates its work program at approximately \$0.3 million, which will focus on completing metallurgical analysis, maintaining environmental compliance and security of the camp and warehouse facilities. Planned resource expansion programs remain pending.

Other Project Activities

The principal focus of the Company's activities is now the Kunene Co-Cu Project.

Kunene Cobalt-Copper Project

In terms of current commodity interest, the Kunene Cobalt-Copper Project offers the most attractive near-term value add opportunity for the Company. The Kunene project builds upon the recent exploration success led by Dr. Rainer Ellmies (Director with Namibia Rare Earths (Pty) Ltd. and Managing Director of Gecko Exploration) to explore for "copper belt" style deposits in northern Namibia. This work led to the first recorded discovery of stratabound cobalt-copper mineralization in Namibia in a sedimentary horizon termed the dolomite ore formation ("DOF"). The mineralization is uniformly 5 to 10 meters thick, stratabound within a dolomitic shale horizon, and averages between 0.1% and 0.2% cobalt with around 0.5% copper. The initial discovery (Opuwo deposit) is held by Celsius Resources Ltd. (ASX: CLA) which has established an initial JORC compliant mineral resource of 72.0 million tonnes at a grade of 0.11% cobalt,

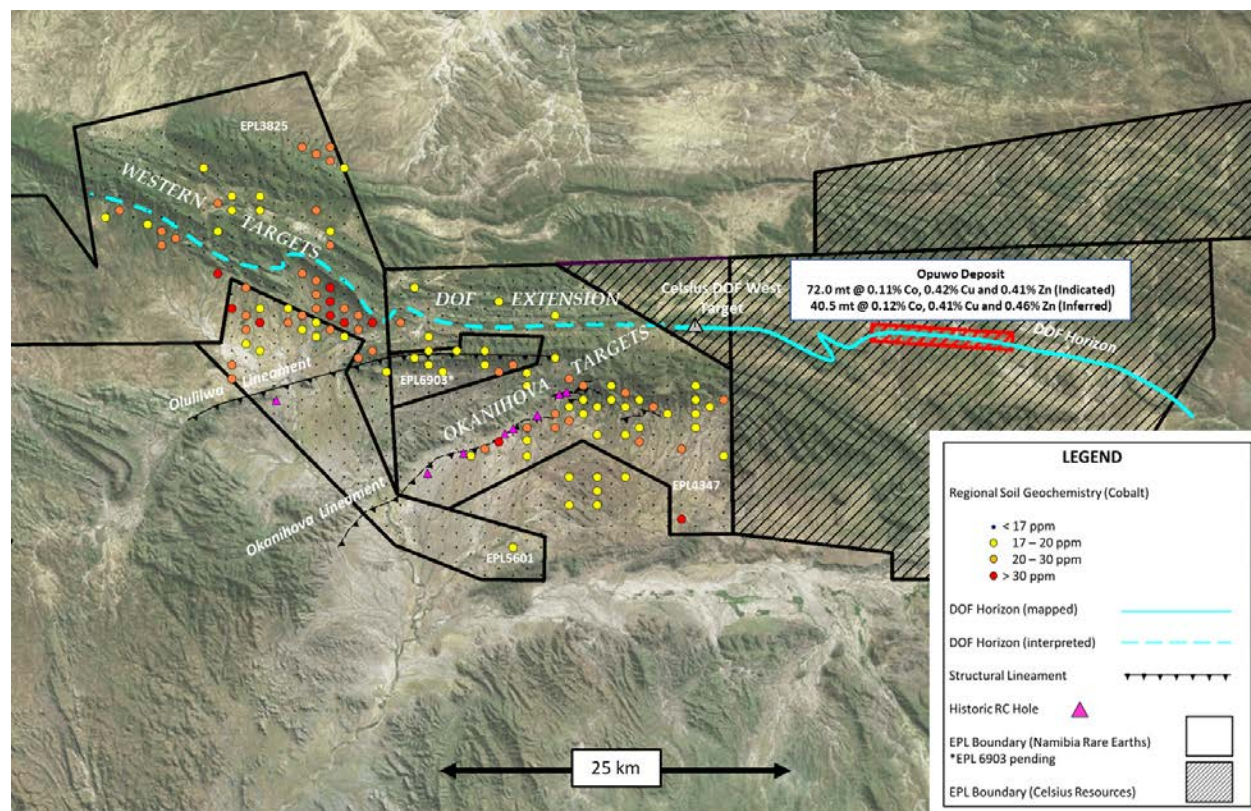
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0.42% copper and 0.41% zinc in the Indicated category, and a further 40.5 million tonnes at a grade of 0.12% cobalt, 0.41% copper and 0.46% zinc in the Inferred category at a cut-off of 0.06% cobalt (Celsius Resources press release dated April 16, 2018). It is noted that the mineralization on the Celsius property may not be indicative of mineralization that may be found on the Kunene project area held by Namibia Critical Metals. The JORC resource covers a strike length on 10 kilometers and is open in all directions. The deposit is very significant and establishes this part of northern Namibia as an important district-scale opportunity for the discovery of world-class deposits of cobalt. Celsius Resources has continued to advance the Opuwo deposit through Scoping Level studies and is undertaking a Pre-Feasibility Study and expansion of the resource (Celsius Resources press release dated November 5, 2018). The EPLs comprising the Company's project area cover over 2,850 km² and host a number of cobalt target areas including sedimentary horizons related to the DOF (Figure 3).

In addition to the potential for DOF style mineralization, secondary copper mineralization over a wide area in the center of the Kunene ground holdings points to preliminary evidence of a regional-scale hydrothermal system which would be spatially related to the DOF style mineralization as well as being associated with orogenic copper, and stratabound Zn-Pb mineralization. There is considerable scope for further discoveries both along strike of the Celsius discovery and in equivalent stratigraphy elsewhere on the Company's properties. The western extension of the DOF has been interpreted to continue for over 40 km in the project area. Similar sedimentary packages have been noted in proximity to the Okanihova lineament . The anomalous clusters of cobalt anomalies between the DOF Extension and the Olulilwa lineament appear to have a different geological context.

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Figure 3 – Kunene Co-Cu Project area showing contiguous ground position to west of the Opuwo cobalt discovery by Celsius Resources. Target areas on Company ground identified by historic regional soil geochemical anomalies and interpreted extension of the DOF



Kunene Exploration Program

The Company is moving forward with an ambitious, staged exploration program at Kunene. Following an extensive program of re-analysis of archived soil samples for cobalt, the historic soil geochemical anomalies depicted in Figure 3 have been confirmed in more detail (Figure 4). Field teams have been systematically mapping these areas in conjunction with an airborne electromagnetic (“EM”) geophysical survey which was completed in August, 2018. The geochemical surveys, mapping and geophysical survey results are being used to develop the first drilling programs by Namibia Critical Metals at Kunene. An initial program of 4,000 m was initiated in October, 2018 to test as many of the high priority targets which are currently accessible before end of year. A further 3,500 m of drilling has been budgeted for follow-up in 2019.

Soil Geochemistry Program

The regional soil anomalies shown in Figure 3 were delineated by previous workers (joint venture with First Quantum Minerals) as part of a regional assessment of the area for copper deposits. Namibia Critical Metals accessed archived soil samples from that period that were collected on a much more detailed sample spacing and analysed by hand held XRF which did not provide reliable data on cobalt. These

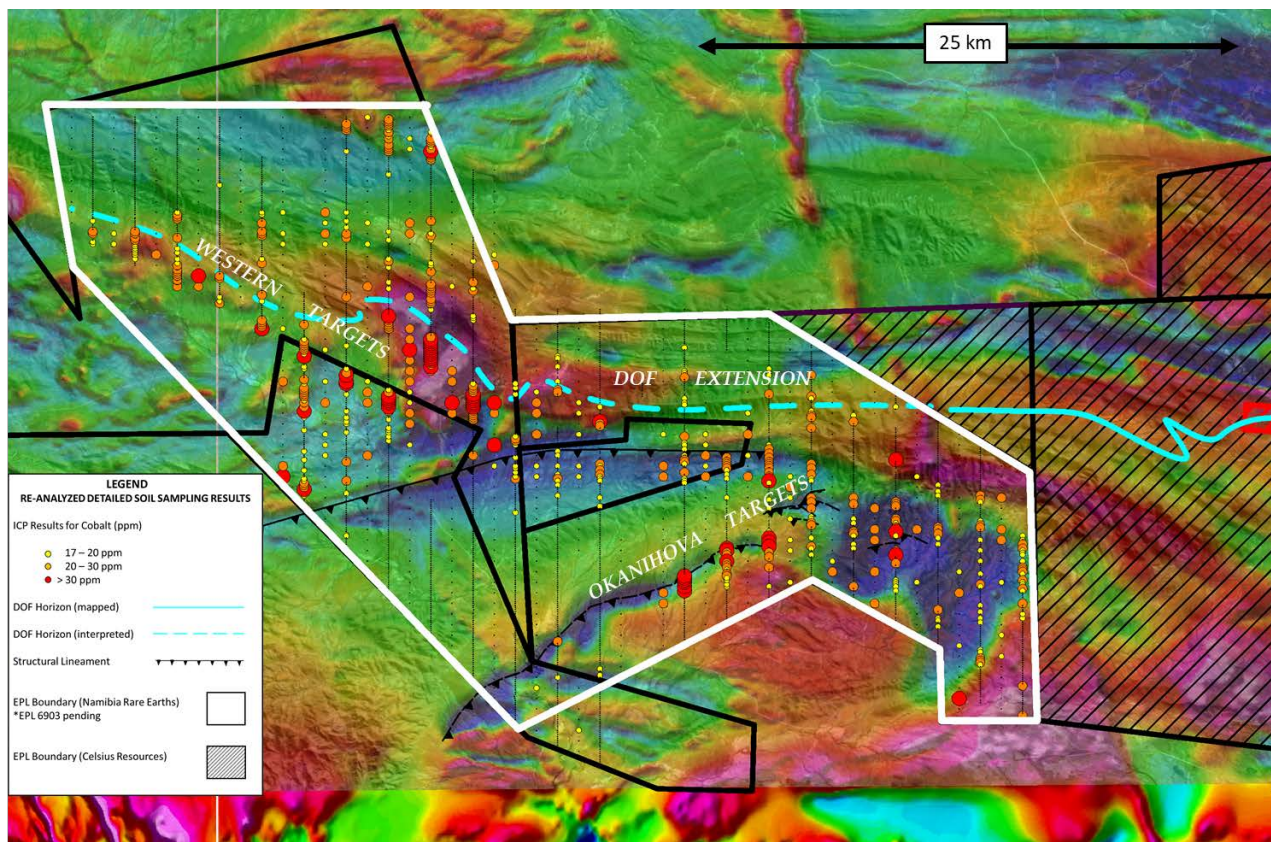
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archived samples were therefore submitted to Analytical Laboratories Ltd. ("Actlabs") for proper ICP analysis to confirm the position and scale of the regional anomalies.

The results of this program validated the regional anomalies and confirmed the scale of the priority target areas (Figure 4). A number of discrete broad anomalies (>30 ppm Co) of 0.5-1-kilometer extent on surveyed lines south of the Okanihova lineament, and two lower level anomalies (17-30 ppm Co) of 4–5 kilometers in length parallel to the Olulilwa lineament. Isolated low-level cobalt anomalies occur along or proximal to, the interpreted Western Extension of the DOF horizon which has been shown to be mineralized on the adjacent ground being explored by Celsius Resources. In the Western Targets area anomalies extend over strike lengths of up to 7 kilometers in basement rocks (high grade metamorphic gneisses and amphibolites) or possibly intrusive bodies, proximal to thrust contacts with younger sedimentary rocks, and for over 1-3 kilometers in favourable sedimentary horizons (black shales and dolostones).

Sample preparation and analyses were carried out by Activation Laboratories Ltd. (Windhoek, Namibia and Ancaster, Ontario) employing appropriate ICP techniques and following strict internal QA/QC procedures inserting standards and duplicates.

Figure 4 – Kunene Co-Cu Project area showing results of re-analyses of more detailed soil geochemical survey samples and outline of airborne geophysical survey area (white). Background is total magnetic intensity and satellite imagery superimposed.



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Priority Target Areas and Geological Mapping

Three large target areas for cobalt were defined on the basis of regional soil geochemical surveys - namely the DOF Extension, the Western Targets and the Okanihova Targets. Field teams mapped and prospected in portions of each target area in advance of the airborne geophysical survey.

The DOF Extension holds potential for Co-Cu mineralization of a style similar to that found in the Opuwo deposit. The inferred trace of the DOF Extension is based on airborne geophysical and hyperspectral surveys with limited geological mapping due to areas of extensive cover. Based on the soil geochemical survey results, cobalt and copper anomalies are widespread along the Okanihova lineament. The Okanihova lineament obviously acted as fluid pathway for basement derived fluids which caused cobalt and copper sulphide mineralisation in reductant lithologies (pyrite-rich siltstones and shales) along the structure. The Okanihova lineament is clearly defined over a strike length of 21 kilometers by magnetic anomalies due to the formation of halos of hydrothermal pyrrhotite in the adjacent sedimentary rocks. These anomalies are particularly well developed over the southwestern half of the lineament which is entirely covered by thick alluvium and aeolian sands. Conductive anomalies identified by the airborne EM survey associated with these trends were deemed to be high priority drill targets.

In the Western Targets area, the highest cobalt values (40-50 ppm Co) in the soil samples are associated with a large (24 km²) magnetic anomaly which is spatially related to mafic dykes and breccia zones with carbonate-chert veining and to the contact zone of the basement rocks with the overlying Damaran sediments. Any conductors delineated by the airborne EM survey associated with this magnetic anomaly might represent sulphide mineralisation associated with the mafic intrusive and would be priority drill targets. Conductive zones between the basement and the Damaran sedimentary sequence to the north as well as parallel to fault zones in the Damaran sediments might be associated with sediment-hosted Co-Cu-Zn mineralisation.

Lastly, sandstone-hosted copper mineralisation (malachite and chrysocolla) has been noted in a light-grey gritty sandstone over a strike extend of approximately 170 meters in the far west of the Western targets. The width of the mineralised sandstone reaches up to 10 meters and forms part of the uppermost horizon of the Nosib Formation. In addition, vein-hosted Cu mineralization as chrysocolla, malachite, azurite and diopside was observed in light grey carbonates close to the contact with sandstone. This mineralisation was initially followed for about 500 m along strike. The carbonate rocks likely represent the Nosib-Ombombo Transition Zone known for epigenetic base metal mineralisation throughout the area. Neither of these latter mineralization styles are known to be associated with significant cobalt.

Airborne Geophysical Survey

Given the frequent association of Co-Cu and Pb-Zn mineralization with sulphides, as well as the prolific number of cobalt anomalies and the kilometric scale trends throughout the project area, it was recommended that a detailed helicopter time domain electromagnetic ("EM") survey be flown, and the contract was awarded to SkyTEM ApS ("SkyTEM") of Denmark. The SkyTEM survey was carried out using an Astar 350 B3 helicopter operated by Savannah Helicopters over the entire belt covering the interpreted DOF Extension, Western Targets and Okanihova Targets (Figure 4). The SkyTEM system includes a Geometrics total intensity magnetometer and was flown at an optimum flight direction to accommodate stratabound and structural targets (Figure 5). The survey area comprised 720 km² with 4,150-line kilometers flown at a flight line spacing of 200 meters and was completed in late August. The objectives

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of the survey were to refine geological and structural mapping under the largely covered areas, to delineate conductive sedimentary horizons, to isolate conductive bodies that may be indicative of near surface mineral deposits, and to detect sulphide deposits and stockworks at depths of 300-400 meters.

Figure 5 – Namibia Critical Metals geological team being briefed on the SkyTEM system's operation (left). Magnetometer in foreground; EM coil is 28 m in length and 16.5 m wide. System is flown with an AStar 350 helicopter operated by Savannah Helicopters shown flying at Kunene on right.

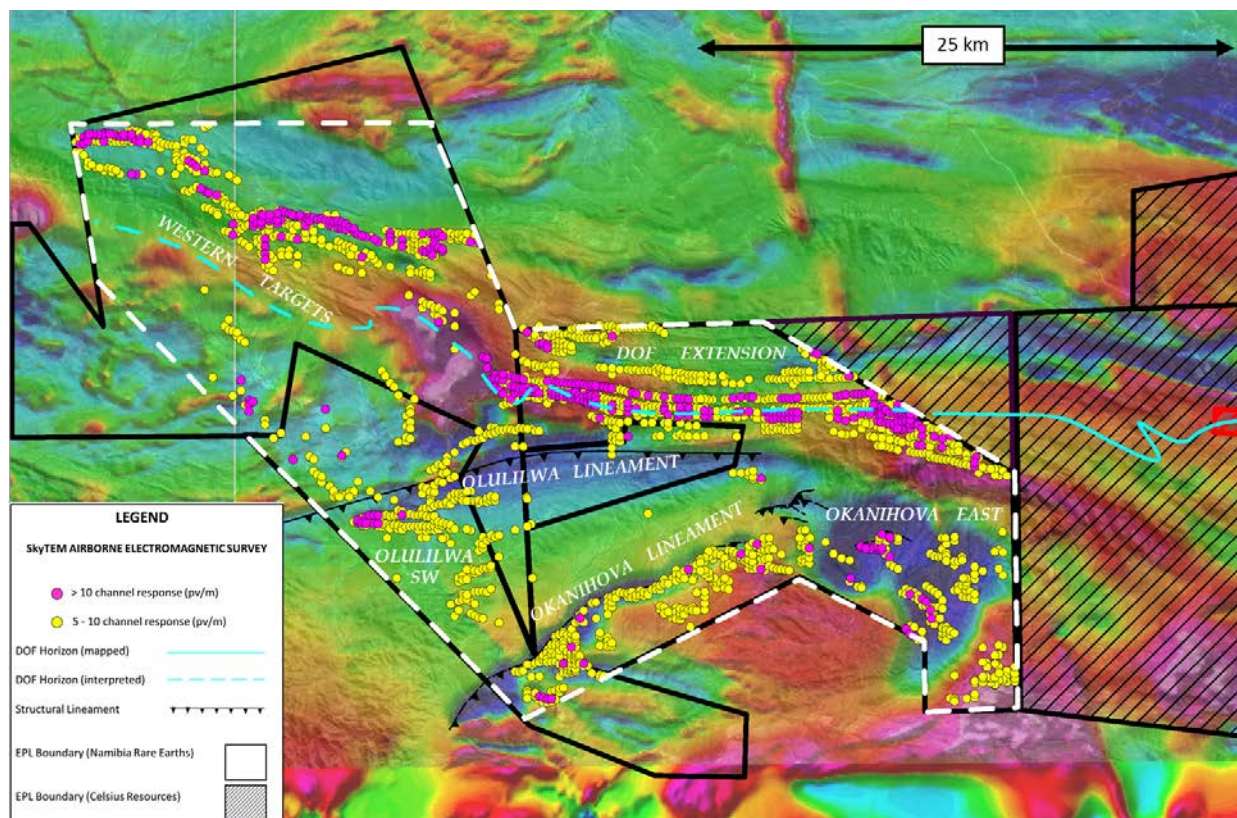


The results from the SkyTEM survey have achieved many of the stated objectives and interpretation of this enormous database will continue throughout the life of the project. Most importantly, it has provided reliable data which can be utilized for targeting of the planned drilling program.

The electromagnetic ("EM") data show clear conductive trends associated with favourable sedimentary horizons and structures (Figure 6 and Figure 7). Of particular interest are the deeper conductive trends along a 20 kilometer-long segment of the interpreted extension of the Dolomite Ore Formation ("DOF") and along a 15 kilometer long segment of the Okanihova lineament. The DOF hosts the Opuwo cobalt-copper-zinc deposit of Celsius Resources, and historic drilling by First Quantum Minerals intersected anomalous copper and cobalt along the Okanihova lineament. Two more isolated targets have been identified at Okanihova East and Olulilwa Southwest. Secondary targets are associated with contact zones along the Western Target magnetic anomaly and in sedimentary horizons parallel to the interpreted DOF extension in the northwest over a strike length of 20 kilometers. No significant EM responses were detected within the Western Magnetic Anomaly.

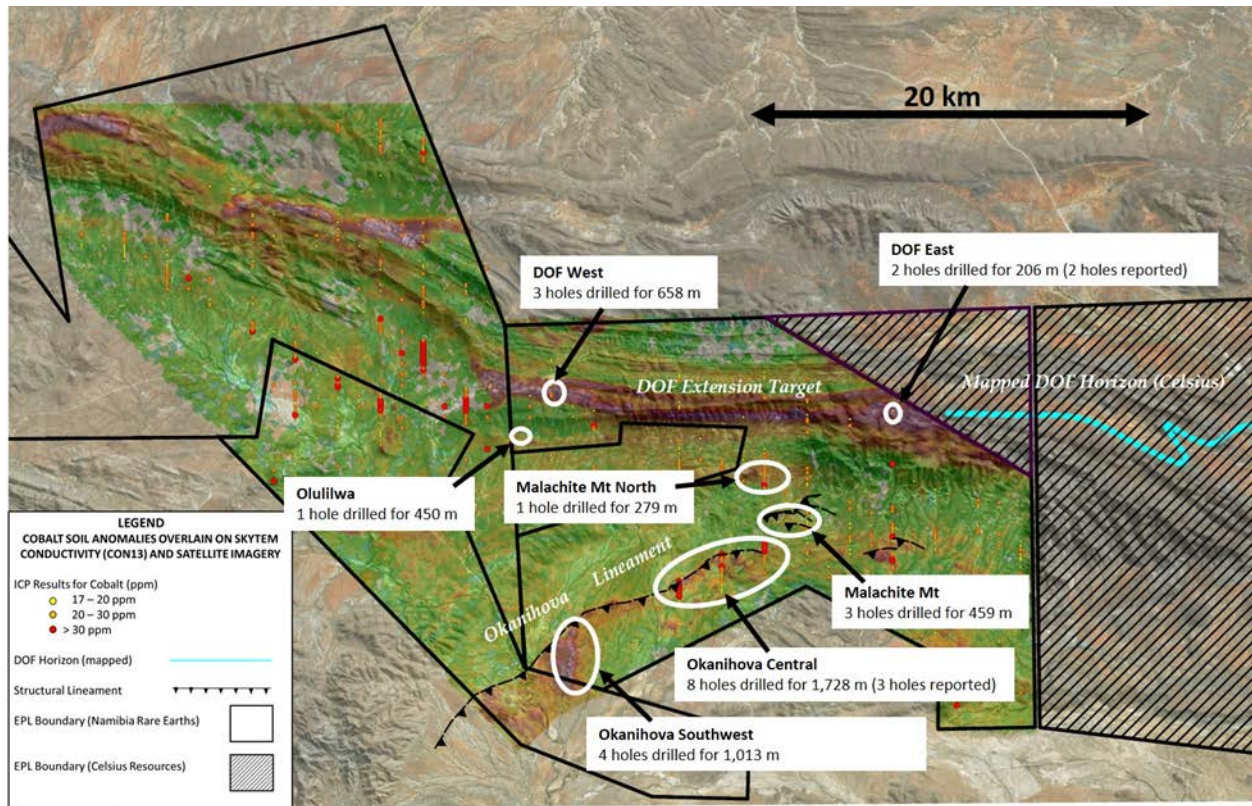
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Figure 6 – Kunene Co-Cu Project Area showing SkyTEM airborne survey area (white dash) and preliminary EM conductor picks for 5-10 channel and > 10 channels responses. Responses for < 5 channels not shown. Channel responses are provided in picovolts/meter. Background image is total magnetic intensity from the Namibian Geological Survey database combined with satellite surface topography.



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Figure 7 – Kunene Co-Cu Project Area showing drilling progress to December 19, 2018. Cobalt soil anomalies are shown on SkyTEM airborne EM conductivity layer (Con13 = approximately 70 vertical meter depth) and satellite topography image.



The EM data was received on a bi-weekly basis and quality control and assurance (“QAQC”) was monitored by Robert E. Gillick, an independent geophysical consultant who also provided more detailed interpretations of the geophysical results. Gillick provided the preliminary EM response picks for the z-component of the high moment (“HM”) data as shown in Figure 6.

More comprehensive assessments of selected drill targets were undertaken by Gillick with input on EM plate models from ElectroMagnetic Imaging Technology of Australia with a focus on the DOF Extension, the southwest and central portions of the Okanihova lineament, at Malachite Mountain North and at Olulilwa. This first phase of drilling will comprise 4,000 m and will utilize one diamond drill and one reverse circulation drill rig.

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Drilling Program

The initial drilling program at Kunene commenced in early October with one diamond rig deployed to the DOF Extension and a reverse circulation drill deployed to the Okanihova lineament targets. As of December 19, 2018 a total of 4,793 meters in 21 holes had been completed with results reported from the DOF East and Okanihova Central target areas (Company press release December 19, 2018 and Figure 7). Drilling at DOF East has confirmed the continuation of stratabound Co-Cu mineralization, similar to Celsius Resources' Opuwo Co-Cu-Zn deposit on to Namibia Critical Metals' land holdings (Table 1). In addition to the Co-Cu horizons, two vanadium-enriched horizons have been intersected within the same stratigraphic sequence.

Table 1 - Drill Results DOF Extension Target (DOF East)

Hole ID	Az	Dip	Depth (m)	Horizon	From (m)	To (m)	Width (m)	% Co	% Cu	% Zn	% V2O5
DODD002	180	-55	50.57	V1	13.14	15.90	2.76	<0.01	0.02	<0.01	0.21
				Co-Cu 1	15.90	18.94	3.04	0.02	0.17	0.05	0.02
				incl	18.82	18.94	0.12	0.08	0.01	0.10	0.01
				V2	24.30	35.00	10.70	<0.01	0.01	<0.01	0.12
DODD005	180	-80	155.8	V1	100.00	104.82	4.82	<0.01	0.02	0.02	0.15
				Co-Cu 1	104.82	105.85	1.03	0.14	0.59	0.06	0.02
				V2	113.00	123.70	10.70	<0.01	0.01	0.02	0.13
				Co-Cu 2	124.30	125.24	0.94	0.13	0.49	0.07	0.01

NOTE: Width is down-the-hole length in meters. True widths cannot yet be determined with the available information.

Results from the first three reverse circulation holes on the Okanihova Central Target have confirmed widespread copper mineralization in the sedimentary strata in the hanging wall of the Okanihova lineament (Table 2).

Table 2 - Drill Results Okanihova Central Target

Hole ID	Az	Dip	Depth (m)	From (m)	To (m)	Width (m)	% Cu	ppm Co
OKRC001	330	-55	255	0	199	199	0.10	79
incl				47	67	20	0.12	124
incl				149	164	15	0.51	107
incl				152	153	1	5.44	170
Co Horizon				225	238	13	0.02	282
incl				234	237	3	0.01	513
OKRC002				28	106	78	0.10	62
incl	330	-55	261	76	106	30	0.16	75
and				133	149	16	0.14	98
and				185	200	15	0.20	41
OKRC003	330	-55	183	7	49	42	0.14	82
and				93	112	19	0.11	70

NOTE: Width is down-the-hole length in meters. True widths cannot yet be determined with the available information.

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The Okanihova Lineament has a strike length of 15 kilometers and the Okanihova Central Target is characterized by strong Cu-Co soil anomalies over a strike length of seven kilometers trending northeast into Malachite Mountain. The primary target along this structure is to vector in on a higher grade source (i.e. stockwork or feeder zone) but there is now also potential for a low grade, high tonnage copper deposit. A number of widely spaced drill fences have been laid out to test the length of the target.

All drill hole analyses were carried out under strict QAQC protocols including the insertion of standards, blanks and duplicates. Sample preparation was carried out by Activation Laboratories (Windhoek, Namibia) and ICP analyses with appropriate acid digestions were carried out by Activation Laboratories (Ancaster, Canada).

Additional drill results remain pending and drilling is planned to continue in early 2019 with one reverse circulation rig to complete the initial drill program over the priority targets.

Kunene Expenditures

For the year ended November 30, 2018, the Company incurred \$1,284,127 (2017: \$nil) in exploration and evaluation expenditures on the Kunene property which was focused on geological mapping, soil sampling, airborne geophysical survey and drilling.

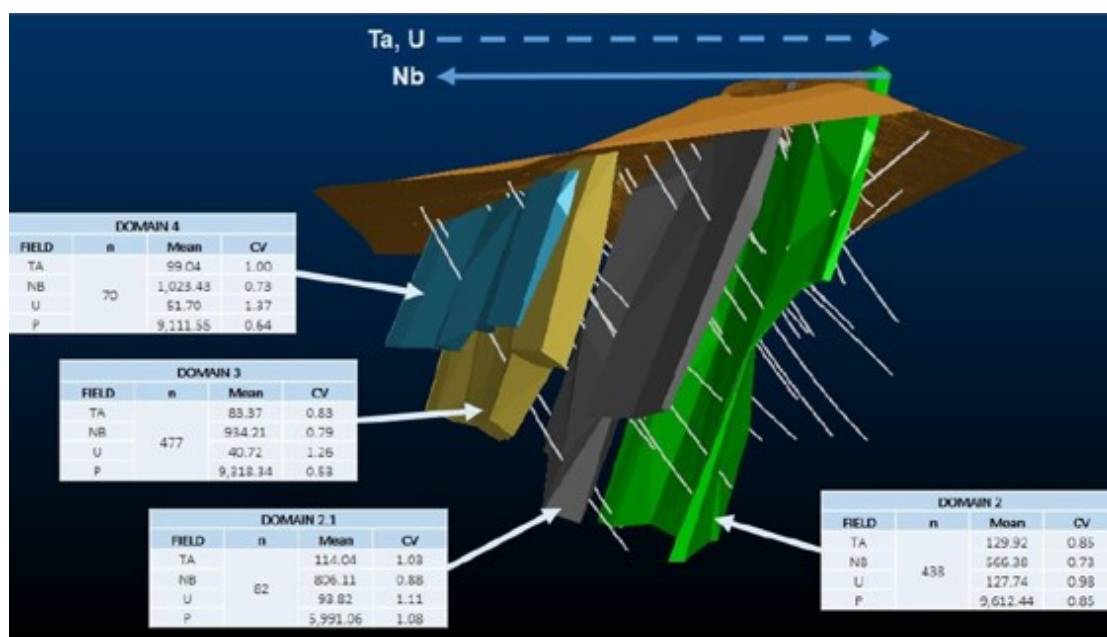
For 2019, the Company estimates its work program to range from \$0.6 - \$1 million depending on future financing, which will focus additional drill programs.

Epembe Tantalum-Niobium property

Epembe is an advanced stage exploration project with a well-defined, very large multiphase carbonatite dyke that has been mapped and sampled at surface over a strike length of 10 kilometers of which at least 7 km of strike length is mineralised. Detailed mapping and over 11,000 meters of drilling has been completed on the dyke, along with preliminary mineralogical and metallurgical studies. The carbonatite contains variable concentrations of pyrochlore which is unusually enriched in tantalum. The other commodities of interest are niobium (hosted in pyrochlore) and apatite. Drilling covered only 15% of the pyrochlore hosting carbonatite. Grades of the drilled portion of the carbonatite average on the order of 150 ppm Ta₂O₅, 1,300 ppm Nb₂O₅ and 2.4% P₂O₅ (Figure 8). Initial sorting tests (XRT) indicate the potential for significant physical upgrading. Planned work will focus on improving grade by optimizing XRT sorting and investigating amenability to XRF sorting. There is potential to delineate a substantial open pit resource by further exploration, both by extending known mineralized zones along strike and vertically.

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Figure 8 – Modeled mineralized zones at Epembe from historic drilling



Epembe Expenditures

During the year ended November 2018, the Company incurred \$66,684 (2017: \$nil) in exploration and evaluation expenditures on the Epembe property which was focused on **a 25 t bulk sample of representative mineralized material extracted from outcrops. The sample will be utilized for XRT and XRF sorting test work in South Africa.**

For 2019, the Company estimates its work program at approximately \$0.3 million which will focus additional metallurgical test work.

Warmbad Lithium Project

The Warmbad Project is located in southern Namibia near the South African border in an area of historic small-scale pegmatite mining known as the Tantalite Valley. The Tantalite Valley pegmatites have been mined since about 1946 for beryl, columbite-tantalite, lithium and bismuth minerals. Mining has been re-activated by Kennedy Ventures Plc (now Kazera Global plc) who control African Tantalite (Pty) Ltd. and are producing concentrates of >40% Ta₂O₅ being sold into global markets. Initial production of 20 metric tonnes concentrate per annum is ramping up to 120 metric tonnes concentrate per annum. A potential lithium resource is being assessed following the sampling of lepidolite bearing pegmatites grading >1.6% Li₂O.

The Warmbad EPL covers 605 km² and hosts three pegmatite occurrences of undetermined extent from government maps. There are no records of any systematic exploration over the EPL. The area has recently been mapped by the Geological Survey of Namibia and the Council of Geosciences (South Africa) which

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has provided updated geological information. A key result of the mapping campaign is the delineation of previously unknown extensive pegmatite swarms of up to 13 km strike length.

Warmbad Exploration Program

As reported previously, Namibia Critical Metals deployed a small geological team to locate outcrops and carry out reconnaissance rock sampling with the assistance of geologists from the Geological Survey of Namibia who were involved with government mapping program. A total of 37 samples were collected and submitted for analyses to Actlabs for lithium, tantalum, niobium, rare earths and associated elements. Only geochemically anomalous amounts of lithium were detected (0.02 – 0.2% Li₂O). The sampling covers only a small portion of the area of interest and it is recommended that additional sampling be conducted over a wider area and around those outcrops with more elevated concentrations of lithium.

There are currently no further budgeted programs for Warmbad, however, when crews may be available further reconnaissance sampling has been recommended.

Grootfontein Nickel and Zinc-Lead-Vanadium Project

Grootfontein is an early stage conceptual target based on geophysical and historical evidence for a large buried mafic-ultramafic intrusive complex. It is a poorly explored geological complex due to the extensive coverage with Kalahari sands and calcrete.

Based on historic drill holes and airborne magnetic survey interpretations, Grootfontein constitutes a huge mafic complex covering 360 km² with the potential to host magmatic nickel, copper, vanadium, platinum group elements and chromite mineralisation as cumulates or late magmatic disseminations and stockworks. Previous work demonstrated that the main intrusive phases are depleted in nickel and copper. The metals were likely fractionated as sulphides during the intrusive phase, gravitationally accumulated in the magma and intruded in the adjacent, pre-existing rocks. As in other mafic hosted copper-nickel deposits such as Norilsk and Voisey's Bay, sulphidization by scavenging of sulphur from country rocks and tectono-magmatic concentration of the sulphide-rich melts are the key for the formation of this type of magmatic copper nickel deposits. Only two shallow drill fences (total of 1,386 m) were drilled by Anglo American in 1988 leaving 55 km of strike length untested.

There is also potential for zinc-lead-vanadium Mississippi Valley-type mineralization similar to the Berg Aukas deposit bordering the mafic complex, which according to historical records, produced 1.6 MT of ore grading 16.77% Zn, 4.04% Pb and 0.93% V₂O₅ during the period 1967-1975.

Following the success of the SkyTEM survey over Kunene, it has been recommended that an airborne EM/magnetic survey be flown over the project area in early 2019. Targeted deposit types include magmatic Cu-Ni sulphide deposits within the mafic complex, massive sulphide deposits of the Berg Aukas type in carbonates immediately north of the mafic complex and gold deposits of the Otjikoto type in favourable sedimentary stratigraphy to the south of the complex. Selective soil surveys will also be considered over magnetic anomalies of possible association with Otjikoto type targets.

Otjiwarongo Carbonatite property

Otjiwarongo is another early stage conceptual target based on remote sensing data in proximity to known alkaline intrusive complexes, most notably the Okorusu complex which hosts the Okorusu fluorspar

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deposits. The area of interest is completely hidden by cover. The circular anomaly measures one kilometer in diameter and can be easily tested by drilling to determine if in fact a carbonatite body is the source and what styles of mineralization might be associated with it (fluorspar, rare earths, tantalum, niobium etc.). There is also potential for Otjikoto type gold mineralization associated with magnetic anomalies in the project area which will be targeted with selective soil surveys.

Erongo Gold property

The Erongo gold project covers an area of over 600 km² within the Navachab-Ondundu gold trend. There are numerous mineral occurrences within the project area including at least two gold occurrences. The area has been prospected but not systematically explored. Potential targets include skarn and greisen gold-(copper-bismuth) and tin-tungsten mineralization; pegmatites formed during the late Damara orogeny hosting lithium minerals and semi-precious stones and structurally controlled gold mineralisation. Historical figures indicate small scale mining for all of those deposit types on the property.

Other Property Expenditures

For the year ended November 30, 2018, the Company incurred \$178,332 (2017: \$Nil) in exploration and evaluation expenditures on its other properties recently acquired from Gecko, which was focused on rock sampling, airborne surveys and metallurgical studies. For 2019, the Company estimates its work program at approximately \$0.25 million, which will focus on selected exploration programs and metallurgical studies.

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Results of Operations

Selected Annual Information

The following table sets out selected financial information for the periods indicated.

	Fiscal Years Ended November 30		
	2018	2017	2016
	\$	\$	\$
OPERATIONS			
Revenue	Nil	Nil	Nil
Net Income (Loss)	(1,700,172)	86,680	(1,229,676)
Net Income (Loss) attributable to shareholders	(1,693,475)	86,680	(1,229,676)
Net Income (Loss) attributable to non-controlling interest	(6,697)	-	-
Basic and diluted (loss) per share	0.01	0.00	(0.02)
BALANCE SHEET			
Total assets	30,338,654	22,551,107	22,910,084
Total exploration and evaluation assets	27,712,355	22,369,360	22,112,741

The increase of net income in 2017 from a net loss in 2016 is primarily due to debt forgiveness of deferred salaries. The increase of net loss in 2018 from a net income in 2017 is primarily due to an increase in share-based payments. The increase in exploration and evaluation assets each year reflects the acquisition of a portfolio of critical metal properties and the capitalization of ongoing exploration expenditures.

Years ended November 30, 2018 and 2017

For the year ended November 30, 2018, the Company capitalized acquisition costs of mineral properties of \$3,360,000 (2017 - \$Nil) and exploration costs of \$2,132,620 (2017 - \$256,619) related to expenditures on its mineral properties.

For the year ended November 30, 2018, the Company reported a net loss of \$1,700,172 compared to a net income of \$86,680 for the prior year.

Expenses were \$1,684,961 for the year compared to \$750,252 for 2017, primarily due to the following:

Salaries and benefits decreased to \$169,957 compared to \$306,001 in 2017, due primarily to reductions in director compensation to ensure adequate funding for exploration activities;

Office and administration decreased to \$66,687 compared to \$155,010 in 2017, due primarily to reductions costs to ensure adequate funding for exploration activities;

Consulting fees expense increased to \$193,391 compared to \$70,187 in 2017, primarily due to additional management and shift of management salaries to Consulting;

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Professional fees increased to \$113,693 compared to \$59,266 in 2017, due primarily to increased fees for financial advisory services to assist in closing of strategic metals portfolio of properties;

Travel increased to \$59,749 compared to \$7,441 in the prior year, due primarily to primarily to costs associated with increased investor relations;

Share-based payments increased to \$825,016 compared to \$17,500 in 2017, due to a higher number of options issued in 2018;

Shareholder communications increased to \$117,759 compared to \$,19,186 in the prior year, due primarily to increased investor relations activities;

Foreign currency exchange loss increased to \$117,759 compared to a gain of \$3,079 in 2017, due to a higher balance of funds held in South African Rand to fund ongoing exploration programs; and

Gain on debt settlement decreased to \$Nil from \$831,019 in 2017 due to the forgiveness of deferred salaries and wages of officers and directors during the previous year.

Other income and interest income increased to \$134,414 from \$5,913 in 2017 due to the short-term rental and sale of fixed assets and increased interest revenue.

Summary of Quarterly Results

The following table sets out selected financial information for the periods indicated (*expressed in Canadian dollars*):

For the quarters ended	Nov. 30 2018 \$	Aug. 31 2018 \$	May 31 2018 \$	Feb. 28 2018 \$	Nov. 30 2017 \$	Aug. 31 2017 \$	May 31 2017 \$	Feb. 28 2017 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	968,598	333,213	232,909	150,241	132,791	206,732	231,066	179,664
Interest/Other income	(120,884)	32,600	18,508	13,443	2,641	1,766	559	947
Gain on debt settlement	Nil	Nil	Nil	Nil	831,019	Nil	Nil	Nil
Net and comprehensive (gain) loss	1,048,360	300,613	214,401	136,798	(700,869)	204,966	230,507	178,717
Net and comprehensive (gain) loss attributable to shareholders	1,041,663	300,613	214,401	136,798	(700,869)	204,966	230,507	178,717
Net and comprehensive (gain) loss attributable to non-controlling interest	6,697	-	-	-	-	-	-	-
(Gain) Loss per share – basic and diluted	0.01	0.00	0.00	0.00	(0.01)	0.00	0.00	0.00
Total assets (millions)	30.3	29.7	29.9	26.3	22.5	22.8	22.9	22.8

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As the Company has capitalized all exploration expenditures to date in accordance with IFRS 6, the expenses are primarily related to administration. Lower expenses in the six quarters ended February 28, 2018 were related to reductions in overhead costs to ensure adequate funding for planned exploration activities. Higher expenses in the quarter ended May 31, 2018 reflect increased activity related to the acquisition of mineral properties and shareholder communication. Higher expenses in the quarter ended August 31, 2018 are primarily due to unrealized exchange rate loss. Higher expenses in the quarter ended November 30, 2018 are primarily due to share-based payments expense. A net gain in quarter ended November 30, 2017 is due to gain on settlement of deferred wages and salaries to officers and directors. Included in expenses are foreign exchange gains and losses arising mainly due to variations in the Canadian dollar and the Namibian dollar exchange rate during the periods, as certain of the Company's expenditures are paid in Namibian dollars, while the Company's functional and reporting currency is the Canadian dollar. The Company has interest revenue related to excess cash invested in an interest-bearing account with a major chartered bank.

Fourth Quarter

During the fourth quarter, the Company incurred exploration costs of \$1,037,963 primarily on its Lofdal and Kunene properties. The Company incurred \$968,5981 in administration expenses during the quarter of which \$825,016 was share-based payments expense. During the quarter the company recorded a write down of mineral properties of \$149,625 related to the Black Range property.

Liquidity and Capital Resources

At November 30, 2018, the Company had working capital of \$2,025,537 compared to \$78,615 at November 30, 2017 as follows:

	November 30, 2018	November 30, 2017
	\$	\$
Cash and cash equivalents	2,343,394	96,237
Taxes and other receivables	156,042	51,035
Deposits and prepaid expenses	31,652	37,475
Accounts payable and accrued liabilities	(505,551)	(106,132)
Working capital	2,025,537	78,615

The Company's principal assets are at an advanced exploration and evaluation stage and as a result the Company has no current source of operating cash flow. Management and the Board of Directors are cognizant of difficult market conditions and have undertaken steps to secure additional financing. On February 21, 2018 the Company completed a private placement of \$550,000 and on May 3, 2018 completed a private placement of \$4,000,000.

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During the year ended November 30, 2018, the Company used cash of \$814,303 for operating activities (2017 – \$577,067) and used cash of \$1,423,001 for investing activities (2017 - \$402,079). During the year the Company increased cash of \$4,511,500 from financing activities (2017-\$391,674). The increased use of cash in operating activities was related an increase in taxes receivable and a decrease in accounts payable. The increased use of cash in investing activities was related to an increase in overall spending on its newly acquired metals properties compared to the prior year.

Contractual Obligations

There are no contractual obligations.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Share Capital

The Company's authorized capital consists of an unlimited number of common shares without nominal or par value. As of the date of this MD&A, the Company has issued and outstanding 180,325,121 common shares.

Stock options outstanding as of the date of this MD&A:

Exercise price \$	Number of Shares	Expiry Date
0.20	1,455,000	November 25, 2019
0.17	25,000	April 30, 2020
0.05	1,420,000	November 28, 2021
0.08	150,000	April 7, 2022
0.21	6,400,000	September 19,2023
	9,450,000	

Critical Accounting Estimates and Judgments

Critical accounting estimates used in the preparation of the Company's consolidated financial statements, which could be significantly affected by factors beyond the Company's control are as follows:

- (i) Valuation of exploration and evaluation assets: The value of the Company's exploration and evaluation assets is dependent upon the success of the Company in discovering economic and recoverable mineral resources, the ability of the Company to obtain financing to complete development of the properties, and future production or proceeds from disposition. The estimation of future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates between the Canadian dollar and the Namibian dollar and potential new legislation and related environmental requirements.
- (ii) Decommissioning liabilities: The Company makes estimates of future site restoration costs based upon current legislation in Namibia, technical reports and estimates provided by the

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Company's senior employees and advisors. These estimates will be affected by actual legislation in place, actual mining activity to be performed and actual conditions of the relevant sites when the restoration activity is to be performed in future periods.

- (iii) **Share-based payments:** Share-based payments expense is calculated using the Black-Scholes model, a recognized option/warrant valuation formula, which is highly dependent on the expected volatility of the market price of the Company's common shares. Due to the Company's short trading history, the Company uses a volatility rate based on past share trading data from similar entities to predict future volatility, and actual volatility may be different from the estimate used in the valuation formula. Share-based payments expense represents a non-cash expense and, as such, has no impact on the Company's financial position or liquidity.
- (iv) **Realizable Amount of Deferred Tax Assets:** The Company reviews its deferred tax assets at each balance sheet date and reduces the carrying amount to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Critical judgments or assessments made by management used in the preparation of the Company's consolidated financial statements, which could be significantly affected by factors beyond the Company's control are as follows:

- (i) The determination of a cash-generating unit for assessing and testing impairment, which management has determined to be the mineral property;
- (ii) The determination of functional currency;
- (iii) The determination of when an exploration and evaluation asset move from the exploration stage to the development stage;
- (iv) The determination of when an exploration and evaluation asset is impaired;
- (v) Whether exploration and evaluation costs are eligible for capitalization;
- (vi) The determination of whether exploration and evaluation assets are considered to be asset acquisitions or business combinations; and
- (vii) The assessment of the Company's ability to continue as a going concern.

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Related party transactions

Transactions with key management personnel and shareholders for the years ended November 30 are as follows:

	2018	2017
	\$	\$
Salaries, director fees and benefits	42,500	181,671
Share-based payments	806,016	17,500
Consulting fees	192,881	68,146
Payments received from a shareholder for rental revenue in net loss	(38,364)	-
Total charged to net and comprehensive loss	1,003,033	267,317
Consulting fees charged to exploration and evaluation assets	181,744	54,007
Share-based payments charged to exploration and evaluation assets	388,784	-
Payments to a shareholder for purchase of fixed assets	28,500	-
Payments to a shareholder charged to exploration and evaluation assets	675,637	-
Deferred payable amounts forgiven	-	(946,384)
Total	2,277,698	(625,060)

Key management personnel include officers and directors and companies directly controlled by key management personnel, and payments are for salaries, director fees, and consulting fees and are directly related to their position in the organization.

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$309,211 (2017 - \$23,119). Included in deposits and prepaid expenses is an amount of \$3,500 (2017 - \$3,500) representing a retainer on a services contract with an officer of the Company.

During the year the Company settled deferred amounts payable to officers and directors in the amount of \$Nil (2017- \$946,384) for Nil consideration.

Related party transactions are in the ordinary course of business, and are measured at the exchange amount, which is the amount of consideration determined and agreed to by the parties.

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Changes in Accounting Policies

Accounting Standards Adopted in the Current Year

The following accounting standard, effective for annual periods beginning on or after January 1, 2017, has been adopted in the current period and has had no material impact on the Company's financial results.

IAS 7, Disclosure Initiative (Amendment to IAS 7) requires an entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities resulting from financing activities. The amendments apply prospectively for annual periods beginning on or after January 1, 2017 with earlier adoption permitted.

IAS 12, Income Taxes (Amendments to IAS 12) provides guidance on the recognition of deferred tax assets. In January 2016, the International Accounting Standards Board issued amendments to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. Early adoption is not yet permitted as they have not been incorporated into the CPA Canada Handbook, Part 1 – IFRS.

IFRS 3, Business Combination, amendment of the definition of a business

On October 22, 2018, the IASB published the amendment to the definition of a business to help companies determine whether an acquisition is of a business or an asset. The narrow scope amendment to IFRS 3: Business Combinations amends the definition of a business and provides supplementary guidance to assist in the application of the definition. In addition, the amendments allow a simplified assessment of whether the acquisition involves a business or a group of assets. The amendments apply to acquisitions that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier adoption permitted. The company has chosen to early adopt this standard for the year ended November 30, 2018.

Recently issued accounting pronouncements

The following standards are effective for annual periods as disclosed and have not yet been adopted by the Company. The Company is assessing the impact of these new standards.

IFRS 9, *Financial instruments*, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2). In June 2016, the International Accounting Standards Board (IASB) published final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. The amendments clarify guidance on accounting for cash-settled share-based payment transactions that include a

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performance condition, classification on share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments apply prospectively and are effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 16, Leases, was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and financing leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted if IFRS 15 has also been applied.

Disclosure Controls and Procedures

As at the end of the period covered by this management's discussion and analysis, management evaluated the design and effectiveness of the operation of the Company's disclosure controls and procedures, under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"). Based on that evaluation, the CEO and CFO have concluded that, as of November 30, 2018, the disclosure controls and procedures (as such terms are defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) are effective to ensure information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein.

Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance the Company's disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Company, and its subsidiaries, to disclose material information otherwise required to be set forth in the Company's periodic reports. Further, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of a change in conditions, or the degree of compliance with the policies and procedures may deteriorate.

Management, under the supervision of the CEO and CFO, has evaluated the effectiveness of internal controls over financial reporting. Based on this evaluation, the CEO and CFO have concluded that internal controls over financial reporting were effective as of November 30, 2018.

There have been no material changes in the Company's internal controls over financial reporting during the year ended November 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, deposits, and accounts payable and accrued liabilities. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash is designated as fair value through profit or loss and measured at fair value. Amounts receivable and deposits are designated as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities and measured at amortized cost. The recorded values of all financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

NAMIBIA CRITICAL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company may be affected by credit risk, liquidity risk, exchange rate risk, interest rate risk and commodity price risk. The Company's exposure to credit risk is primarily attributable to cash and the Company limits this risk by maintaining these assets in a high-interest savings account with high-credit quality financial institution. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The company manages this risk through regular monitoring and adjustment of its cash flow requirements to support ongoing operations and to ensure, to the extent possible, that there is sufficient cash on hand to meet its liabilities when due. In the event the Company obtains the permits and necessary approvals to proceed with the development of the Lofdal property, it will require substantial additional capital resources and there can be no assurance that funding will be available to the Company in the future on acceptable terms. Exchange rate risk arises as the Company's functional currency is the Canadian dollar while certain of the Company's expenditures are denominated in Namibia dollars (which are equal to the South African rand), US dollars, British Pounds, Australian dollars, and Euros. The Company does not currently undertake any hedging activities to mitigate exchange rate risk. The Board continues to monitor the situation and will consider various options to mitigate this risk as it deems appropriate as the business develops. Interest rate risk arises as the Company invests cash at floating rates of interest. The impact of fluctuations in interest rates is not significant. The Company does not have any interest-bearing liabilities. The Company's financial instruments are not exposed to any direct commodity price risk, as the Company does not have any financial instruments associated with commodity prices and currently has no revenues derived from mining operations. Fluctuation in commodity prices do however impact the overall viability of the Company as is common in the mineral exploration and mining industries.

Risks and Uncertainties

In conducting its business, the principal risks and uncertainties faced by the Company relate primarily to exploration results and, to a lesser extent, metal and commodity prices. In addition, the Company has working capital of \$2,025,537. The Company's ability to continue as a going concern is dependent on a number of factors, including the ability of the Company to arrange financing for 2019. Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company has the following risks specific to conducting its exploration activities in Namibia: there is no assurance that the supportive political and economic conditions that currently exist in Namibia will remain; the Company's ability to obtain, sustain, renew or vary the necessary licences, permits and authorizations to carry on the activities that it is currently conducting on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental bodies and there can be no assurance that the Company will be able to obtain, sustain, renew or vary any such licences, permits or authorizations on acceptable terms or at all; in particular, the Company currently has an application pending for a mining permit over Area 4 of the Lofdal property and there is no guarantee that the permit will be granted; environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees, and any failure by the Company to comply with applicable environmental regulations or the stoppage of exploration or production activities could have a

NAMIBIA CRITICAL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

materially adverse effect on the Company's business, financial condition and results of operations; the per capita incidence of the HIV/AIDS virus in Namibia has been estimated as being in the mid to high range, according to public sources, and if the number of new HIV/AIDS infections in Namibia continues to increase and if the Government of Namibia imposes more stringent obligations on employers related to HIV/AIDS prevention and treatment, the Company's operations in Namibia and its profitability and financial condition could be adversely affected; as a result of a substantial portion of the Company's assets being located in Namibia, there may be difficulties in enforcing against the Company judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities legislation for misrepresentations contained in the Company's public disclosure documents and, in particular, it may be practically impossible to enforce foreign court judgments against the Company in Namibia; and Namibia is part of the South African Rand Common Monetary Area ("CMA") which has exchange controls that require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA require prior approval of the Bank of Namibia and there can be no assurance that the Company will obtain the requisite approvals in the future to repay loans or pay invoices to parties outside the CMA, thereby potentially restricting the Company from repatriating funds and using those funds for other purposes.

Additional Information

The financial statements and additional information regarding the Company are available on SEDAR at www.sedar.com.



March 26, 2019

Independent Auditor's Report

To the Shareholders of Namibia Critical Metals Inc.

We have audited the accompanying consolidated financial statements of Namibia Critical Metals Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at November 30, 2018 and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Namibia Critical Metals Inc. and its subsidiaries as at November 30, 2018 and their financial

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of Namibia Critical Metals Inc. for the year ended November 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2018.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 of the consolidated financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt on Namibia Critical Metals Inc.'s ability to continue as a going concern.

(signed) *"PricewaterhouseCoopers LLP"*

Chartered Professional Accountants, Licensed Public Accountants

Namibia Critical Metals Inc.

Consolidated Statements of Financial Position

As at November 30, 2018 and 2017 (in Canadian dollars)

	November 30, 2018 \$	November 30, 2017 \$
Assets		
Current assets		
Cash and short-term deposits	2,343,394	96,237
Taxes and other receivables	156,042	51,035
Deposits and prepaid expenses	31,652	37,475
	<u>2,531,088</u>	<u>184,747</u>
Equipment (note 4)	95,211	-
Exploration and evaluation assets (note 5)	<u>27,712,355</u>	<u>22,369,360</u>
	<u>30,338,654</u>	<u>22,554,107</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 1 and 6)	<u>505,551</u>	<u>106,132</u>
Shareholders' Equity		
Equity attributable to the shareholders of the Company	29,679,800	22,447,975
Non-controlling interest	153,303	-
	<u>29,833,103</u>	<u>22,447,975</u>
	<u>30,338,654</u>	<u>22,554,107</u>
Nature of operations and going concern (Note 1)		
Commitments (Note 12)		

Approved by the Board of Directors on March 25, 2019:

"Steve E. Kapp"
Director

"Gerald J. McConnell"
Director

See accompanying notes to the consolidated financial statements

Namibia Critical Metals Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended November 30, 2018 and 2017 (in Canadian dollars except share and per share amounts)

	Year ended November 30	
	2018	2017
	\$	\$
Expenses		
Salaries and benefits (note 6)	169,957	306,001
Office and administration	66,687	155,010
Consulting fees (note 6)	193,391	70,187
Professional fees	113,693	59,266
Share-based payments (notes 6 and 7)	825,016	17,500
Travel	59,749	7,441
Listing and filing fees	34,380	51,426
Shareholder communications	117,759	19,186
Foreign currency exchange (gain) loss	63,388	(3,079)
Property investigation	3,868	67,314
Property acquisition costs	37,073	-
	(1,684,961)	(750,252)
Gain on amounts payable settlement (note 6)	-	831,019
Interest income	52,037	5,913
Write-down of exploration and evaluation assets	(149,625)	-
Other income	82,377	-
Net and comprehensive (loss) gain for the year	(1,700,172)	86,680
Net loss attributable to shareholders of the Company	(1,693,475)	86,680
Non-controlling interest	(6,697)	-
	(1,700,172)	86,680
(Loss) gain per share - Basic and diluted	(0.01)	0.00
Weighted average number of shares outstanding – Basic and diluted	154,147,780	81,224,733

See accompanying notes to the consolidated financial statements.

Namibia Critical Metals Inc.

Consolidated Statements of Changes in Equity

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

	Common Shares Without Par Value		Share-based Payments	Contributed		Total Shareholders'	Non-controlling	Total
	Shares	Amount	Reserve	Surplus	Deficit	Equity	interests	Equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance, Nov 30, 2017	83,703,500	36,538,008	546,939	5,113,161	(19,750,133)	22,447,975		22,447,975
Issuance of shares	96,621,621	7,711,500				7,711,500		7,711,500
Share-based payments			1,213,800			1,213,800		1,213,800
Expiry of options			(96,653)	96,653		-		-
Non-controlling interests on acquisition of subsidiaries							160,000	160,000
Net and comprehensive (loss) income					(1,693,475)	(1,693,475)	(6,697)	(1,700,172)
Balance, Nov 30, 2018	180,325,121	44,249,508	1,664,086	5,209,814	(21,443,608)	29,679,800	153,303	29,833,103

	Common Shares Without Par Value		Share-based Payments	Contributed		Total Shareholders'	Non-controlling	Total
	Shares	Amount	Reserve	Surplus	Deficit	Equity	interests	Equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance, Nov 30, 2016	77,828,500	36,146,334	594,199	5,048,401	(19,836,813)	21,952,121		21,952,121
Issuance of shares	5,875,000	391,674				391,674		391,674
Issuance of options			17,500			17,500		17,500
Expiry of options			(64,760)	64,760		-		-
Net and comprehensive (loss) income					86,680	86,680		86,680
Balance, Nov 30, 2017	83,703,500	36,538,008	546,939	5,113,161	(19,750,133)	22,447,975	-	22,447,975

See accompanying notes to the consolidated financial statements

Namibia Critical Metals Inc.

Consolidated Statements of Cash Flows

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net Income (loss) for the period	(1,700,172)	86,680
Adjustments for:		
Unrealized foreign currency exchange loss	61,860	4,372
Interest income recognized in net loss	(52,037)	(5,913)
Write-down of exploration and evaluation assets	149,625	-
Share-based payments	825,016	17,500
Gain on disposal of equipment	(20,561)	-
Gain on debt settlement	-	(831,019)
	(736,269)	(728,380)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable, deposits and prepaids	(112,862)	16,254
Increase in accounts payable and accrued liabilities	34,828	135,059
	(814,303)	(577,067)
Investing activities		
Interest income received	52,037	5,913
Proceeds from disposal of equipment	20,561	-
Purchase of exploration equipment	(100,516)	-
Expenditures on exploration and evaluation assets	(1,395,083)	(407,992)
	(1,423,001)	(402,079)
Financing activities		
Issuance of share capital, net of costs	4,511,500	391,674
Effect of exchange rate changes on cash	(27,039)	673
Net change in cash during the period	2,247,157	(586,799)
Cash – Beginning of period	96,237	683,036
Cash – End of period	2,343,394	96,237

Supplemental cash flow information (note 8)

See accompanying notes to the consolidated financial statements.

Namibia Critical Metals Inc.

Notes to Consolidated Financial Statements

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

1. Nature of operations and going concern

Namibia Critical Metals Inc. (the “Company”, formerly known as Namibia Rare Earths Inc.) was incorporated pursuant to the Canada Business Corporations Act on April 26, 2010. The Company is a public company listed on the TSX Venture Exchange (the “TSXV”), trading under the symbol “NMI”. The address of the Company’s corporate office and principal place of business is Suite 802, 1550 Bedford Highway, Halifax, Nova Scotia, Canada.

The Company is in the business of exploring and developing a diversified portfolio of critical metals properties in Namibia. The amount shown as exploration and evaluation assets, all of which are located in Namibia, represents costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and future profitable production or proceeds of disposition thereof.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as the liabilities come due.

The Company has reported losses to date and at November 30, 2018 has an accumulated deficit of \$21,443,608 and working capital of \$2,025,537. The Company has no cash income or cash flows from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its exploration and evaluation assets and to fund its exploration and development activities and its general and administration costs. These circumstances cast significant doubt upon the Company’s ability to continue as a going concern. During the period, the Company completed two private placements totalling \$4,511,500 net of costs for exploration and general working capital purposes. Management continues to evaluate alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements, and eventually to generate positive cash flows, either from operations or sale of its properties. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Preparation

a) Statement of Compliance

These consolidated financial statements, including comparative figures, have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on March 25, 2019.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies.

Namibia Critical Metals Inc.

Notes to Consolidated Financial Statements

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries listed below. All inter-company balances and transactions are eliminated upon consolidation.

Subsidiary	Jurisdiction	Nature of business	Direct or Indirect ownership
Cayman Namibia Rare Earths Ltd.	Cayman Islands	Asset holding company	100%
Namibia Rare Earths (Pty) Ltd.	Namibia	Asset holding company	100%
Gecko Gold Holdings (Pty) Ltd	Namibia	Asset holding company	95%
Gecko Gold Mining (Pty) Ltd	Namibia	Asset holding company	95%
Gecko Rare Metals Holdings (Pty) Ltd	Namibia	Asset holding company	95%
Gecko Rare Metals Mining (Pty) Ltd	Namibia	Asset holding company	95%
Epembe Minerals (Pty) Ltd	Namibia	Asset holding company	95%
Epembe Mining (Pty) Ltd	Namibia	Asset holding company	95%
Kunene Resources Holdings (Pty) Ltd	Namibia	Asset holding company	95%
Solarwind Investments (Pty) Ltd	Namibia	Asset holding company	95%
Kunene Resources Namibia (Pty) Ltd	Namibia	Asset holding company	95%
Philco 174 (Pty) Ltd	Namibia	Asset holding company	95%
Philco 180 (Pty) Ltd	Namibia	Asset holding company	95%
Black Range Holdings (Pty) Ltd	Namibia	Asset holding company	95%
Black Range Mining (Pty) Ltd	Namibia	Asset holding company	95%

d) Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect of changes in these estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Revisions to estimates are accounted for prospectively. The more significant areas requiring the use of management estimate and judgments are as follows:

Critical accounting estimates

The amounts recorded for share-based payments are based on estimates. The Black Scholes model is based on assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economic reserves, the ability of the Company to obtain financing to complete development of the properties, and future production or proceeds from disposition, and may be based on assumptions about future events and circumstances.

Namibia Critical Metals Inc.

Notes to Consolidated Financial Statements

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

The Company makes estimates of future site restoration costs based on current legislation, technical reports, and management's estimates. These estimates will be affected by actual legislation in place, actual exploration or mining activity to be performed, and actual conditions of the relevant sites when the restoration activity is to be performed in future periods. Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that existed during the year.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of a cash-generating unit for assessing and testing impairment, which management has determined to be individual mineral properties;
- The determination of functional currency;
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage;
- The determination of when an exploration and evaluation asset is impaired;
- Whether exploration and evaluation costs are eligible for capitalization;
- The determination of whether an acquisition of exploration and evaluation assets is considered to be an asset acquisition or a business combination; and
- The assessment of the Company's ability to continue as a going concern.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Cash and short-term deposits

Cash consists of cash on hand, demand deposits and money market funds.

b) Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries. Primary and secondary indicators are used to determine the functional currency. The primary indicator which applies to the Company is the currency that mainly influences expenses. Secondary indicators include the currency in which funds from financing activities are generated.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions except for depreciation which is translated at historical exchange rates. At each statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of income (loss) and comprehensive income (loss).

c) Exploration and Evaluation Assets

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 as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study and the Company's decision to proceed with development,

Namibia Critical Metals Inc.

Notes to Consolidated Financial Statements

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash generating unit level, when there are indicators the carrying amount of the assets may exceed their recoverable amounts. One or more of the following facts and circumstances indicate that the Company should test exploration and evaluation assets for impairment: (a) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined. Exploration and evaluation assets are assessed on an annual basis and these costs are carried forward provided at least one of the following conditions is met: (a) such costs are expected to be recovered through successful exploration and development and of the area of interest or by its sale; or (b) exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned in the future.

d) Equipment

Items of equipment are recorded at cost and depreciated over their estimated useful lives. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Depreciation is recognized using the following rates and methods:

Motor vehicles	20% straight line
Exploration equipment	20% straight line
Office equipment	30% straight line

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

e) Impairment of Non-Financial Assets, excluding Exploration and Evaluation Assets

The Company's non-financial assets are reviewed for an indication of impairment at each reporting date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of income (loss) and comprehensive income (loss) for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the 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.

Namibia Critical Metals Inc.

Notes to Consolidated Financial Statements

For the years ended November 30, 2018 and 2017 (in Canadian dollars)

f) Share-based Payments

The fair value of options granted is recognized as expense or capitalized as exploration and evaluation assets as appropriate, with a corresponding increase in equity.

The fair value of options granted to employees or those providing similar services is measured using the Black-Scholes option pricing model. The fair value is determined at the grant date and is expensed or capitalized over the period during which the share purchase options vest and is based on the Company's estimate of the shares that will eventually vest.

The fair value of options granted to non-employees is measured at the fair value of the goods or services received, on the date they are received. If the fair value of the services received cannot be estimated reliably, the fair value of the share purchase options is measured using the Black-Scholes option pricing model.

At each financial position reporting date, the amount recognized is adjusted to reflect the actual number of options that are expected to vest. For share-based payment awards with no vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and is not adjusted for differences between actual and expected outcomes.

g) Income Taxes

Income tax consists of current and deferred tax and is recognized in the statement of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable for previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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

h) Gain (Loss) per Share

Gain (Loss) per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted gain (loss) per share is computed similar to basic gain (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding and in-the-money stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

i) Financial Instruments

The Company does not have any derivative financial instruments.

All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

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Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in the statement of income or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to the statement of income or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash and short-term deposits, amounts receivable, and deposits have been classified as loans and receivables.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Company has the following non-derivative financial liabilities classified as other financial liabilities: amounts payable and accrued liabilities. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Fair value hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default or delinquency in interest or principal payments, or the probability that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of income or loss.

j) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount

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rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of income (loss) and comprehensive income (loss) over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of income (loss) and comprehensive income (loss). The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental liabilities as restoration and environmental compliance work related to exploration activities is completed on an ongoing basis and therefore the disturbance to date is minimal.

k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

Accounting Standards Adopted in the Current Year

The following accounting standard, effective for annual periods beginning on or after January 1, 2017, has been adopted in the current period and has had no material impact on the Company's financial results.

IFRS 3, Business Combination, amendment of the definition of a business

On October 22, 2018, the IASB published the amendment to the definition of a business to help companies determine whether an acquisition is of a business or an asset. The narrow scope amendment to IFRS 3: Business Combinations amends the definition of a business and provides supplementary guidance to assist in the application of the definition. In addition, the amendments allow a simplified assessment of whether the acquisition involves a business or a group of assets. The amendments apply to acquisitions that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier adoption permitted. The Company has chosen to early adopt this standard for the year ended November 30, 2018.

IAS 7, Disclosure Initiative (Amendment to IAS 7) requires an entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities resulting from financing activities. The amendments apply prospectively for annual periods beginning on or after January 1, 2017 with earlier adoption permitted.

IAS 12, Income Taxes (Amendments to IAS 12) provides guidance on the recognition of deferred tax assets. In January 2016, the International Accounting Standards Board issued amendments to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. Early adoption is not yet permitted as they have not been incorporated into the CPA Canada Handbook, Part 1 – IFRS.

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Accounting Standards Issued But Not Yet Effective

The following standards are effective for annual periods as disclosed and have not yet been adopted by the Company.

IFRS 9, Financial Instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The adoption of this new standard has been assessed by management and it was determined to have no significant impact on the Company's consolidated financial statements, other than the classification of financial instruments described below.

The following table summarizes the changes in the classification of the Company's financial instruments upon adoption of IFRS 9. The adoption of the new classification is not expected to result in any changes in the measurement or carrying amount of the financial instruments.

Financial instruments	Classification under IAS 39	Classification under IFRS 9
Cash and short-term deposits	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2). In June 2016, the International Accounting Standards Board (IASB) published final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. The amendments clarify guidance on accounting for cash-settled share-based payment transactions that include a performance condition, classification on share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments apply prospectively and are effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The adoption of this new standard has been assessed by management and is determined to have no significant impact on the Company's consolidated financial statements.

IFRS 16, Leases, was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and financing leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this new standard.

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4. Equipment

Cost	Office equipment	Exploration equipment	Motor vehicles	Total equipment
November 30, 2016	10,140	88,012	161,966	260,118
Additions	-	-	-	-
(Disposals)	-	-	14,822	14,822
November 30, 2017	10,140	88,012	147,144	245,296
Additions	-	34,423	66,093	100,516
(Disposals)	-	33,850	44,340	78,190
November 30, 2018	10,140	88,585	168,897	267,622

Accumulated Depreciation	Office equipment	Exploration equipment	Motor vehicles	Total equipment
November 30, 2016	10,140	79,222	161,966	251,328
Additions	-	8,790	-	8,790
(Disposals)	-	-	14,822	14,822
November 30, 2017	10,140	88,012	147,144	245,296
Additions	-	-	5,305	5,305
(Disposals)	-	33,850	44,340	78,190
November 30, 2018	10,140	54,162	108,109	172,411

Net book value	Office equipment	Exploration equipment	Motor vehicles	Total equipment
November 30, 2016	-	8,790	-	8,790
November 30, 2017	-	-	-	-
November 30, 2018	-	34,423	60,788	95,211

Depreciation charged on exploration equipment of \$5,305 (2017 - \$8,790) has been capitalized to exploration and evaluation assets.

5. Exploration and evaluation assets

	November 30, 2016 \$	Expenditures \$	November 30, 2017 \$	Acquisitions and Expenditures \$	Disposals and write-downs \$	November 30, 2018 \$
Lofdal rare earths	22,112,741	256,619	22,369,360	603,477		22,972,837
Kunene Cobalt-Copper	-	-	-	3,636,127		3,636,127
Epembe Tantalum-Niobium	-	-	-	873,084		873,084
Other	-	-	-	379,932	(149,625)	230,307
	22,112,741	256,619	22,369,360	5,492,620	(149,625)	27,712,355

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Lofdal rare earths property

The Lofdal rare earths property comprises an exclusive prospecting license ("EPL 3400") located approximately 450 kilometres northwest of the capital city of Windhoek and 25 kilometres northwest of the town of Khorixas in the Kunene Region of north-western Namibia. EPL 3400, which provides for mineral rights to base and rare metals, and precious metals, was originally granted in 2005. It was renewed by the Government of Namibia in February 2017 for a further two-year period to November 16, 2018. In November 2016, the Company submitted an application to the Ministry of Mines and Energy for a Mining License. The property is subject to a 2% net smelter revenue royalty.

Property Acquisitions

On February 21, 2018, the Company completed the acquisition of a portfolio of critical metal properties (the "Properties") from Gecko Namibia (Pty) Ltd. ("Gecko Namibia") in consideration for the issuance of 64,000,000 common shares of Namibia Critical Metals at \$0.05 per share for total consideration of \$3,200,000 ("Property Acquisition"). Namibia Critical Metals has acquired Gecko Namibia's 95% interest in a portfolio of exploration properties consisting of 13 exploration prospecting licences ("EPLs") two of which are pending and one mineral deposit retention licence ("MDRL").

The Company determined and classified this transaction as an acquisition of a group of assets and not a business combination under IFRS 3.

Kunene Cobalt-Copper property

Consists of 7 EPL's covering approximately 2859 square kilometres

Grootfontein Nickel-PGE property

Consists of 2 EPL's covering approximately 1,638 square kilometres

Otjiwarongo Carbonatite property

Consists of 1 EPL covering approximately 92 square kilometres

Warmbad Lithium property

Consists of 1 EPL covering approximately 604 square kilometres

Erongo Gold property

Consists of 1 EPL covering approximately 606 square kilometres

Epembe Tantalum-Niobium property

Consists of 1 EPL and 1 MDRL covering approximately 202 square kilometres

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6. Related party transactions

Transactions with key management personnel for the years ended November 30 are as follows:

	2018	2017
	\$	\$
Salaries, director fees and benefits	42,500	181,671
Share-based payments	806,016	17,500
Consulting fees	192,881	68,146
Payments received from a shareholder for rental revenue in net loss	(38,364)	-
Total charged to net and comprehensive loss	1,003,033	267,317
Consulting fees charged to exploration and evaluation assets	181,744	54,007
Share-based payments charged to exploration and evaluation assets	388,784	-
Payments to a shareholder for purchase of fixed assets	28,500	-
Payments to a shareholder charged to exploration and evaluation assets	675,637	-
Deferred payable amounts forgiven	-	(946,384)
Total	2,277,698	(625,060)

Key management personnel include officers and directors and companies directly controlled by key management personnel, and payments are for salaries, director fees, and consulting fees and are directly related to their position in the organization.

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$309,211 (2017 - \$23,119). Included in deposits and prepaid expenses is an amount of \$3,500 (2017 - \$3,500) representing a retainer on a services contract with an officer of the Company.

During the year, the Company settled deferred amounts payable to officers and directors in the amount of \$Nil (2017- \$946,384) for \$Nil (2017 - \$Nil) consideration.

Related party transactions are in the ordinary course of business, and are measured at the exchange amount, which is the amount of consideration determined and agreed to by the parties.

7. Capital stock

Authorized capital stock

An unlimited number of common shares without nominal or par value.

Issued and outstanding

During the year, the Company issued 11,000,000 common shares at \$0.05 per share for net proceeds of \$540,431 (2017 – \$399,252)

During the year, the Company issued 64,000,000 common shares at \$0.05 per share for the acquisition of critical metal properties in Namibia.

During the year, the Company issued 21,621,621 common shares at \$0.185 per share for net proceeds of \$3,971,069 (2017 – \$399,252)

At November 30, 2018, there were 180,325,121 common shares issued and outstanding (2017 – 83,703,500).

Stock option plan

The Company has a stock option plan providing for the issuance of options equal to up to 10% of the outstanding shares. The Company may grant options to its directors, officers, employees, consultants and management company employees. The exercise price of each

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option cannot be lower than the market price of the shares at the date of grant of the option. The number of shares optioned to insiders may not exceed 10% of the issued and outstanding shares at the date of grant. The options are generally exercisable immediately for up to a five-year period from the date of grant.

For the year ended November 30, 2018, share-based payments expense of \$825,016 (2017: \$17,500) was charged to the statement of income (loss) and comprehensive income (loss) and \$388,784 (2017 - \$Nil) was charged to exploration and evaluation assets. The Company issued 6,400,000 stock options during the period (2017: 300,000) at an average exercise price of \$0.21, the share price on the date of the grant. The assumptions used to fair value the options were a risk-free rate of 0.5%, expected volatility of 139% (based on actual historical volatility), expected life of 5 years, and a dividend yield of 0%.

The change in stock options during the years ended November 30, 2018 and 2017 is as follows:

	Number	Weighted average exercise price \$
At November 30, 2016	4,650,000	0.14
Expired	(200,000)	(0.41)
Issued	300,000	0.08
At November 30, 2017	4,750,000	0.13
Expired	(1,100,000)	(0.13)
Issued	6,400,000	0.21
At November 30, 2018	10,050,000	0.18

The following table summarizes information about options outstanding at November 30, 2018:

Exercise price \$	Options outstanding and exercisable	Expiry date	Remaining contractual life (in years)
0.20	1,755,000	November 25, 2019	0.99
0.17	25,000	April 30, 2020	1.42
0.05	1,720,000	November 28, 2021	3.00
0.08	150,000	April 7, 2022	3.35
0.21	6,400,000	September 19, 2023	4.80
	10,050,000		3.80

8. Capital Disclosures

The Company manages its capital to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and to maintain the necessary corporate and administrative functions to facilitate these activities. The capital structure consists of working capital and equity. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. The Company invests all capital that is surplus to its immediate operational needs in highly liquid financial instruments such as high interest cash accounts. There were no changes to the Company's approach to capital management during the year ended November 30, 2018. Total managed capital was as follows:

	November 30, 2018 \$	November 30, 2017 \$
Working capital	2,025,537	78,615
Equity	30,146,411	22,447,975

There are no externally imposed capital requirements.

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9. Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, deposits, and accounts payable and accrued liabilities. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash, amounts receivable, and deposits are designated as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities and measured at amortized cost. The recorded values of all financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

The Company's credit risk is primarily attributable to cash. The Company's exposure to credit risk on its cash is limited by maintaining these assets in a high-interest savings account with a high-credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages this risk through regular monitoring and adjustment of its cash flow requirements to support ongoing operations and to ensure, to the extent possible, that there is sufficient cash on hand to meet its liabilities when due. In the event the Company obtains the permits and necessary approvals to proceed with the development of the Lofdal property, it will require substantial additional capital resources and there can be no assurance that funding will be available to the Company in the future on acceptable terms (Note 1). Financial liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates and commodity prices.

Foreign exchange risk

Certain of the Company's expenditures are denominated in Namibia dollars (which are equal to the South African rand), US dollars, British Pounds, Australian dollars, and Euros. The Company's cash, amounts receivable, deposits, and accounts payable and accrued liabilities include amounts denominated in foreign currencies. Accordingly, the results of the Company's operations are subject to currency transaction risk and currency translation risk.

At November 30, 2018, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: \$1,134,030 in cash, \$18,789 in deposits, \$136,019 in amounts receivable, and \$368,205 in accounts payable. A ten percent change in the exchange rates would impact the Company's working capital as follows:

	\$
Namibia dollars and South African rand	74,989
All other currencies	7,879

The operating results and financial position of the Company are reported in Canadian dollars in the Company's consolidated financial statements. The fluctuation of the Canadian dollar primarily in relation to other currencies, primarily the Namibian dollar, will consequently have an impact on the profitability of the Company and the value of the Company's assets and equity. The Company does not currently undertake any hedging activities to mitigate foreign exchange risk.

Interest rate risk

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest. Cash reserves are maintained in cash and cash equivalents to maintain liquidity while achieving a satisfactory return for shareholders. The impact of fluctuations in interest rates is not significant.

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Commodity price risk

The Company's financial instruments are not exposed to any direct commodity price risk, as the Company does not have any financial instruments associated with commodity prices and currently has no revenues derived from mining operations. Fluctuation in commodity prices do however impact the overall viability of the Company as is common in the mineral exploration and mining industries.

10. Supplemental cash flow information

During the year ended November 30, 2018, the Company made expenditures on exploration and evaluation assets of \$343,448 which were recorded as an increase in accounts payable (2017 - \$48,324 decrease in accounts payable), \$Nil decrease in deferred amounts payable that were recorded to exploration and evaluation assets (2017 - \$111,839) and \$5,305 in amortization of equipment which was recorded to exploration and evaluation assets (2017 - \$8,790). These items are non-cash transactions and have been excluded from the statements of cash flows

11. Income Tax

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

	2018 \$	2017 \$
Combined tax rate	31.0%	31.0%
Computed tax expense (recovery)	(527,053)	26,871
Share-based payments	255,755	5,425
Other	19,544	(17,496)
Non-recognition of deferred tax assets due to unused tax losses and deductible temporary differences	251,754	(14,800)
Total income taxes	-	-

Deductible temporary differences and unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	2018 \$	2017 \$
Canadian and foreign non-capital losses carried forward	19,343,148	14,062,131
Canadian and foreign exploration and related deferred costs	5,540,978	4,444,109
	24,884,126	18,506,240

The realization of benefits related to these future potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no net future income tax asset has been recognized for accounting purposes.

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As at November 30, 2018, the Namibian subsidiaries have available business losses for income tax purposes of approximately \$5,720,000 (2017 - \$732,000) which may be carried forward indefinitely and applied against future taxable income when earned in Namibia, and the Canadian parent entity has non-capital losses for income tax purposes of approximately \$13,810,000 (2017 - \$13,300,000) which may be carried forward and applied against future taxable income when earned in Canada.

Expiration of the Canadian losses is as follows:

2030	\$ 282,000
2031	\$ 1,928,000
2032	\$ 2,215,000
2033	\$ 2,666,000
2034	\$ 2,965,000
2035	\$ 2,086,000
2036	\$ 1,158,000
2038	\$ 510,000

12. Commitments

The Company has no commitments.

13. Segmented Reporting

The company has one reportable operating segment, being that of acquisition, exploration and evaluation activities. All exploration and evaluation assets are located in Namibia.