# Namibia Critical Metals Inc.

(formerly Namibia Rare Earths Inc.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
WITH MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED August 31, 2019 AND 2018

**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 October 28, 2019 and provides an analysis of the Company's financial results and progress for the three and nine months ended August 31, 2019 and 2018. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended August 31, 2019 and 2018 and related notes thereto, which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent 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 had been the Lofdal Rare Earths Project and since March 2018 to August 2019 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 and again on May 14, 2019 for a two-year period to May 14, 2021. 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 Namibia 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 |

**Figure 1 – Location of NCMI's critical metals projects**

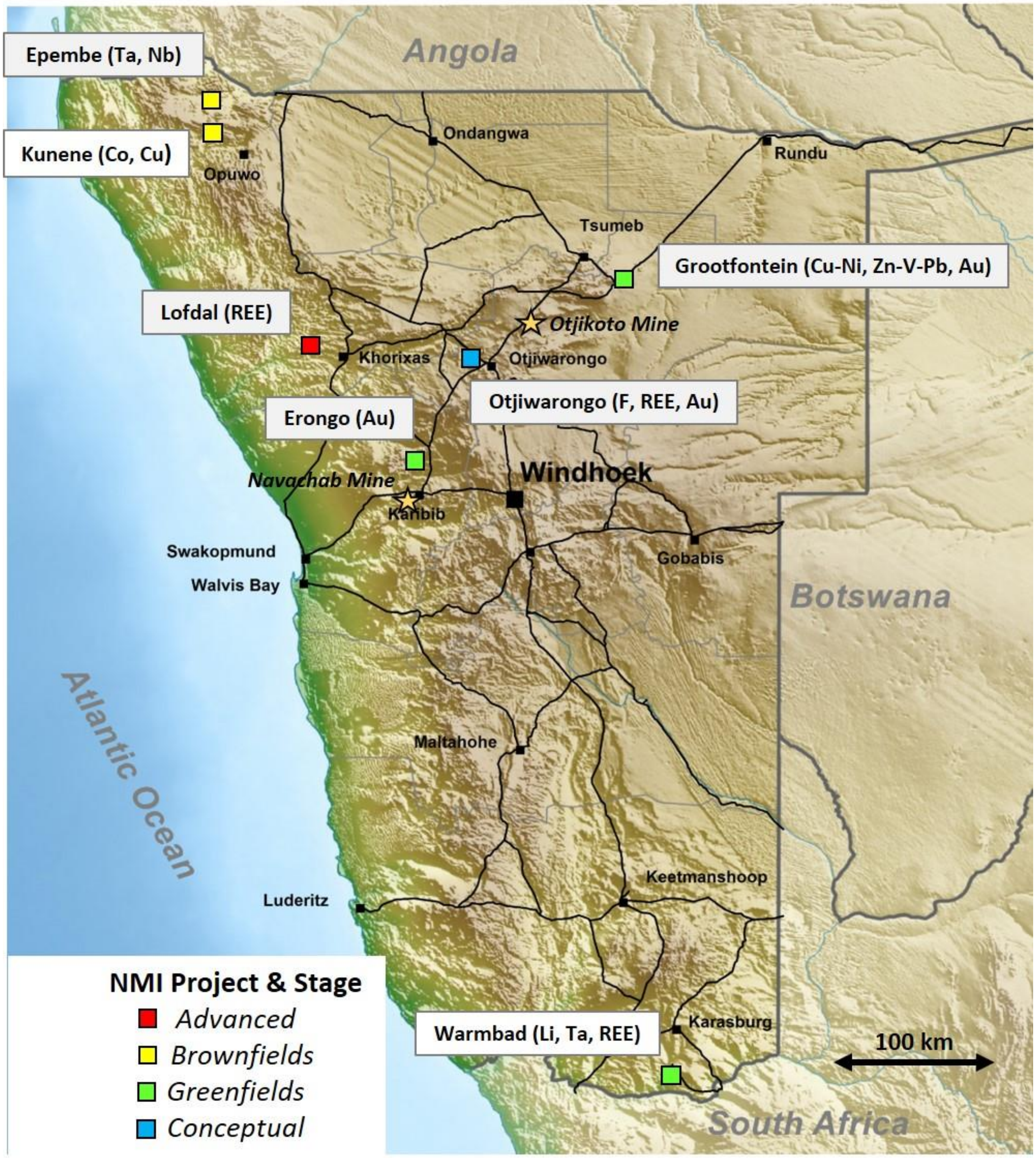


**Table 2 – Summary of Namibia Critical Metals Project Portfolio**

| 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 resource and feasibility completed | 7 EPLs (1 pending renewal, 1 pending grant) | 2858.7 |
| 3. Warmbad Lithium | Li, Ta, Be, REE | Greenfields - mineral occurrences mapped, no sampling | 1 EPL | 604.3 |
| 4. Epembe Tantalum-Niobium | Ta, Nb, P | Brownfields - multiple targets sampled with drilling, initial metallurgy done | 1 MDRL | 57.6 |
| 5. Grootfontein Nickel-PGE | Ni, PGEs, Cr, Zn, Pb, V, Au | Conceptual - undefined targets, no sampling | 2 EPLs | 1637.8 |
| 6. Otjiwarongo Carbonatite | REE, F, Ta, Nb, Au | 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** | **6,066.5** |

- 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

**Regional Assessment of Rare Earths Potential**

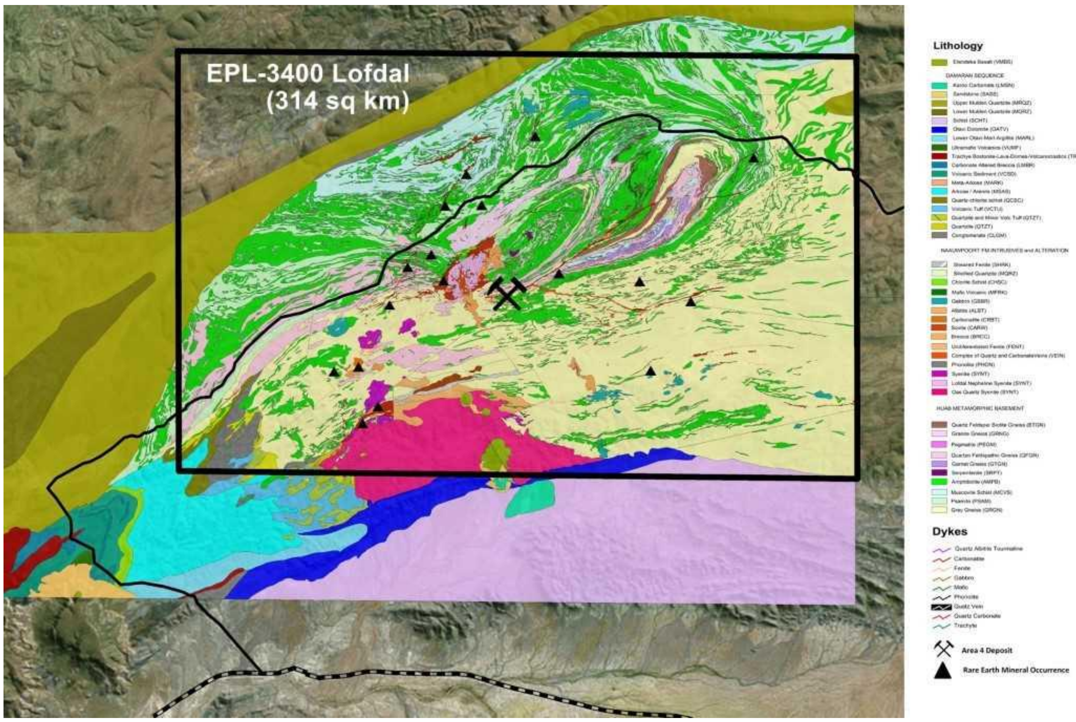
The first systematic exploration for rare earths over Lofdal was initiated by Namibia Pty in 2008. In 2011 the Area 4 heavy rare earth deposit was discovered and since that time exploration results have demonstrated the occurrence of rare earth mineralization on a district scale (Figure 2).

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 Emanya 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.

**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").

**TABLE 3 - In-Situ Mineral Resources[1] for the Area 4 Deposit within the >0.1% TREO Envelope**

**In-situ Indicated Mineral Resource**

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

**In-situ Inferred Mineral Resource**

| Cut-Off %TREO | Tonnes million | LREO % | HREO % | TREO % | REO Tonnes | HREO 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"). 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.

**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 ("ECC") 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 test work 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 Company has initiated further studies into the optimization of ore sorting technologies. The objective is to develop a robust flow sheet that can mitigate fluctuations in ankerite/calcite ratios in the gangue.

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. 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 has been delivered to Light Deep Earth in Pretoria for initial sample preparation. Static test work has been completed by Rados which has made recommendations to proceed with larger scale test work on their XRF sorter. Similar static tests were conducted by IMS which have provided recommendations to proceed with larger scale tests on the Steinert XRF sorter.

**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 nine months ended August 31, 2019, the Company incurred $241,632 (2018: $202,152) 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**

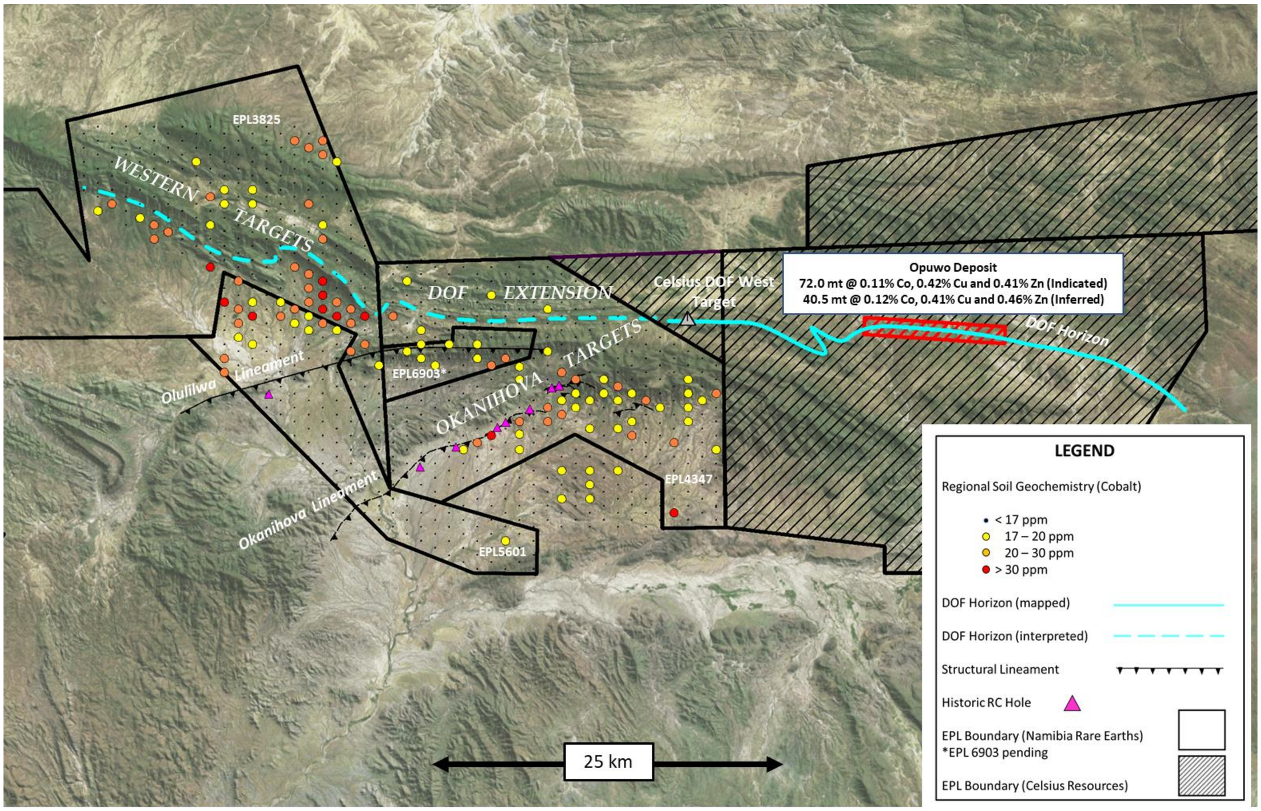
The principal focus of the Company's activities shifted to the Kunene Co-Cu Project in 2018.

**Kunene Cobalt-Copper Project**

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, 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 $km^2$ 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.

**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 has undertaken 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 were used to develop the first drilling programs by Namibia Critical Metals at Kunene. Drilling commenced in October, 2018 to test high priority targets and to date a total of 5,860 m has been completed.

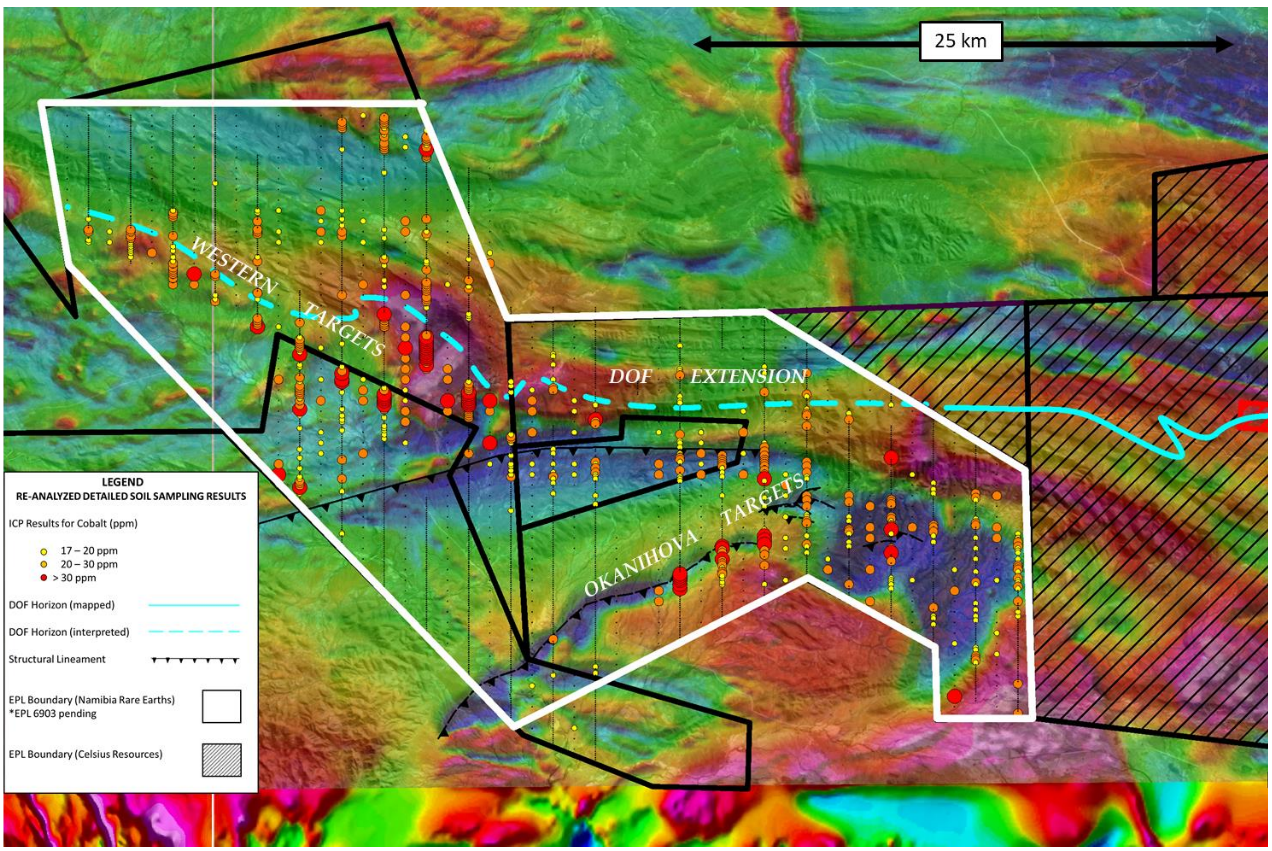
## Soil Geochemistry Program

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 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 QAQC 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.**



**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 $km^2$) 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 dioptase 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**

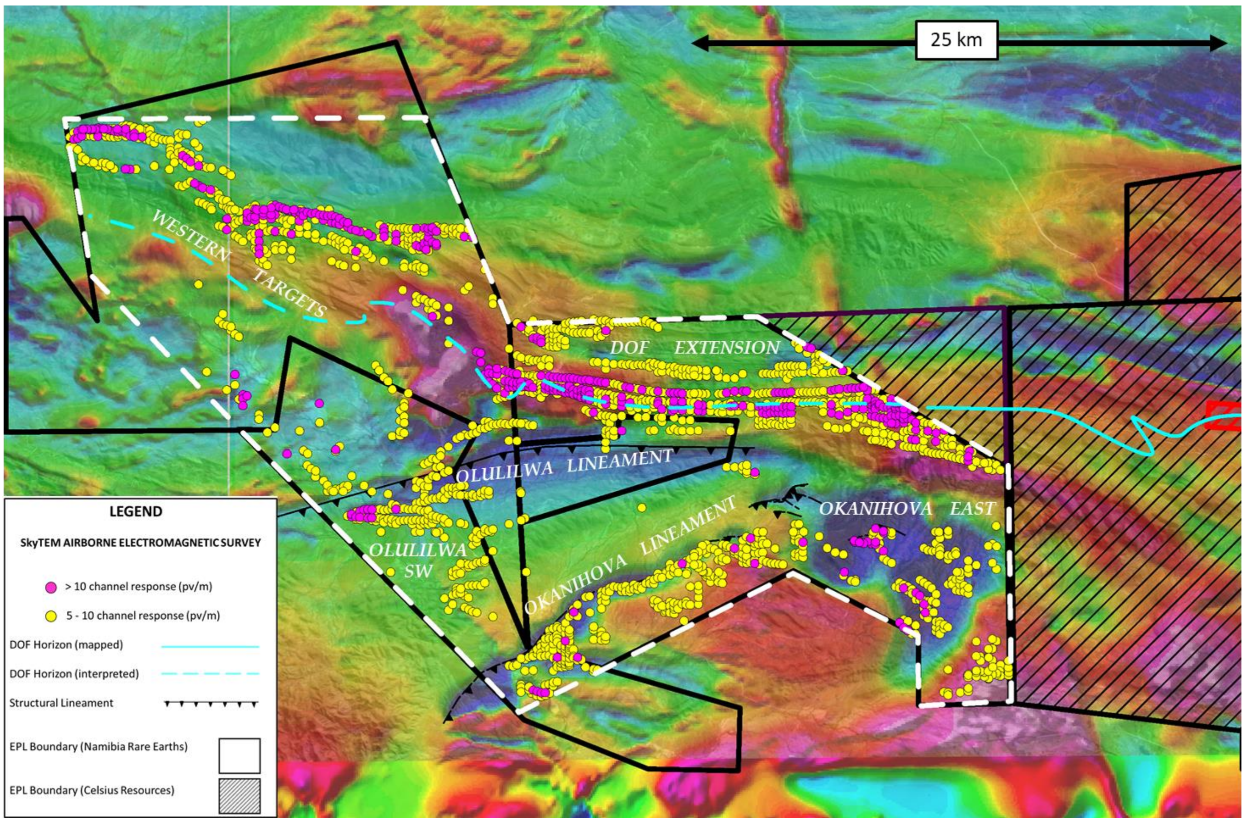
Given the frequent association of Co-Cu and Pb-Zn mineralization with sulphides, as well as the prolific number of cobalt anomalies and the kilometric scale trends throughout the project area, it was recommended that a detailed helicopter time domain electromagnetic ("EM") survey be flown, and the contract 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 $km^2$ with 4,150-line kilometers flown at a flight line spacing of 200 meters and was completed in late August. The objectives 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.

**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.**



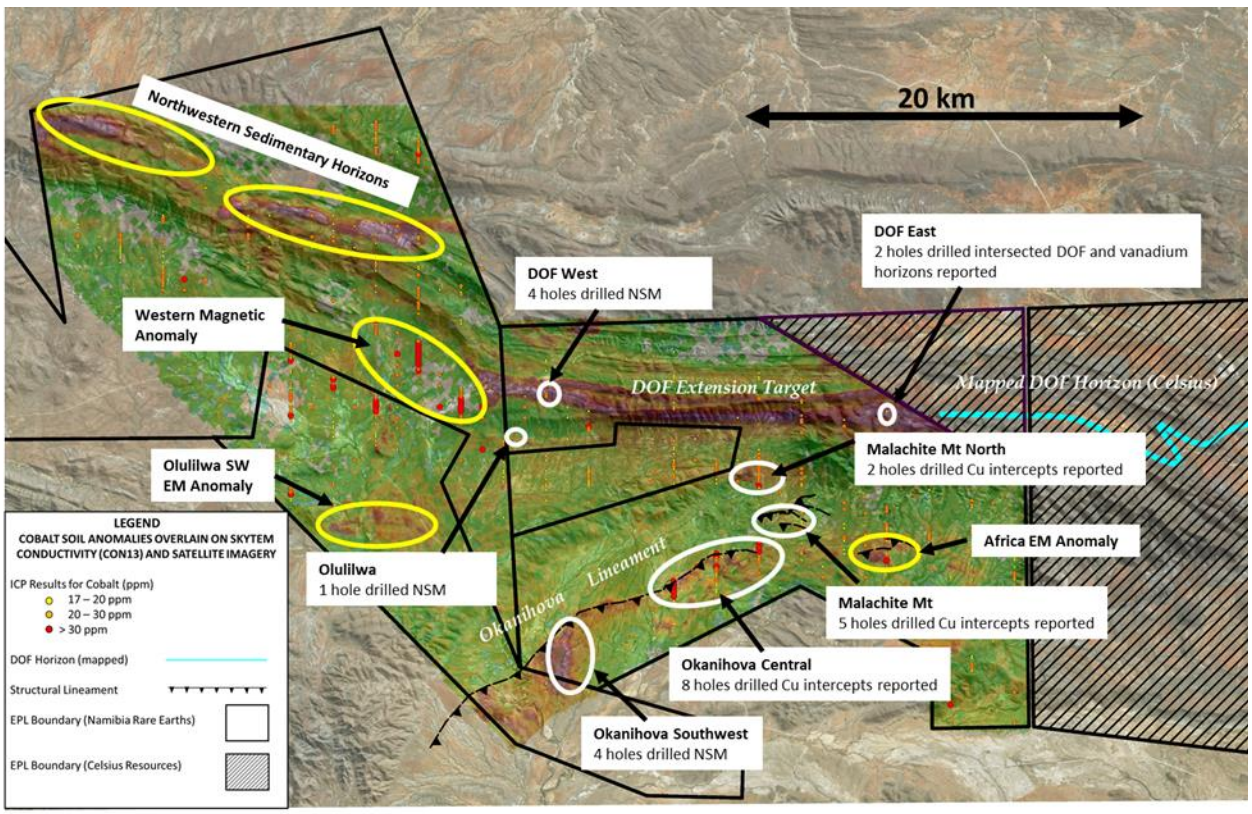

The EM data was received on a bi-weekly basis and quality control and assurance ("QAQC") was monitored by Robert E. Gillick, an independent geophysical consultant who also provided more detailed interpretations of the geophysical results. Gillick provided the preliminary EM response picks for the z-component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

## Drilling Program

The Company commenced a drilling program at Kunene in early October 2018 with one diamond rig deployed to the DOF Extension and a reverse circulation drill deployed to the Okanihova lineament targets. A total of 5,681 meters in 29 drill holes has been completed in a number of target areas (1,481 meters of diamond drilling and 4,380 meters of reverse circulation drilling). Drilling tested seven separate target areas and five target areas remain to tested (Figure 7).

**Figure 7 – Kunene Co-Cu Project Area showing drill target areas tested to date (white ovals) and remaining target areas recommended for drilling (yellow ovals). NSM = no significant mineralization. Cobalt soil anomalies are shown on SkyTEM airborne EM conductivity layer (Con13 = approximately 70 vertical meter depth) and satellite topography image**.




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. The DOF Extension was tested with 3 drill holes approximately 20 kilometers further along strike however the mineralized horizon was not intersected.

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

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

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

Results from eight 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 and five reverse circulation holes at Malachite Mountain have intersected similar broad zones of low-grade copper mineralization (Table 2).

**Table 2 - Reverse Circulation Drill Results Significant Copper Intercepts**

| Target Area | Hole ID | Az | Dip | Depth (m) | From (m) | To (m) | Width (m) | % Cu |
|---|---|---|---|---|---|---|---|---|
| **Okanihova Central** | **OKRC001** | 330 | -55 | 255 | 0 | 199 | **199** | 0.10 |
| | incl | | | | 149 | 164 | 15 | **0.51** |
| | **OKRC002** | 330 | -55 | 261 | 28 | 106 | **78** | 0.10 |
| | and | | | | 133 | 149 | 16 | 0.14 |
| | and | | | | 185 | 200 | 15 | 0.20 |
| | **OKRC003** | 330 | -55 | 183 | 7 | 49 | **42** | 0.14 |
| | and | | | | 93 | 112 | 19 | 0.11 |
| | **OKRC004** | 330 | -55 | 183 | 63 | 74 | 11 | 0.11 |
| | and | | | | 91 | 104 | 13 | 0.10 |
| | **OKRC005** | 330 | -55 | 303 | 118 | 181 | **63** | 0.12 |
| | **OKRC006** | 330 | -55 | 153 | 70 | 80 | 10 | 0.11 |
| | and | | | | 87 | 94 | 7 | 0.11 |
| | **OKRC007** | 330 | -55 | 183 | 78 | 87 | 9 | 0.12 |
| | and | | | | 120 | 125 | 5 | 0.12 |
| | **OKRC008** | 330 | -55 | 207 | 108 | 135 | 27 | 0.10 |
| **Malachite Mountain** | **OKRC009** | 0 | -55 | 105 | 6 | 26 | 16 | 0.06 |
| | and | | | | 39 | 62 | 23 | 0.06 |
| | and | | | | 71 | 76 | 5 | 0.12 |
| | **OKRC0010** | 0 | -55 | 195 | 75 | 119 | **44** | 0.10 |
| | and | | | | 127 | 155 | 29 | 0.07 |
| | **OKRC0012** | 0 | -55 | 261 | 188 | 198 | 10 | 0.10 |
| | and | | | | 222 | 244 | 22 | 0.10 |
| | **OKRC014** | 0 | -55 | 222 | 83 | 88 | 5 | 0.10 |
| | **OKRC015** | 350 | -55 | 240 | 15 | 80 | **65** | 0.25 |
| | and | | | | 80 | 137 | **57** | 0.17 |
| **Malachite Mt. North** | **OKRC011** | 180 | -55 | 279 | 24 | 39 | 15 | 0.11 |

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

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. Further drilling has been recommended at Okanihova Central and at Malachite Mountain.

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).

**Kunene Expenditures**

For the nine months ended August 31, 2019, the Company incurred $940,035 (2018: $711,597) in exploration and evaluation expenditures on the Kunene property which was focused on geological mapping, soil sampling and drilling.

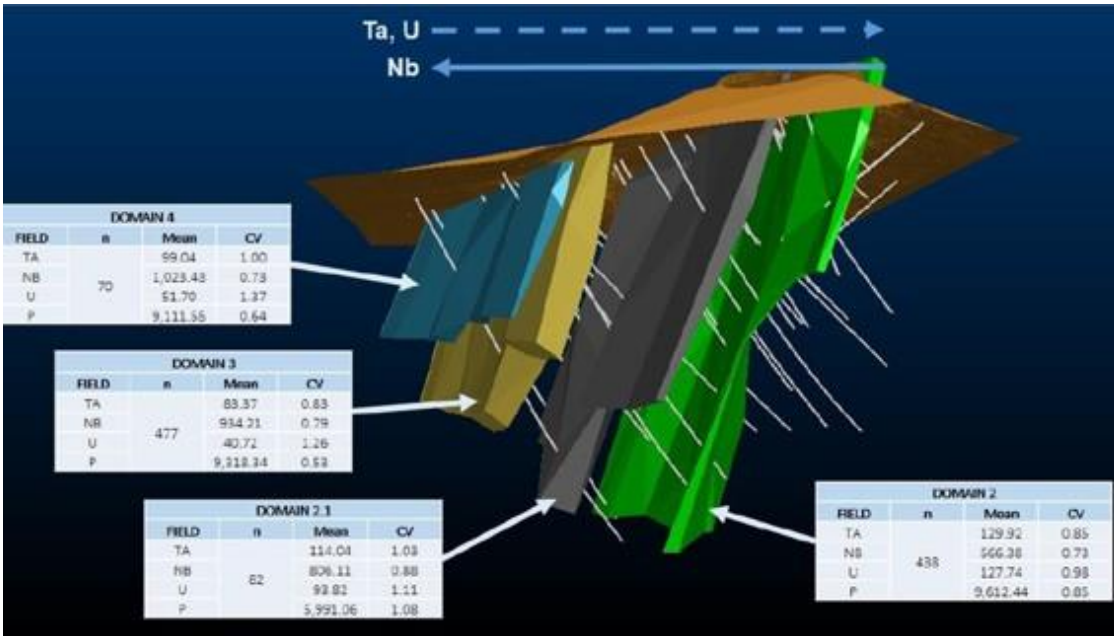
For 2019, the Company estimates its work program to range from $0.6 - $1 million depending on future financing, which will focus on additional drill programs.

**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.

A 25 tonne bulk sample was extracted from Epembe for purposes of metallurgical test work. This sample has been delivered to Light Deep Earth in Pretoria for initial sample preparation. Static test work has been completed by Rados which has made recommendations to proceed with larger scale test work on their XRF sorter. Similar static tests were conducted by IMS which have provided recommendations to proceed with larger scale tests on the Steinert XRF sorter.

**Figure 8 – Modeled mineralized zones at Epembe from historic drilling**




## Epembe Expenditures

During the nine months ended August 31 2019, the Company incurred $67,684 (2018: $29,610) 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 on 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% $Ta_2O_5$ 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% $Li_2O$.

The Warmbad EPL covers 605 km$^2$ 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 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% $Li_2O$). 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.

**<u>Grootfontein Nickel-Copper, Zinc-Lead-Vanadium and Gold Project</u>**

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 $km^2$ 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% $V_2O_5$ 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. This survey has been delayed pending issuance of flight authorization to the contractor. 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. A preliminary soil survey has been completed over several magnetic anomalies and all samples were tested with a handheld XRF analyser for base metals and selected critical metals. No significant anomalies were detected. Selected samples were analysed for gold at an accredited laboratory which did not return any significant anomalies. There remain a number of magnetic anomalies that will be evaluated by soil sampling for gold.

## Otjiwarongo Rare Earth, Fluorite, Gold Project

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 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. A preliminary soil survey has been completed over several magnetic anomalies and all samples were tested with a handheld XRF analyser for base metals and selected critical metals. No significant anomalies were detected. Selected samples were analysed for gold at an accredited laboratory which returned low levels of gold that will be further evaluated with additional sampling.

## Erongo Gold Project

The Erongo gold project covers an area of over 600 $km^2$ 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 Damaran 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 nine months ended August 31, 2019, the Company incurred $1,270 (2018: $180,911) in exploration and evaluation expenditures on its other properties recently acquired from Gecko. For 2019, the Company estimates its work program at approximately $0.25 million, which will focus on selected exploration programs and metallurgical studies.

## Results of Operations

*Three months ended August 31, 2019 and 2018*

For the three months ended August 31, 2019, the Company capitalized acquisition and exploration costs of $274,943 (2018 - $420,760) related to expenditures on the following properties: Lofdal Rare Earths Project - $97,484 (2018 - $64,037; Kunene Cobalt-Copper Project - $159,792 (2018 - $299,713); Epembe Tantalum-Niobium Project - $16,397 (2018-$28,567) and Other Properties - $1,270 (2018 - $28,443)

For the three months ended August 31, 2019, the Company reported a net loss of $144,017 compared to a net loss of $300,613 for the same three months in the prior year.

Expenses were $154,181 for the period compared to $333,213 for 2018, primarily due to the following:

Salaries and benefits decreased to $42,866 compared to $50,677 in 2018, due primarily to reduced staffing;

Foreign currency exchange (gain)loss decreased to $9,043 compared to $144,904 in 2018 due to lower balances held of foreign currency;

Travel decreased to $2,055 compared to $9,366 in the prior year;

Shareholder communications decreased to $9,763 compared to $15,490 in the prior year, due primarily to decreased investor relations activities;

Professional fees expense decreased to $20,241 compared to $35,705 in 2018, due to cost cutting measures.

*Nine months ended August 31, 2019 and 2018*

For the nine months ended August 31, 2019, the Company capitalized acquisition and exploration costs of $1,250,621 (2018 - $4,294,657) related to expenditures on the following properties: Lofdal Rare Earths Project - $241,632 (2018 - $202,152); Kunene Cobalt-Copper Project - $940,035 (2018- $2,951,594); Epembe Tantalum-Niobium Project - $67,684 (2018 - $797,610) and Other Properties - $1,270 (2018- $343,301)

For the nine months ended August 31, 2019 the Company reported a net loss of $558,632 compared to a net loss of $651,812 for the same nine months in the prior year.

Expenses were $601,412 for the period compared to $716,363 for 2018, primarily due to the following:

Salaries and benefits increased to $142,213 compared to $119,523 in 2018, due primarily to resuming of director compensation;

Consulting fees increased to $171,738 compared to $134,479 in 2018, due primarily to additions to management and shift of management salaries to Consulting;

Foreign currency exchange loss reduced to $28,616 compared to $151,900 in 2018 due to lower balances held of foreign currency;

Shareholder communications increased to $93,687 compared to $59,178 in 2018, primarily due to increased investor relations activities.

### *Summary of Quarterly Results*

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

| For the quarters ended | Aug. 31 2019 | May 31 2019 | Feb. 28 2019 | Nov. 30 2018 | Aug. 31 2018 | May 31 2018 | Feb. 28 2018 | Nov. 30 2017 |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | 154,181 | 223,452 | 223,779 | 968,598 | 333,213 | 232,909 | 150,241 | 132,791 |
| Interest/Other income | (10,164) | (12,114) | (20,502) | (120,884) | 32,600 | 18,508 | 13,443 | 2,641 |
| Gain on debt settlement | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 831,019 |
| Net and comprehensive (gain) loss | 144,017 | 211,338 | 203,277 | 1,048,360 | 300,613 | 214,401 | 136,798 | (700,869) |
| Net and comprehensive (gain) loss attributable to shareholders | 143,667 | 210,975 | 202,868 | 1,041,663 | 300,613 | 214,401 | 136,798 | (700,869) |
| Net and comprehensive (gain) loss attributable to non-controlling interest | 350 | 363 | 409 | 6,697 | - | - | - | - |
| (Gain) Loss per share – basic and diluted | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | (0.01) |
| Total assets (millions) | 29.6 | 29.6 | 29.9 | 30.3 | 29.7 | 29.9 | 26.3 | 22.5 |

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 three 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. Expenses in the two quarters ended May 31, 2019 were normalized. Lower expenses in quarter ended August 31, 2019 were primarily related to lower unrealized exchange rate losses. 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.

## Liquidity and Capital Resources

At August 31, 2019, the Company had working capital of $227,091 compared to $2,025,537 at November 30, 2018 as follows:

| | August 31, 2019 | November 30, 2018 |
|---|---|---|
| | $ | $ |
| Cash and short-term deposits | 450,525 | 2,343,394 |
| Taxes and other receivables | 90,760 | 156,042 |
| Deposits and prepaid expenses | 20,859 | 31,652 |
| Accounts payable and accrued liabilities | (335,053) | (505,551) |
| **Working capital** | **227,091** | **2,025,537** |

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.

During the nine months ended August 31, 2019, the Company used cash of $757,339 for operating activities (2018 – $595,090) and used cash of $1,113,244 for investing activities (2018 - $1,123,445). During the period the Company increased cash of $Nil from financing activities (2018-$4,511,500). The increased use of cash in operating activities was related a decrease 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 period.

## 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 | 1,445,000 | November 25, 2019 |
| 0.17 | 25,000 | April 30, 2020 |
| 0.05 | 1,410,000 | November 28, 2021 |
| 0.08 | 150,000 | April 7, 2022 |
| 0.21 | 6,350,000 | September 19,2023 |
| | 9,380,000 | |

## Related party transactions

Transactions with key management personnel and shareholders for the three and nine months ended August 31 are as follows:

| | Three months ended August 31 2019 $ | Three months ended August 31 2018 $ | Nine months ended August 31 2019 $ | Nine months ended August 31 2018 $ |
|---|---|---|---|---|
| Salaries, director fees and benefits | 18,750 | 21,250 | 56,250 | 23,750 |
| Share-based payments | - | - | - | - |
| Payments from a shareholder included in net loss | (10,350) | 529 | (13,350) | 529 |
| Consulting fees | 53,913 | 80,241 | 171,738 | 133,969 |
| Total charged to net and comprehensive loss | 62,313 | 102,020 | 214,638 | 158,248 |
| Consulting fees charged to exploration and evaluation assets | 95,213 | 75,121 | 247,088 | 123,806 |
| Share-based payments charged to exploration and evaluation assets | - | - | - | - |
| Payments to a shareholder charged to exploration and evaluation assets | 128,260 | 205,216 | 589,524 | 313,211 |
| Total | 285,785 | 382,357 | 1,051,249 | 595,265 |

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 $224,088 (2018 - $11,371). Included in deposits and prepaid expenses is an amount of $3,500 (2018 - $3,500) representing a retainer on a services contract with an officer of the Company.

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.

## 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 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.

**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

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.

**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 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 August 31, 2019, 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 August 31, 2019.

There have been no material changes in the Company's internal controls over financial reporting during the nine months ended August 31, 2019 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.

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 $227,091. 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 of 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 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.

## NOTICE TO READER

Under National Instrument 51-102 "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice to this effect.

The accompanying unaudited condensed consolidated interim financial statements of Namibia Critical Metals Inc. have been prepared by management. Management have compiled the condensed consolidated interim statement of financial position of Namibia Critical Metals Inc. as at August 31, 2019, the condensed consolidated interim statements of net and comprehensive loss for the three and nine months ended August 31, 2019 and 2018, the condensed consolidated interim statements of changes in equity as at August 31, 2019 and 2018, and the condensed consolidated interim statements of cash flows for the nine months ended August 31, 2019 and 2018. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of these condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

# Namibia Critical Metals Inc.

## Unaudited Condensed Consolidated Interim Statements of Financial Position

*As at August 31, 2019 and 2018 (in Canadian dollars)*

| | August 31, 2019 $ | November 30, 2018 $ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and short-term deposits | 450,525 | 2,343,394 |
| Taxes and other receivables | 90,760 | 156,042 |
| Deposits and prepaid expenses | 20,859 | 31,652 |
| | 562,144 | 2,531,088 |
| **Equipment** (note 4) | 84,414 | 95,211 |
| **Exploration and evaluation assets** (note 5) | 28,962,976 | 27,712,355 |
| | 29,609,524 | 30,338,654 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (notes 1 and 6) | 198,793 | 505,551 |
| Deferred amounts payable | 136,260 | - |
| | 335,053 | 505,551 |
| **Shareholders' Equity** | | |
| Equity attributable to the shareholders of the Company | 29,122,290 | 29,679,800 |
| Non-controlling interest | 152,181 | 153,303 |
| | 29,274,471 | 29,833,103 |
| | 29,609,524 | 20,338,654 |

Nature of operations and going concern (Note 1)

Commitments (Note 11)

See accompanying notes to the consolidated financial statements

# Namibia Critical Metals Inc.

## Unaudited Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

*For the three and nine months ended August 31, 2019 and 2018 (in Canadian dollars except share and per share amounts)*

| | Three months ended August 31 | | Nine months ended August 31 | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | **$** | **$** | **$** |
| **Expenses** | | | | |
| Salaries and benefits | 42,886 | 50,677 | 142,213 | 119,523 |
| Office and administration | 13,781 | 14,638 | 44,720 | 51,359 |
| Listing and filing fees | 2,499 | 3,658 | 23,930 | 31,647 |
| Consulting fees | 53,913 | 57,023 | 171,738 | 134,479 |
| Professional fees | 20,241 | 35,705 | 64,288 | 93,632 |
| Foreign currency exchange (gain)loss | 9,043 | 144,904 | 28,616 | 151,900 |
| Travel | 2,055 | 9,366 | 31,224 | 33,704 |
| Shareholder communications | 9,763 | 15,490 | 93,687 | 59,178 |
| Property investigation | - | 1,752 | 996 | 3,868 |
| Acquisition costs | - | - | - | 37,073 |
| | 154,181 | 333,213 | 601,412 | 716,363 |
| Other income | (8,160) | (10,564) | (24,042) | (39,053) |
| Interest income | (2,004) | (22,036) | (18,738) | (25,498) |
| | (10,164) | (32,600) | (42,780) | (64,551) |
| **Net and comprehensive loss for the period** | 144,017 | 300,613 | 558,632 | 651,812 |
| **Net loss attributable to shareholders of the company** | 143,667 | 300,613 | 557,510 | 651,812 |
| **Non-controlling interest** | 350 | - | 1,122 | - |
| | 144,017 | 300,613 | 558,632 | 651,812 |
| **Loss per share - Basic and diluted** | 0.00 | 0.00 | 0.00 | 0.01 |
| **Weighted average number of shares outstanding – Basic and diluted** | 180,325,121 | 180,325,121 | 180,325,121 | 120,098,405 |

See accompanying notes to the consolidated financial statements.

# Namibia Critical Metals Inc.

## Unaudited Condensed Consolidated Interim Statements of Changes in Equity

*For the nine months ended August 31, 2019 and 2018 (in Canadian dollars)*

| | Common Shares Without Par Value | | Share-based Payments Reserve | Contributed Surplus | Deficit | Total Shareholders' Equity | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | | |
| | # | $ | $ | $ | $ | $ | $ | $ |
| **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 |
| Issuance of shares | | | | | | | | |
| Share-based payments | | | | | | | | |
| Expiry of options | | | (58,409) | 58,409 | | | | - |
| Net and comprehensive (loss) income | | | | | (557,510) | (557,510) | (1,122) | (558,632) |
| **Balance, August 31, 2019** | **180,325,121** | **44,249,508** | **1,605,676** | **5,268,223** | **(22,001,118)** | **29,122,290** | **152,181** | **29,274,471** |

| | Common Shares Without Par Value | | Share-based Payments Reserve | Contributed Surplus | Deficit | Total Shareholders' Equity | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | | |
| | # | $ | $ | $ | $ | $ | $ | $ |
| **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 by private placement | 32,621,621 | 4,511,500 | | | | 4,511,500 | | 4,511,500 |
| Issuance of shares for mineral properties | 64,000,000 | 3,200,000 | | | | 3,200,000 | | 3,200,000 |
| Issuance of options | | | | | | | | |
| Expiry of options | | | (96,653) | 96,653 | | - | | - |
| Non-controlling interests on acquisition of subsidiaries | | | | | | | 160,000 | 160,000 |
| Net and comprehensive (loss) income | | | | | (651,812) | (651,812) | | (651,812) |
| **Balance, August 31, 2018** | **180,325,121** | **44,249,508** | **450,286** | **5,209,814** | **(20,401,945)** | **29,507,663** | **160,000** | **29,667,663** |

See accompanying notes to the consolidated financial statements

# Namibia Critical Metals Inc.
## Unaudited Condensed Consolidated Interim Statements of Cash Flows

*For the nine months ended August 31, 2019 and 2018 (in Canadian dollars)*

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Net Income (loss) for the period | (558,632) | (651,812) |
| Adjustments for: | | |
| Unrealized foreign currency exchange loss | 28,504 | 150,132 |
| Interest income recognized in net loss | (18,738) | (25,498) |
| | (548,866) | (527,178) |
| Net change in non-cash working capital balances related to operations | | |
| Decrease (increase) in amounts receivable, deposits and prepaids | 61,607 | (106,375) |
| (Decrease) increase in accounts payable and accrued liabilities | (270,080) | 38,463 |
| | (757,339) | (595,090) |
| **Investing activities** | | |
| Interest income received | 18,738 | 25,498 |
| Purchase of exploration equipment | (1,843) | (66,093) |
| Expenditures on exploration and evaluation assets | (1,130,139) | (1,082,850) |
| | (1,113,244) | (1,123,445) |
| **Financing activities** | | |
| Issuance of share capital, net of costs | - | 4,511,500 |
| **Effect of exchange rate changes on cash** | (22,286) | (118,846) |
| **Net change in cash during the period** | (1,892,869) | 2,674,119 |
| **Cash – Beginning of period** | 2,343,394 | 96,237 |
| **Cash – End of period** | 450,525 | 2,770,356 |

**Supplemental cash flow information** (note 8)

See accompanying notes to the consolidated financial statements.

### 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 August 31, 2019 has an accumulated deficit of $22,001,118 and working capital of $227,091. 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. 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 October 28, 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.

*For the three and nine months ended August 31, 2019 and 2018 (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.

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

These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes for the year ended November 30, 2018. These condensed consolidated interim financial statements have been prepared using the same accounting policies and judgments and estimates as described in the Company's November 30, 2018 annual consolidated financial statements.

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 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.

*For the three and nine months ended August 31, 2019 and 2018 (in Canadian dollars)*

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.

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 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.

*For the three and nine months ended August 31, 2019 and 2018 (in Canadian dollars)*

## 4. Equipment

| Cost | Office equipment | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|---|
| November 30, 2018 | 10,140 | 88,585 | 168,897 | 267,622 |
| Additions | - | 1,843 | - | 1,843 |
| (Disposals) | - | | - | - |
| August 31, 2019 | 10,140 | 90,428 | 168,897 | 269,465 |

| Accumulated Depreciation | Office equipment | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|---|
| November 30, 2018 | 10,140 | 54,162 | 108,109 | 172,411 |
| Additions | | 3,058 | 9,582 | 12,640 |
| (Disposals) | | | | - |
| August 31, 2019 | 10,140 | 57,220 | 117,691 | 185,051 |

| Net book value | Office equipment | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|---|
| November 30, 2018 | - | 34,423 | 60,788 | 95,211 |
| August 31, 2019 | - | 33,208 | 51,206 | 84,414 |

Depreciation charged on exploration equipment of $12,640 (2018 - $Nil) has been capitalized to exploration and evaluation assets.

## 5. Exploration and evaluation assets

| | November 30, 2018 $ | Acquisitions and Expenditures $ | Disposals and write-downs $ | August 31, 2019 $ |
|---|---|---|---|---|
| Lofdal rare earths | 22,972,837 | 241,632 | | 23,214,469 |
| Kunene Cobalt-Copper | 3,636,127 | 940,035 | | 4,576,162 |
| Epembe Tantalum-Niobium | 873,084 | 67,684 | | 940,768 |
| Other | 230,307 | 1,270 | | 231,577 |
| | **27,712,355** | **1,250,621** | | **28,962,976** |

**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 and again on May 14, 2019 for a two-year period to May 14, 2021. 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

*For the three and nine months ended August 31, 2019 and 2018 (in Canadian dollars)*

## 6. Related party transactions

Transactions with key management personnel for the three and nine months ended August 31 are as follows:

| | Three months ended August 31 2019 $ | Three months ended August 31 2018 $ | Nine months ended August 31 2019 $ | Nine months ended August 31 2018 $ |
|---|---|---|---|---|
| Salaries, director fees and benefits | 18,750 | 21,250 | 56,250 | 23,750 |
| Share-based payments | - | - | - | - |
| Payments from a shareholder included in net loss | (10,350) | 529 | (13,350) | 529 |
| Consulting fees | 53,913 | 80,241 | 171,738 | 133,969 |
| Total charged to net and comprehensive loss | 62,313 | 102,020 | 214,638 | 158,248 |
| Consulting fees charged to exploration and evaluation assets | 95,213 | 75,121 | 247,088 | 123,806 |
| Share-based payments charged to exploration and evaluation assets | - | - | - | - |
| Payments to a shareholder charged to exploration and evaluation assets | 128,260 | 205,216 | 589,524 | 313,211 |
| Total | 285,785 | 382,357 | 1,051,249 | 595,265 |

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 accrued liabilities and deferred payables are amounts owing to related parties of $224,088 (2018 - $11,371). Included in deposits and prepaid expenses is an amount of $3,500 (2018 - $3,500) representing a retainer on a services contract with an officer of the Company.

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

At August 31, 2019, there were 180,325,121 common shares issued and outstanding (2018 – 180,325,121).

### 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 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 nine months ended August 31,2019, share-based payments expense of $Nil (2018: $Nil) was charged to the statement of income (loss) and comprehensive income (loss) and $Nil (2018 - $Nil) was charged to exploration and evaluation assets. 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%.

*For the three and nine months ended August 31, 2019 and 2018 (in Canadian dollars)*

The following table summarizes information about options outstanding at August 31, 2019:

| Exercise price $ | Options outstanding and exercisable | Expiry date | Remaining contractual life (in years) |
|---|---|---|---|
| 0.20 | 1,445,000 | November 25, 2019 | 0.24 |
| 0.17 | 25,000 | April 30, 2020 | 0.67 |
| 0.05 | 1,410,000 | November 28, 2021 | 2.25 |
| 0.08 | 150,000 | April 7, 2022 | 2.60 |
| 0.21 | 6,350,000 | September 19, 2023 | 4.05 |
| | 9,380,000 | | 3.16 |

## 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 nine months ended August 31, 2019. Total managed capital was as follows:

| | August 31, 2019 $ | November 30, 2018 $ |
|---|---|---|
| Working capital | 227,091 | 2,025,537 |
| Equity | 29,122,290 | 29,679,800 |

There are no externally imposed capital requirements.

## 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 August 31, 2019, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: $169,669 in cash, $671 in deposits, $82,864 in amounts receivable, and $82,864 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 | 7,314 |
| All other currencies | 1,455 |

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.

*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 nine months ended August 31, 2019, the Company made expenditures on exploration and evaluation assets of $107,842 which were recorded as an increase in accounts payable (2018 - $9,603 increase in accounts payable) and $12,640 in amortization of equipment which was recorded to exploration and evaluation assets (2018 - $2,203). These items are non-cash transactions and have been excluded from the statements of cash flows

## 11. Commitments

The Company has no commitments.

## 12. 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.