

# **Namibia Critical Metals Inc.**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 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") is dated March 24, 2020 and provides an analysis of the Company's financial results and progress for years ended November 30, 2019 and 2018. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended November 30, 2019 and 2018 and related notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise noted.

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

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

### **Overall Performance**

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

The major focus of the Company's activities from 2010 to February 2018 had been the Lofdal Heavy Rare Earths Project. Following the transaction with Gecko Namibia, a focus was placed on the Kunene Cobalt-Copper Project throughout 2018-2019.

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 314 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 most recently renewed by the Government of Namibia on May 14, 2019 for a two-

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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. The certificates are valid to December 5, 2020 after which time they are subject to renewal.

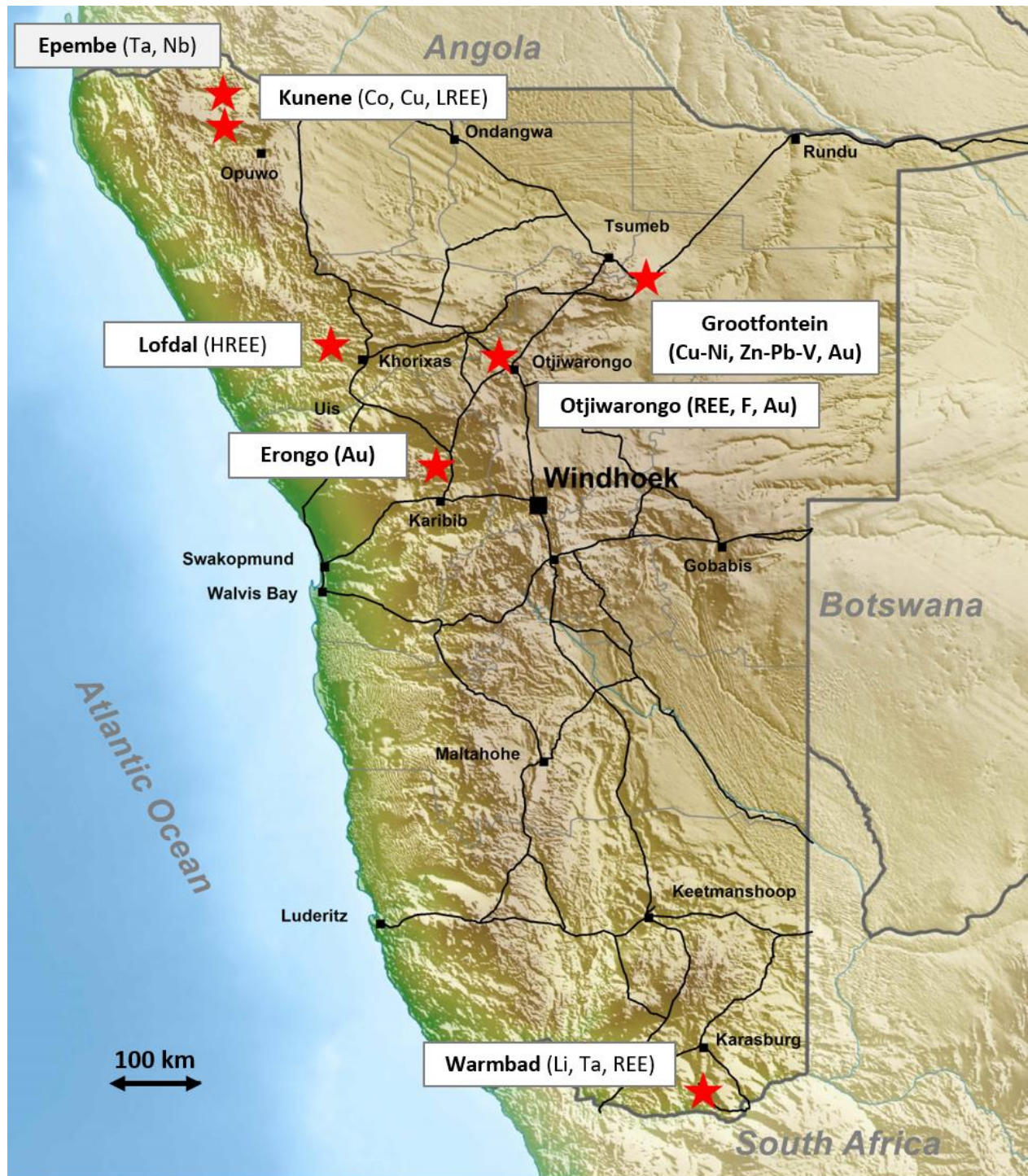
On February 21, 2018 the Company completed the acquisition of six critical metal properties in Namibia from Gecko Namibia (Pty). This transaction provides Namibia Critical Metals with a highly prospective, diversified portfolio of critical metals (Table 1 and Figure 1) and at the same time has secured 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 has expanded 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**

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

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





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

Project Name	Commodity Targets	Development Stage	Licence Status	Area (km <sup>2</sup> )
1. Lofdal Heavy Rare Earths	REE	Advanced - 43-101 resource and PEA completed; mining licence pending	1 EPL, 1 ML pending	314.2
2. Kunene Cobalt-Copper	Co, Cu, Zn	Brownfields - multiple targets sampled with drilling resource and feasibility completed	5 EPLs (1 pending renewal)	1327.0
3. Kunene Light Rare Earths	REE	Greenfields - outcrop mineralization identified; target identification pending fieldwork	1 EPL	783.0
4. Warmbad Lithium	Li, Ta, Be, REE	Greenfields - mineral occurrences mapped, further sampling required	1 EPL	604.3
5. Epembe Tantalum-Niobium	Ta, Nb, P	Advanced - multiple targets sampled with drilling, initial metallurgy done	1 MDRL	57.2
6. Grootfontein Nickel-PGE	Ni, PGEs, Cr, Zn, Pb, V, Au	Greenfields - undefined targets, no sampling	2 EPLs	1637.8
7. Otjiwarongo Carbonatite	REE, F, Ta, Nb, Au	Conceptual - undefined targets, no sampling	1 EPL pending renewal	91.6
8. Erongo Gold	Au	Greenfields - mineral occurrences mapped, no sampling	1 EPL	606.2
9. Marienfluss	Co, Cu, Zn	Conceptual - undefined targets, no sampling	1 EPL	539.9
<b>Total Area</b>				<b>5,961.2</b>

- 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. More recently the Company has brought strong financial backing to the project through a joint venture agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC").

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](http://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

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Environment and Tourism in late 2017. The Environmental Clearance Certificates are valid to December 5, 2020 after which time they are subject to renewal. 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).

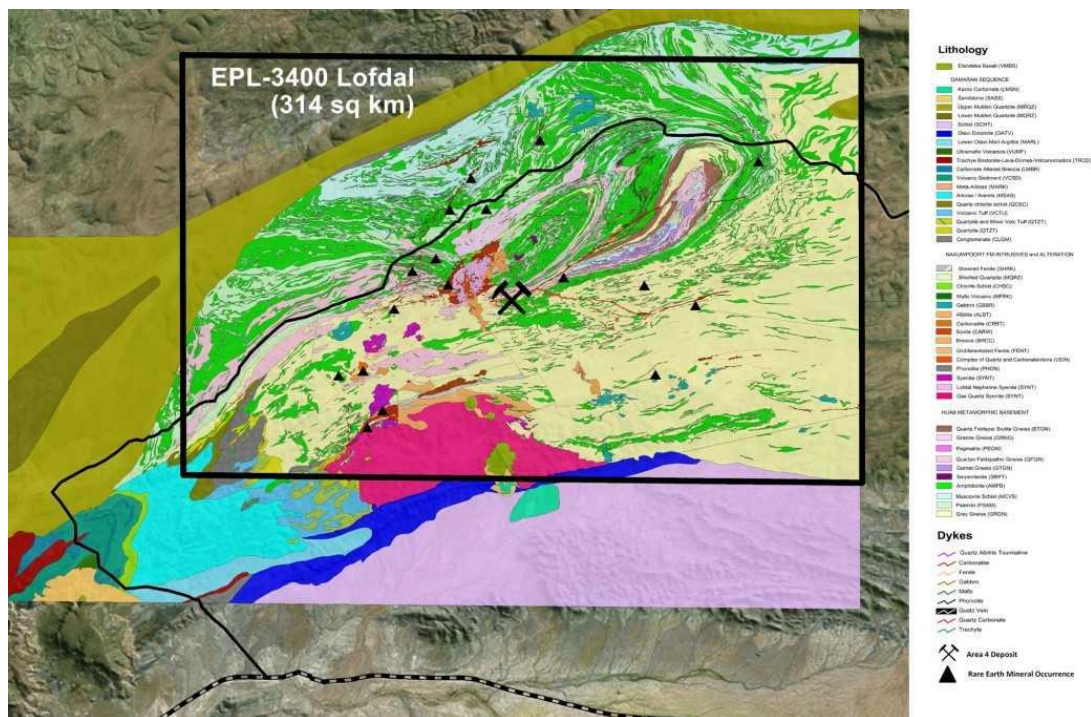
Rare earth mineralization at Lofdal is hosted in carbonatite dykes, structural zones and plugs exhibiting grades between 0.2-3% total rare earths ("TREO" which includes yttrium) and often exhibiting exceptional heavy rare earth enrichment ("HREE") greater than 50%. Rare earth deposits containing greater 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.

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



## Lofdal Area 4 Mineral Resource Estimate

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

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

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

**In-situ Indicated Mineral Resource**

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

**In-situ Inferred Mineral Resource**

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

<sup>1</sup> 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.



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**Environmental Impact Assessment**

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

The EIA covers all aspects of mining and mineral processing through to the production of a xenotime mineral concentrate at site. The EIA was submitted to the Ministry of Environment and Tourism in June 2016 and on December 18, 2017 the Company received Environmental Clearance Certificates ("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.

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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.

**Partnership with JOGMEC on Lofdal**

On January 27, 2020 the Company announced that it had signed an agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") to jointly explore, develop, exploit, refine and/or distribute mineral products from Lofdal. The agreement provides JOGMEC with the right to earn a 50% interest in the project by funding \$20,000,000 in exploration and development expenditures. Once JOGMEC has completed and exercised its 50% earn-in and a feasibility study has been completed on the project, JOGMEC has the right to purchase an additional 1% interest in the project from the Company for \$5,000,000 and thereafter to exclusively provide funding to develop the project subject to the Company's interest in the Project not being diluted below 26%.

JOGMEC is a Japanese government independent administrative agency which among other things seeks to secure stable resource supply for Japan. JOGMEC has a strong reputation as a long term, strategic partner in mineral projects globally. The mandated areas of responsibilities within JOGMEC relate to oil and natural gas, metals, coal and geothermal energy. JOGMEC facilitates opportunities with Japanese private companies to secure supply of natural resources for the benefit of the country's economic development.

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Rare earths are of critical importance to Japanese industrial interests and JOGMEC has extensive experience with all aspects of the sector. JOGMEC provided Lynas Corporation with US\$250,000,000 in loans and equity in 2011 to ensure supplies of these crucial metals from the Mount Weld Project in Australia to Japanese industry.

Japan is the most important consumer of dysprosium outside of China. Adamas Intelligence estimates that from 2013 through 2017 China produced 98% of the global supply of dysprosium and was responsible for approximately 90% of global dysprosium oxide (or oxide equivalent) consumption each year. Japan was responsible for 9% of global consumption and other nations (including the United States) for 1%. With 2017 dysprosium production estimated at 1,500 tonnes, Japanese consumption is therefore estimated at 135 tonnes per annum.

**Work Program with JOGMEC**

Under terms of the agreement, JOGMEC has committed to a firm, non-refundable \$3,000,000 work program with the objective of doubling the current mineral resource size through the provision of 7,700 meters of diamond drilling at Area 4. The program will also investigate two exploration targets outside of Area 4 with 1,500 m of diamond drilling and will further investigate optimization of the processing flow sheet with specific metallurgical test programs. The initial focus of the metallurgical program will be on XRT and XRF sorting using the 18 tonne representative sample that has been prepared by Light Deep Earth at their test facility in South Africa. Sorter tests will be conducted by Rados International using a Rados XRF sorter and by IMS Engineering using a Steinert XRT sorter. Products generated from this first step test work will be utilized for subsequent process stage test work.

**Lofdal Expenditures**

For the year ended November 30, 2019, the Company incurred \$298,269 (2018: \$603,477) in exploration and evaluation expenditures on the Lofdal property which was focused on metallurgical analysis, environmental compliance and security of the camp. For 2020, the Company estimates its work program at approximately \$3 million, which will focus on the budgeted work program to be funded by JOGMEC.

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**Other Project Activities**

The principal focus of the Company's activities shifted to the Kunene Co-Cu Project in 2018 and into the first half of 2019.

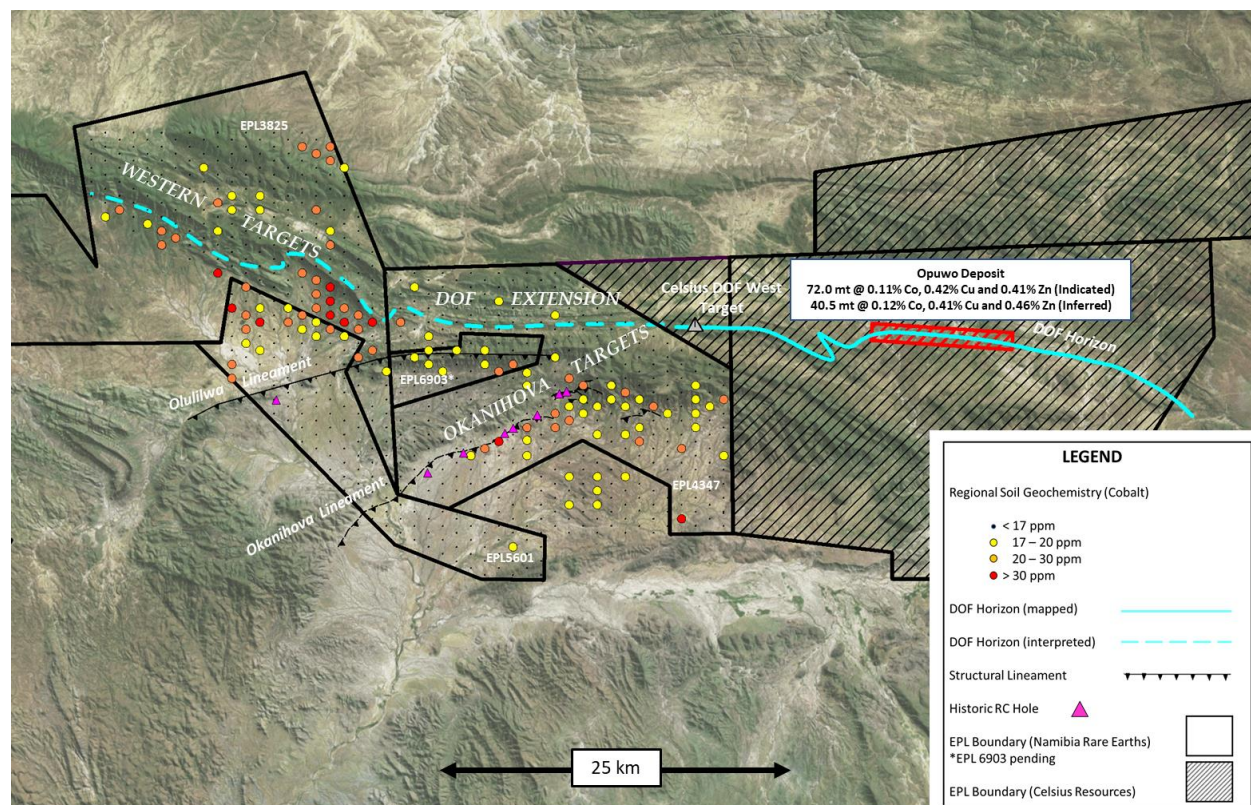
**Kunene Cobalt-Copper Project**

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. The EPLs comprising the Company's project area cover over 2,850 km<sup>2</sup> and host a number of cobalt target areas including sedimentary horizons related to the DOF (Figure 3).

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

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



### Kunene Exploration Program

The Company 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.

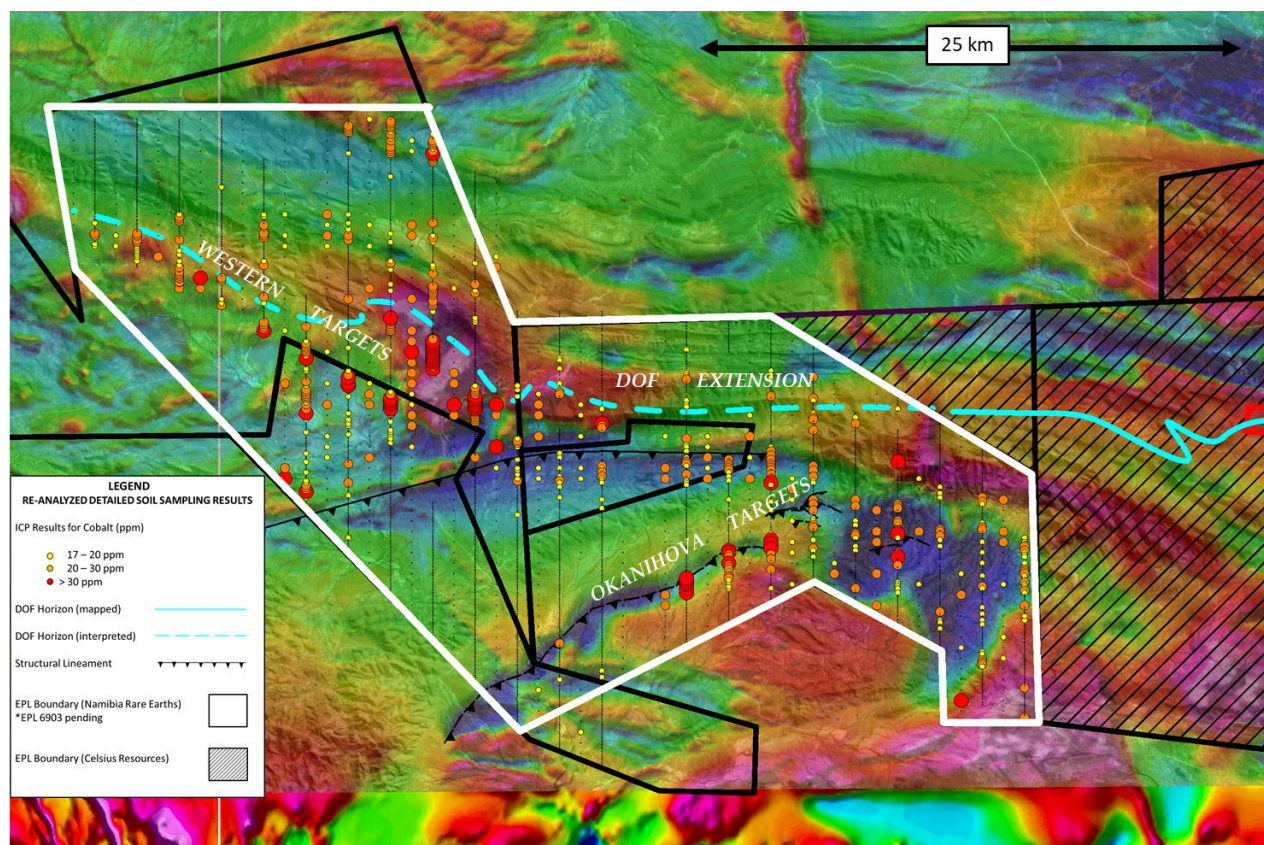


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The results of this program validated the regional anomalies and confirmed the scale of the priority target areas (Figure 4). A number of discrete broad anomalies (>30 ppm Co) of 0.5-1-kilometer extent on surveyed lines south of the Okanihova lineament, 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.**



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**Priority Target Areas and Geological Mapping**

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

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

In the Western Targets area, the highest cobalt values (40-50 ppm Co) in the soil samples are associated with a large (24 km<sup>2</sup>) magnetic anomaly which is spatially related to mafic dykes and breccia zones with carbonate-chert veining and to the contact zone of the basement rocks with the overlying Damaran sediments. Any conductors delineated by the airborne EM survey associated with this magnetic anomaly might represent sulphide mineralisation associated with the mafic intrusive and would be priority drill targets. Conductive zones between the basement and the Damaran sedimentary sequence to the north as well as parallel to fault zones in the Damaran sediments might be associated with sediment-hosted Co-Cu-Zn mineralisation.

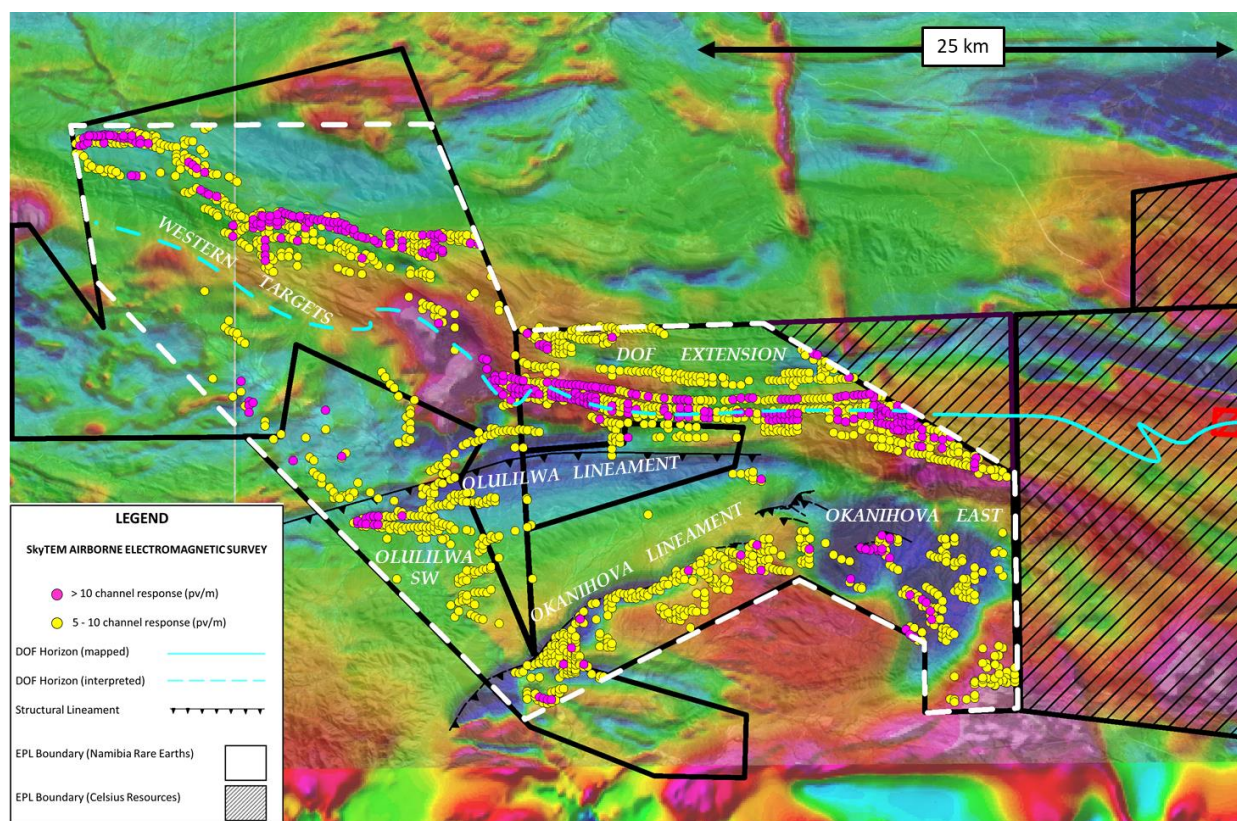
Lastly, sandstone-hosted copper mineralisation (malachite and chrysocolla) has been noted in a light-grey gritty sandstone over a strike extend of approximately 170 meters in the far west of the Western targets. The width of the mineralised sandstone reaches up to 10 meters and forms part of the uppermost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

Geological interpretations and target generation were assisted by an airborne database that was acquired using a SkyTEM combined electromagnetic-magnetic survey system covering 720 km<sup>2</sup> at a flight line spacing of 200 meters. The electromagnetic ("EM") data show clear conductive trends associated with favourable sedimentary horizons and structures (Figure 5).



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**Figure 5 – 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.**

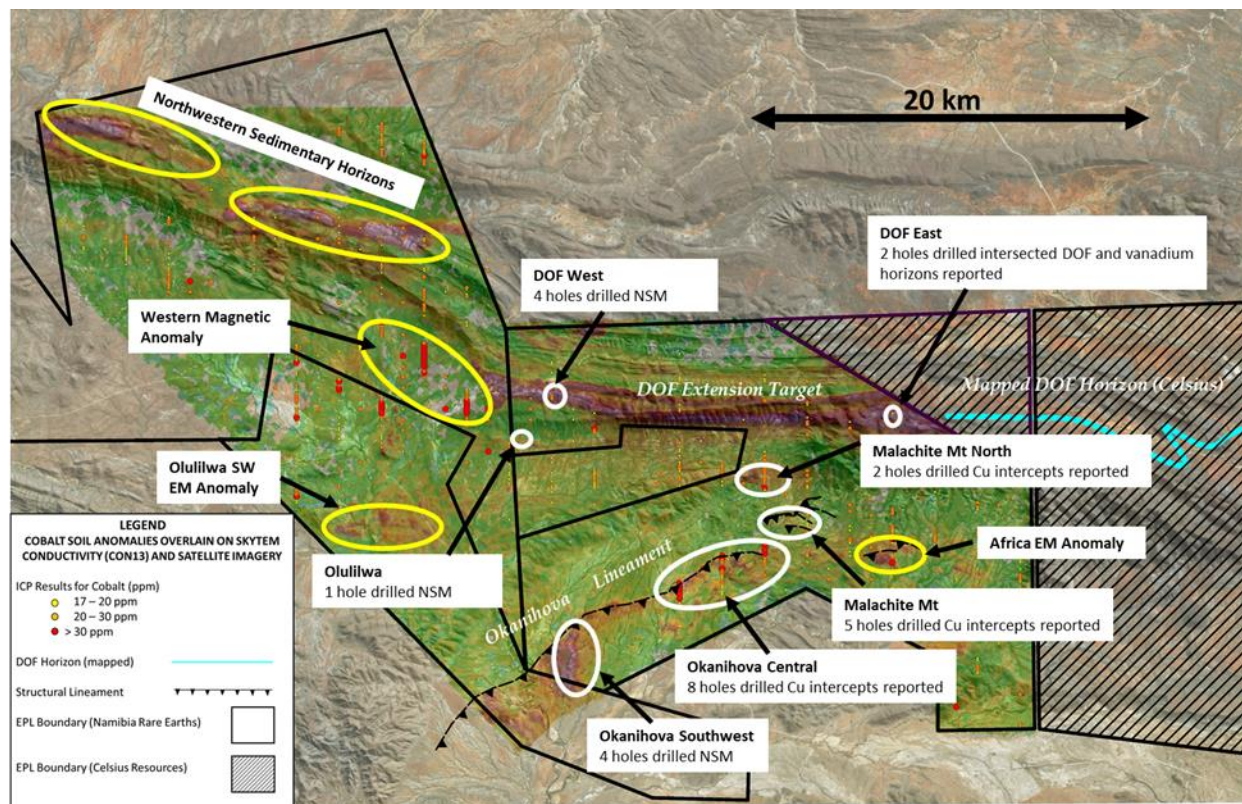


### **Drilling Program**

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 be tested (Figure 6).

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**Figure 6 – 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 below). 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



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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 below).

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

Target Area	Hole ID	Dept			From (m)	To (m)	Width (m)	% Cu
		Az	Dip	h (m)				
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
Malachite Mt. North	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.



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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 year ended November 30, 2019, the Company incurred \$1,089,052 (2018: \$1,284,127) in exploration and evaluation expenditures on the Kunene property which was focused on geological mapping, soil sampling and drilling.

For 2020, the Company estimates its work program to range from \$0.6 - \$1 million depending on future financing, which will focus on additional drill programs.

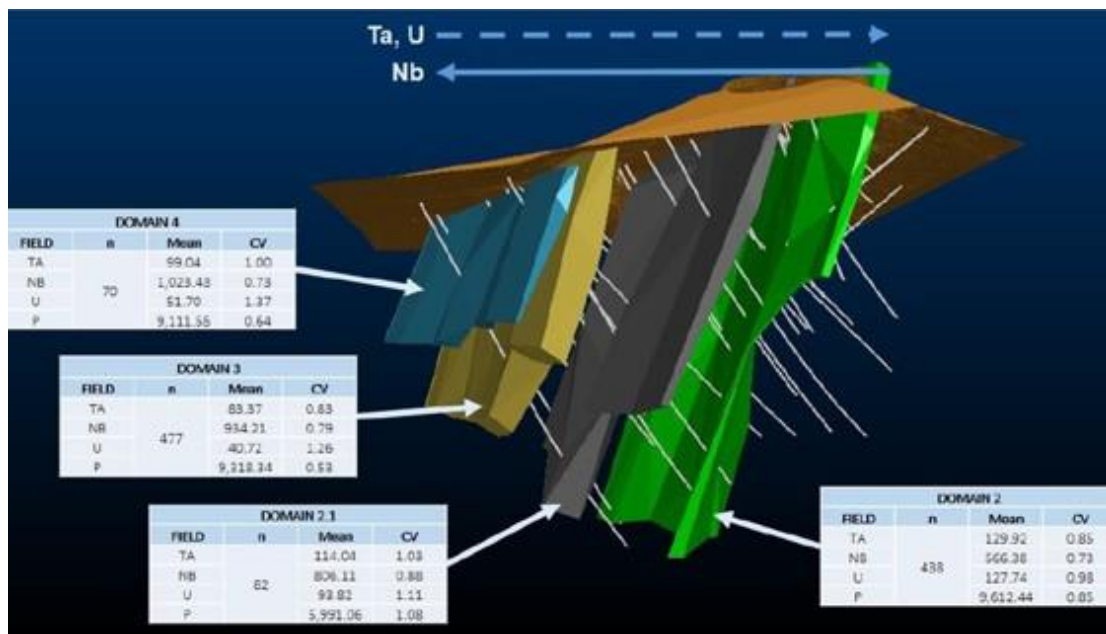
**Epembe Tantalum-Niobium property**

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 Ta<sub>2</sub>O<sub>5</sub>, 1,300 ppm Nb<sub>2</sub>O<sub>5</sub> and 2.4% P<sub>2</sub>O<sub>5</sub> (Figure 7). 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.

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**Figure 7 – Modeled mineralized zones at Epembe from historic drilling**



### **Epembe Expenditures**

During the year ended November 30, 2019, the Company incurred \$69,445 (2018: \$66,684) 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 2020, the Company estimates its work program at approximately \$0.1 million to complete the sorting 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<sub>2</sub>O<sub>5</sub> 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<sub>2</sub>O.

The Warmbad EPL covers 605 km<sup>2</sup> and hosts three pegmatite occurrences of undetermined extent from government maps. There are no records of any systematic exploration over the EPL. The area has recently been mapped by the Geological Survey of Namibia and the Council of Geosciences (South Africa) which

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

**Warmbad Exploration Program**

As reported previously, Namibia Critical Metals deployed a small geological team to locate outcrops and carry out reconnaissance rock sampling with the assistance of geologists from the Geological Survey of Namibia who were involved with government mapping program. A total of 37 samples were collected and submitted for analyses to Actlabs for lithium, tantalum, niobium, rare earths and associated elements. Only geochemically anomalous amounts of lithium were detected (0.02 – 0.2% Li<sub>2</sub>O). The sampling covers only a small portion of the area of interest and it is recommended that additional sampling be conducted over a wider area and around those outcrops with more elevated concentrations of lithium.

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

**Grootfontein Nickel-Copper, Zinc-Lead-Vanadium and Gold Project**

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

Based on historic drill holes and airborne magnetic survey interpretations, Grootfontein constitutes a huge mafic complex covering 360 km<sup>2</sup> 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<sub>2</sub>O<sub>5</sub> 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. 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 structures associated with airborne magnetic anomalies to the south of the complex.

Priority will be placed on selective soil surveys 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.

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**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<sup>2</sup> 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.

A significant gold discovery in the vicinity of the Company's project area was announced by Osino Resources Corp. on August 26, 2020. The Twin Hills discovery was made following extensive regional exploration by Osino and has been described as having many characteristics similar to the Otjikoto gold deposit currently being mined by B2 Gold near Otjiwarongo. Namibia Critical Metals holds ground believed to be underlain by the same stratigraphic sequence as occurs at Twin Hills and the Company has therefore assigned priority to initiate a soil sampling program over this area. The objective in 2020 is to demonstrate the potential at Erongo and a budget of \$0.5M has been proposed for that purpose.

**Other Property Expenditures**

For the year ended November 30, 2019, the Company incurred \$15,785 (2018: \$178,332) in exploration and evaluation expenditures on its other properties recently acquired from Gecko. For 2020, the Company estimates its work program at approximately \$0.25 million, which will focus on selected exploration programs and metallurgical studies.

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**Results of Operations**

**Selected Annual Information**

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

	Fiscal Years Ended November 30		
	2019	2018	2017
	\$	\$	\$
<b>OPERATIONS</b>			
Revenue	Nil	Nil	Nil
Net Income (Loss)	(708,928)	(1,700,172)	86,680
Net Income (Loss) attributable to shareholders	(706,496)	(1,693,475)	86,680
Net Income (Loss) attributable to non-controlling interest	(2,432)	(6,697)	-
Basic and diluted (loss) per share	(0.01)	(0.01)	0.00
<b>BALANCE SHEET</b>			
Total assets	29,568,711	30,338,654	22,551,107
Total exploration and evaluation assets	29,184,906	27,712,355	22,369,360

The increase of net loss in 2018 from a net income in 2017 is primarily due to an increase in share-based payments. The decrease in net loss in 2019 from 2018 is primarily due to no share-based payments or write down of exploration assets. The increase in exploration and evaluation assets each year reflects the acquisition of a portfolio of critical metal properties and the capitalization of ongoing exploration expenditures.

*Years ended November 30, 2019 and 2018*

For the year ended November 30, 2019, the Company capitalized acquisition and exploration costs of \$1,472,551 (2018 - \$5,342,995) related to expenditures on the following properties: Lofdal Rare Earths Project - \$298,269 (2018 - \$603,477; Kunene Cobalt-Copper Project - \$1,089,052 (2018 - \$3,636,127); Epembe Tantalum-Niobium Project - \$69,445 (2018-\$873,084) and Other Properties - \$15,785 (2018 - \$230,307)

For the year ended November 30, 2019, the Company reported a net loss of (\$708,928) compared to (\$1,700,172) for the prior year.

Expenses were \$764,304 for the year compared to \$1,684,961 for 2018, primarily due to the following:

Salaries and benefits increased to \$183,778 compared to \$169,957 in 2018;

Consulting fees expense increased to \$225,650 compared to \$193,391 in 2018, primarily due to additional management and shift of management salaries to Consulting;

Travel decreased to \$34,860 compared to \$59,749 in the prior year;



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Share-based payments decreased to \$Nil compared to \$825,016 in 2018, due to no options issued in 2019;

Shareholder communications decreased to \$95,300 compared to \$117,759 in the prior year, due primarily to decreased investor relations activities;

Foreign currency exchange loss decreased to \$28,733 compared to \$63,388 in 2018, due to a lower balance of funds held in South African Rand to fund ongoing exploration programs; and

Other income and interest income decreased to \$55,376 from \$134,414 in 2018 due to reduced short-term rental and sale of fixed assets and decreased interest revenue.

***Summary of Quarterly Results***

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

For the quarters ended	Nov. 30 2019	Aug. 31 2019	May 31 2019	Feb. 28 2019	Nov. 30 2018	Aug. 31 2018	May 31 2018	Feb. 28 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	162,892	154,181	223,452	223,779	968,598	333,213	232,909	150,241
Interest/Other income	(12,596)	(10,164)	(12,114)	(20,502)	(120,884)	32,600	18,508	13,443
Gain on debt settlement	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net and comprehensive (gain) loss	150,296	144,017	211,338	203,277	1,048,360	300,613	214,401	136,798
Net and comprehensive (gain) loss attributable to shareholders	148,986	143,667	210,975	202,868	1,041,663	300,613	214,401	136,798
Net and comprehensive (gain) loss attributable to non-controlling interest	1,310	350	363	409	6,697	-	-	-
(Gain) Loss per share – basic and diluted	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Total assets (millions)	29.6	29.6	29.6	29.9	30.3	29.7	29.9	26.3

As the Company has capitalized all exploration expenditures to date in accordance with IFRS 6, the expenses are primarily related to administration. 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

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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. Included in expenses are foreign exchange gains and losses arising mainly due to variations in the Canadian dollar and the Namibian dollar exchange rate during the periods, as certain of the Company's expenditures are paid in Namibian dollars, while the Company's functional and reporting currency is the Canadian dollar. The Company has interest revenue related to excess cash invested in an interest-bearing account with a major chartered bank.

**Fourth Quarter**

During the fourth quarter, the Company incurred exploration costs of \$221,930 primarily on its Lofdal and Kunene properties (2018 - \$1,037,963). The Company incurred \$162,892 in administration expenses during the quarter (2018 - \$968,598) of which \$Nil was share-based payments expense (2018- \$825,016). During the quarter the company recorded a write down of mineral properties of \$Nil (2018 - \$149,625).

**Liquidity and Capital Resources**

At November 30, 2020, the Company had working capital of (\$140,313) compared to \$2,025,537 at November 30, 2018 as follows:

	November 30, 2019	November 30, 2018
	\$	\$
Cash and short-term deposits	183,602	2,343,394
Taxes and other receivables	99,273	156,042
Deposits and prepaid expenses	21,348	31,652
Accounts payables, accrued liabilities and deferred amounts payable	(444,536)	(505,551)
<b>Working capital</b>	<b>(140,313)</b>	<b>2,025,537</b>

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 January 27, 2020 the Company announced that it had signed an agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") to jointly explore, develop, exploit, refine and/or distribute mineral products from the Company's 100% owned Lofdal Heavy Rare Earth Project ("Project") in northwestern Namibia. The agreement provides JOGMEC with the right to earn a 50% interest in the Project by funding \$20,000,000 in exploration and development expenditures. Once JOGMEC has completed and exercised its 50% earn-in and a feasibility study has been completed on the Project, JOGMEC has the right to purchase an additional 1% interest in the Project from the Company for \$5,000,000 and thereafter to exclusively provide funding to develop the Project subject to the Company's interest in the Project not being diluted below 26%.

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During the year ended November 30, 2019, the Company used cash of \$825,570 for operating activities (2018 – \$814,303) and used cash of \$1,314,047 for investing activities (2018 - \$1,423,001). 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 decreased use of cash in investing activities was related to a decrease 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
0.17	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
	7,935,000	

**Related party transactions**

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

	2019 \$	2018 \$
Salaries, director fees and benefits	75,000	42,500
Share-based payments	-	806,016
Consulting fees	225,650	192,881
Payments received from a shareholder for rental revenue in net loss	(18,000)	(38,364)
Total charged to net and comprehensive loss	282,650	1,003,033
Consulting fees charged to exploration and evaluation assets	323,025	181,744
Share-based payments charged to exploration and evaluation assets	-	388,784
Payments to a shareholder for purchase of fixed assets	-	28,500
Payments to a shareholder charged to exploration and evaluation assets	693,693	675,637
Total	1,299,368	2,277,698

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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 \$281,579 (2018 - \$224,088). 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:

**NAMIBIA CRITICAL METALS INC.**  
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- (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, 2018, has been adopted in the current year.

IFRS 9 replaced IAS 39 Financial instruments: recognition and measurement. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company has assessed this new standard and there has been no impact to the consolidated financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income. Financial liabilities are classified in the following measurement categories: fair value through profit or loss, or amortized cost.

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 has not resulted in any changes in the measurement or carrying amount of the financial instruments.

<b>Financial instruments</b>	<b>Classification under IAS 39</b>	<b>Classification under IFRS 9</b>
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
Deferred amounts payable	Other Liabilities	Amortized cost



**NAMIBIA CRITICAL METALS INC.**  
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**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 November 30, 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 November 30, 2019.

There have been no material changes in the Company's internal controls over financial reporting during the year ended November 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Financial Instruments**

**Initial recognition and measurement**

Financial assets within the scope of IFRS 9 are classified as financial assets at amortized cost; FVTPL; or fair value through other comprehensive income, as appropriate. The Company determines the classification of its financial assets at initial recognition. All of the Company's financial assets are recognized initially at fair value and are subsequently measured at amortized cost. The Company's financial assets include cash and short-term deposits and receivables.

**NAMIBIA CRITICAL METALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Impairment of financial assets at amortized cost**

Impairment provisions on receivables are based on credit risk characteristics, collateral and speculative and non-speculative historical default rates. Receivables are written off when there is no reasonable expectation of recovery.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at FVTPL, or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable and accrued liabilities and deferred amounts payable and are measured at amortized cost.

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 deficit of (\$140,313). 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 2020. 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

**NAMIBIA CRITICAL METALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

carry on the activities that it is currently conducting on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental bodies and there can be no assurance that the Company will be able to obtain, sustain, renew or vary any such licences, permits or authorizations on acceptable terms or at all; in particular, the Company currently has an application pending for a mining permit over Area 4 of the Lofdal property and there is no guarantee that the permit will be granted; environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees, and any failure by the Company to comply with applicable environmental regulations or the stoppage of exploration or production activities could have a 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.

Coronavirus: Reported cases of the virus in the jurisdiction in which we operate are currently very low. However, should the virus have a significant impact in those jurisdictions where we operate or jurisdictions from which the business sources goods or services, the Company could suffer from employee absences, a lack of supplies and consumables, failure by its contractors to perform and travel restrictions which may affect operations. Although the Company is taking steps to increase its holdings of consumable stocks and to mitigate its supply-chain risk, the extent to which the coronavirus impacts our operations will depend on future developments which are highly uncertain and cannot be predicted ; the Company will continue to monitor any further developments.

**Additional Information**

The financial statements and additional information regarding the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com).



## *Independent auditor's report*

To the Shareholders of Namibia Critical Metals Inc.

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### *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Namibia Critical Metals Inc. and its subsidiaries (together, the Company) as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

#### **What we have audited**

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at November 30, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Material uncertainty related to going concern*

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

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



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### *Other information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of management and those charged with governance for the consolidated financial statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

(signed) "PricewaterhouseCoopers LLP"

**Chartered Professional Accountants**

Halifax, Nova Scotia

March 24, 2020



# Namibia Critical Metals Inc.

## Consolidated Statements of Financial Position

As at November 30, 2019 and 2018 (in Canadian dollars)

	November 30, 2019 \$	November 30, 2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term deposits	183,602	2,343,394
Taxes and other receivables	99,273	156,042
Deposits and prepaid expenses	21,348	31,652
	<u>304,223</u>	<u>2,531,088</u>
<b>Equipment</b> (note 4)	79,582	95,211
<b>Exploration and evaluation assets</b> (note 5)	<u>29,184,906</u>	<u>27,712,355</u>
	<u>29,568,711</u>	<u>30,338,654</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 1 and 6)	159,704	505,551
Deferred amounts payable (note 6)	284,832	-
	<u>444,536</u>	<u>505,551</u>
<b>Shareholders' Equity</b>		
Equity attributable to the shareholders of the Company (note 7)	28,973,304	29,679,800
Non-controlling interest	150,871	153,303
	<u>29,124,175</u>	<u>29,833,103</u>
	<u>29,568,711</u>	<u>30,338,654</u>
Nature of operations and going concern (note 1)		
Subsequent event (note 13)		

Approved by the Board of Directors on March 24, 2020:

“Steve E. Kapp”  
Director

“Gerald J. McConnell”  
Director

See accompanying notes to the consolidated financial statements

# Namibia Critical Metals Inc.

## Consolidated Statements of Loss and Comprehensive Loss

For the years ended November 30, 2019 and 2018 (in Canadian dollars except share and per share amounts)

	Year ended November 30	
	2019	2018
	\$	\$
<b>Expenses</b>		
Salaries and benefits (note 6)	183,778	169,957
Office and administration	59,336	66,687
Consulting fees (note 6)	225,650	193,391
Professional fees	108,569	113,693
Share-based payments (notes 6 and 7)	-	825,016
Travel	34,860	59,749
Listing and filing fees	27,082	34,380
Shareholder communications	95,300	117,759
Foreign currency exchange loss	28,733	63,388
Property investigation	996	3,868
Property acquisition costs	-	37,073
	(764,304)	(1,684,961)
Interest income	20,307	52,037
Write-down of exploration and evaluation assets	-	(149,625)
Other income	35,069	82,377
<b>Net and comprehensive loss for the year</b>	<b>(708,928)</b>	<b>(1,700,172)</b>
<b>Net loss attributable to shareholders of the Company</b>	<b>(706,496)</b>	<b>(1,693,475)</b>
<b>Non-controlling interest</b>	<b>(2,432)</b>	<b>(6,697)</b>
	<b>(708,928)</b>	<b>(1,700,172)</b>
<b>Loss per share - Basic and diluted</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding – Basic and diluted</b>	<b>180,325,121</b>	<b>154,147,780</b>

See accompanying notes to the consolidated financial statements.

# Namibia Critical Metals Inc.

## Consolidated Statements of Changes in Equity

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

	Common Shares		Share-based Payments Reserve	Contributed Surplus	Deficit	Total Shareholders' Equity	Non-controlling interests	Total Equity
	Without Par Value							
	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
Expiry of options	-	-	(62,742)	62,742	-	-	-	-
Net and comprehensive loss	-	-	-	-	(706,496)	(706,496)	(2,432)	(708,928)
Balance, Nov 30, 2019	180,325,121	44,249,508	1,601,344	5,272,556	(22,150,104)	28,973,304	150,871	29,124,175

	Common Shares		Share-based Payments Reserve	Contributed Surplus	Deficit	Total Shareholders' Equity	Non-controlling interests	Total Equity
	Without Par Value							
	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	96,621,621	7,711,500	-	-	-	7,711,500	-	7,711,500
Share-based payments	-	-	1,213,800	-	-	1,213,800	-	1,213,800
Expiry of options	-	-	(96,653)	96,653	-	-	-	-
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	-	160,000	160,000
Net and comprehensive loss	-	-	-	-	(1,693,475)	(1,693,475)	(6,697)	(1,700,172)
Balance, Nov 30, 2018	180,325,121	44,249,508	1,664,086	5,209,814	(21,443,608)	29,679,800	153,303	29,833,103

See accompanying notes to the consolidated financial statements

# Namibia Critical Metals Inc.

## Consolidated Statements of Cash Flows

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(708,928)	(1,700,172)
Adjustments for:		
Unrealized foreign currency exchange loss	28,618	61,860
Interest income recognized in net loss	(20,307)	(52,037)
Write-down of exploration and evaluation assets	-	149,625
Share-based payments	-	825,016
Gain on disposal of equipment	-	(20,561)
	(700,617)	(736,269)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable, deposits and prepaids	50,678	(112,862)
(Decrease) increase in accounts payable and accrued liabilities and deferred amounts payable	(175,631)	34,828
	(825,570)	(814,303)
<b>Investing activities</b>		
Interest income received	20,307	52,037
Proceeds from disposal of equipment	-	20,561
Purchase of equipment	(1,843)	(100,516)
Expenditures on exploration and evaluation assets (note 10)	(1,332,511)	(1,395,083)
	(1,314,047)	(1,423,001)
<b>Financing activities</b>		
Issuance of share capital, net of costs	-	4,511,500
<b>Effect of exchange rate changes on cash</b>	(20,175)	(27,039)
<b>Net change in cash during the period</b>	(2,159,792)	2,247,157
<b>Cash and short-term deposits – Beginning of period</b>	2,343,394	96,237
<b>Cash and short-term deposits – End of period</b>	183,602	2,343,394
<b>Supplemental cash flow information (note 8)</b>		

See accompanying notes to the consolidated financial statements.

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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*For the years ended November 30, 2019 and 2018 (in Canadian dollars)*

### 1. Nature of operations and going concern

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

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

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

The Company has reported losses to date and at November 30, 2019 has an accumulated deficit of \$22,150,104 (2018 - \$21,443,608) and working capital deficit of \$140,313 (2018 - working capital of \$2,025,537). The Company does not generate 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. Subsequent to November 30, 2019, the Company entered into an agreement with Japan Oil, Gas and Metals National Corporation (“JOGMEC”), which provides JOGMEC with the right to earn a 50% interest in the Lofdal rare earths property by funding \$20 million (note 13). The agreement includes a minimum investment of \$3 million, which is non-refundable. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

### 2. Basis of Preparation

#### a) Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on March 24, 2020.

#### b) Basis of Measurement

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

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

For the years ended November 30, 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 is based on assumptions about future events and circumstances.

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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*For the years ended November 30, 2019 and 2018 (in Canadian dollars)*

The Company makes estimates of future site restoration costs based on current legislation, technical reports, and management's estimates. These estimates will be affected by legislation in place, exploration or mining activity to be performed, and 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 consolidated 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 is impaired;
- Whether exploration and evaluation costs are eligible for capitalization;
- The determination of whether an acquisition of exploration and evaluation assets is considered to be an asset acquisition or a business combination; and
- The assessment of the Company's ability to continue as a going concern.

### 3. Significant Accounting Policies

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

#### a) Cash and short-term deposits

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

#### b) Foreign Currency Translation

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

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

#### c) Exploration and Evaluation Assets

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

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study and the Company's decision to proceed with development, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.



# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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*For the years ended November 30, 2019 and 2018 (in Canadian dollars)*

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

### d) Equipment

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

Depreciation is recognized using the following rates and methods:

Motor vehicles	20% declining balance
Exploration equipment	20% declining balance
Office equipment	30% declining balance

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

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

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

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

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

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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*For the years ended November 30, 2019 and 2018 (in Canadian dollars)*

### f) Share-based Payments

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

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

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

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

### g) Income Taxes

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

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

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

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

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

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

### h) Earnings (loss) per Share

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

### i) Financial Instruments

Financial assets

Financial assets within the scope of IFRS 9 are classified as financial assets at amortized cost; FVTPL; or fair value through other comprehensive income, as appropriate. The Company determines the classification of its financial assets at initial recognition. All of the Company's financial assets are recognized initially at fair value and are subsequently measured at amortized cost. The Company's financial assets include cash and short-term deposits and receivables. Impairment provisions on receivables are based on credit risk

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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*For the years ended November 30, 2019 and 2018 (in Canadian dollars)*

characteristics, collateral and speculative and non-speculative historical default rates. Receivables are written off when there is no reasonable expectation of recovery.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at FVTPL, or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable and accrued liabilities and deferred amounts payable and are subsequently measured at amortized cost.

### Fair value hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 13. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

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

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

### j) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the consolidated statement of loss and comprehensive loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the consolidated statement of loss and comprehensive loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

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

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

### k) Provisions

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

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

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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*For the years ended November 30, 2019 and 2018 (in Canadian dollars)*

### Accounting Standards Adopted in the Current Year

The following accounting standard, effective for annual periods beginning on or after January 1, 2018, has been adopted in the current year.

IFRS 9 replaced IAS 39 Financial instruments: recognition and measurement. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company has assessed this new standard and there has been no impact to the consolidated financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income. Financial liabilities are classified in the following measurement categories: fair value through profit or loss, or amortized cost.

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 has not resulted in any changes in the measurement or carrying amount of the financial instruments.

<b>Financial instruments</b>	<b>Classification under IAS 39</b>	<b>Classification under IFRS 9</b>
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
Deferred amounts payable	Other Liabilities	Amortized cost

### Accounting Standard Issued But Not Yet Effective

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 has no leases with terms of more than twelve months as at November 30, 2019 and therefore, management has determined that the adoption of the new standard will have no impact on its consolidated financial statements.

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

### 4. Equipment

Cost	Office equipment	Exploration equipment	Motor vehicles	Total equipment
November 30, 2017	10,140	88,012	147,144	245,296
Additions	-	34,423	66,093	100,516
(Disposals)	-	(33,850)	(44,340)	(78,190)
November 30, 2018	10,140	88,585	168,897	267,622
Additions	-	1,843	-	1,843
November 30, 2019	10,140	90,428	168,897	269,465

Accumulated Depreciation	Office equipment	Exploration equipment	Motor vehicles	Total equipment
November 30, 2017	10,140	88,012	147,144	245,296
Depreciation	-	-	5,305	5,305
(Disposals)	-	(33,850)	(44,340)	(78,190)
November 30, 2018	10,140	54,162	108,109	172,411
Depreciation	-	4,838	12,634	17,472
November 30, 2019	10,140	59,000	120,743	189,883

Net book value	Office equipment	Exploration equipment	Motor vehicles	Total equipment
November 30, 2018	-	34,423	60,788	95,211
November 30, 2019	-	31,428	48,154	79,582

Depreciation charged on exploration equipment of \$17,472 (2018 - \$5,305) has been capitalized to exploration and evaluation assets.

### 5. Exploration and evaluation assets

	November 30, 2017 \$	Acquisitions and Expenditures \$	Disposals and write-downs \$	November 30, 2018 \$	Acquisitions and Expenditures \$	November 30, 2019 \$
Lofdal Rare Earths	22,369,360	603,477	-	22,972,837	298,269	23,271,106
Kunene Cobalt-Copper	-	3,636,127	-	3,636,127	1,089,052	4,725,179
Epembe Tantalum-Niobium	-	873,084	-	873,084	69,445	942,529
Other	-	379,932	(149,625)	230,307	15,785	246,092
	<b>22,369,360</b>	<b>5,492,620</b>	<b>(149,625)</b>	<b>27,712,355</b>	<b>1,472,551</b>	<b>29,184,906</b>

#### 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

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

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 the Company at \$0.05 per share for total consideration of \$3,200,000. The Company has acquired Gecko Namibia's 95% interest in a portfolio of exploration properties consisting of 13 exploration prospecting licences ("EPLs").

The Company determined and classified this transaction as an acquisition of a group of assets and not a business combination under IFRS 3. The following properties were acquired as part of this transaction:

#### Kunene Cobalt-Copper property

Consists of 7 EPL's covering approximately 2,859 square kilometres

#### Grootfontein Nickel-PGE property

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

#### Otiwarongo 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

## 6. Related party transactions

Transactions with key management personnel for the years ended November 30, 2019 and 2018 are as follows:

	2019 \$	2018 \$
Salaries, director fees and benefits	75,000	42,500
Share-based payments	-	806,016
Consulting fees	225,650	192,881
Payments received from a shareholder for rental revenue in net loss	(18,000)	(38,364)
Total charged to net and comprehensive loss	282,650	1,003,033
Consulting fees charged to exploration and evaluation assets	323,025	181,744
Share-based payments charged to exploration and evaluation assets	-	388,784
Payments to a shareholder for purchase of fixed assets	-	28,500
Payments to a shareholder charged to exploration and evaluation assets	693,693	675,637
Total	1,299,368	2,277,698

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 Company.

Included in accounts payable and accrued liabilities and deferred amounts payables are amounts owing to related parties of \$281,579 (2018 - \$224,088). 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.



# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

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 November 30, 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 year ended November 30, 2019, share-based payments expense of \$nil (2018- \$825,016) was charged to the consolidated statement of loss and comprehensive loss and \$Nil (2018 - \$388,784) was charged to exploration and evaluation assets. There were no options issued during the year ended November 30, 2019. The assumptions used to fair value the options issued during the year ended November 30, 2018 were a risk-free rate of 0.5%, expected volatility of 139% (based on actual historical volatility), expected life of 5 years, and a dividend yield of 0%.

The change in stock options during the year ended November 30, 2019 and 2018 is as follows:

	Number	Weighted average exercise price \$
At November 30, 2017	4,750,000	0.13
Expired	(1,100,000)	(0.13)
Issued	6,400,000	0.21
At November 30, 2018	10,050,000	0.18
Expired	(705,000)	(0.12)
At November 30, 2019	9,345,000	0.18

The following table summarizes information about options outstanding at November 30, 2019:

Exercise price \$	Options outstanding and exercisable	Expiry date	Remaining contractual life (in years)
0.20	1,410,000	November 25, 2019*	0.01
0.17	25,000	April 30, 2020	0.42
0.05	1,410,000	November 28, 2021	2.00
0.08	150,000	April 7, 2022	2.35
0.21	6,350,000	September 19, 2023	3.80
	9,345,000		2.92

\*Options scheduled to expire on November 25, 2019 were in a “black-out period” and automatically extended until 10 business days after the blackout was lifted on January 28, 2020. These options subsequently expired on February 11, 2020.

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

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### 8. Capital Disclosures

The Company manages its capital to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and to maintain the necessary corporate and administrative functions to facilitate these activities. The capital structure consists of working capital and equity. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. The Company invests all capital that is surplus to its immediate operational needs in highly liquid financial instruments such as high interest cash accounts. There were no changes to the Company's approach to capital management during the year ended November 30, 2019. Total managed capital was as follows:

	November 30, 2019 \$	November 30, 2018 \$
Working capital (deficit)	(140,313)	2,025,537
Equity	28,973,304	29,679,800

There are no externally imposed capital requirements.

### 9. Financial Instruments and risk management

The Company's financial instruments consist of cash and short-term deposits, amounts receivable, accounts payable and accrued liabilities, and deferred amounts payable. All of the Company's financial instruments are recognized at fair value and are subsequently measured at their 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.

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

At November 30, 2019, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: \$37,425 in cash, \$6,098 in deposits, \$81,341 in amounts receivable, and \$176,711 in accounts payable and accrued liabilities. A 10% change in the exchange rates would impact the Company's working capital as follows:

	\$
Namibia dollars and South African rand	(6,116)
All other currencies	865

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 and short-term deposits 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 year ended November 30, 2019, the Company made expenditures on exploration and evaluation assets of \$122,573 which were recorded as an decrease in accounts payable (2018 - \$343,448 increase in accounts payable) and \$17,472 in amortization of equipment which was recorded to exploration and evaluation assets (2018 - \$5,305). These items are non-cash transactions and have been excluded from the consolidated statements of cash flows

## 11. Income Taxes

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

	2019 \$	2018 \$
<b>Combined tax rate</b>	31.0%	31.0%
Computed tax recovery	(219,768)	(527,053)
Share-based payments	-	255,755
Other	43,537	19,544
Non-recognition of deferred tax assets due to unused tax losses and deductible temporary differences	176,231	251,754
<b>Total income taxes</b>	-	-

# Namibia Critical Metals Inc.

## Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018 (in Canadian dollars)

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

	2019 \$	2018 \$
Canadian and foreign non-capital losses carried forward	20,392,882	19,343,148
Canadian and foreign exploration and related deferred costs	5,692,361	5,540,978
	<u>26,085,243</u>	<u>24,884,126</u>

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

As at November 30, 2019, the Namibian subsidiaries have available business losses for income tax purposes of approximately \$5,892,000 (2018 - \$5,720,000) which may be carried forward indefinitely and applied against future taxable income when earned in Namibia, and the Canadian parent entity has non-capital losses for income tax purposes of approximately \$14,500,000 (2018 - \$13,810,000) which may be carried forward and applied against future taxable income when earned in Canada.

Expiration of the Canadian losses is as follows:

2030	\$ 286,000
2031	\$ 1,928,000
2032	\$ 2,215,000
2033	\$ 2,666,000
2034	\$ 2,965,000
2035	\$ 2,086,000
2036	\$ 1,158,000
2038	\$ 640,000
2039	\$ 556,000

## 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.

## 13. Subsequent Event

On January 27, 2020, the Company announced that it had signed an agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") to jointly explore, develop, exploit, refine and/or distribute mineral products from Lofdal. The agreement provides JOGMEC with the right to earn a 50% interest in the project by funding \$20,000,000 in exploration and development expenditures, which includes a non-refundable minimum expenditure of \$3 million. Once JOGMEC has completed and exercised its 50% earn-in and a feasibility study has been completed on the project, JOGMEC has the right to purchase an additional 1% interest in the project from the Company for \$5,000,000 and thereafter to exclusively provide funding to develop the project subject to the Company's interest in the Project not being diluted below 26%.