# NAMIBIA CRITICAL METALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
WITH MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

NAMIBIA CRITICAL METALS INC.

# Management's Discussion and Analysis

Year ended November 30, 2021

**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 28, 2022 and provides an analysis of the Company's financial results and progress for years ended November 30, 2021 and 2020. This MD&A should be read in conjunction with the Company's audited consolidated financial statements as at and for the years ended November 30, 2021 and 2020 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.

*Rainer Ellmies, PhD, MSc Geology, GeolFA, EurGeol, AusIMM, 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 and gold in Namibia through its 95% owned subsidiary, Namibia Rare Earths (Pty) Ltd., a Namibian company ("Namibia Pty") and its 95% interest in nine 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. On February 21, 2018, the Company completed the acquisition of six critical metal and gold properties in Namibia from Gecko Namibia (Pty). This transaction provided Namibia Critical Metals with a diversified exploration portfolio (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 which currently includes gold, copper, lead, zinc, nickel, vanadium, tantalum and niobium. Current ground holdings are summarized in Table 1.

Following the transaction with Gecko Namibia, a focus was placed on the Kunene Cobalt-Copper Project throughout 2018-2020. Exploration results were largely unsuccessful and these properties were deemed to not warrant further investment. As a consequence, non-core prospecting licences were largely relinquished in the year. Since 2020 the Company has focused on further development of the Lofdal project through its joint venture with Japan Oil, Gas and Metals National Corporation ("JOGMEC") and on exploration of its gold properties in Namibia. The Otjitanga light rare earth property is in a final stage for a commercial transaction.

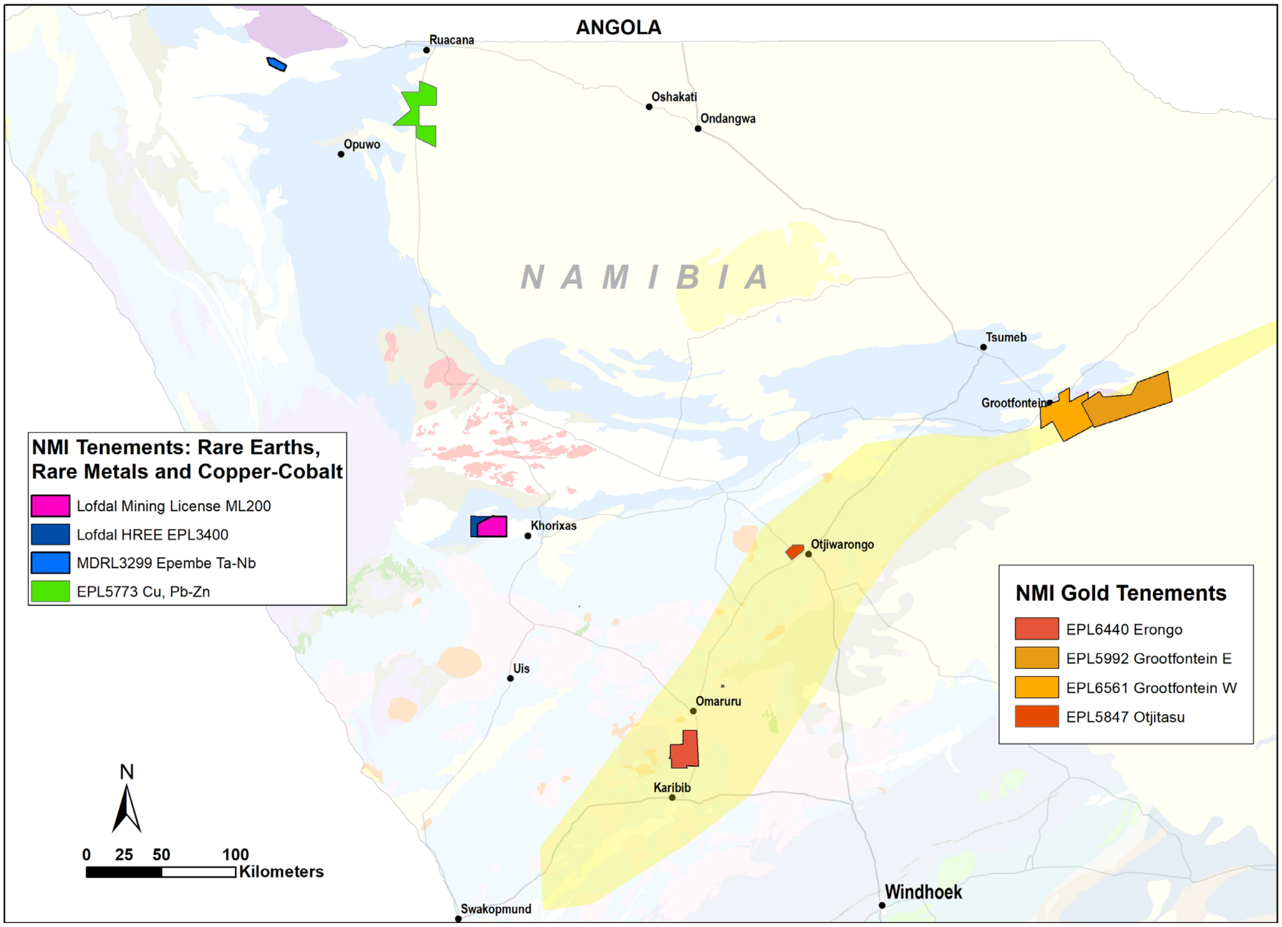



**Figure 1 –** *Location of NCMI's critical metals projects*

**Table 1 –** *Summary of Namibia Critical Metals Project Portfolio as at 30 November 2021*

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

| # | Licence | Subsidiary Company | Project | Size(km$^2$) |
|---|---|---|---|---|
| 1 | EPL3400 | Namibia Rare Earths (Pty) Ltd. | Lofdal | 104 |
| 2 | EPL5847 | Kunene Resources Namibia (Pty) Ltd. | Otjitazu | 69 |
| 3 | EPL5885 | Kunene Resources Namibia (Pty) Ltd. | Kunene | 783 |
| 4 | EPL5992 | Kunene Resources Namibia (Pty) Ltd. | Grootfontein | 732 |
| 5 | EPL6440 | Gecko Gold Mining (Pty) Ltd. | Erongo | 337 |
| 6 | EPL6561 | Kunene Resources Namibia (Pty) Ltd. | Grootfontein | 661 |
| 7 | EPL7115 | Philco One Hundred Eighty (Pty) Ltd. | Marienfluss | 271 |
| 8 | MDRL3299 | Epembe Mining (Pty) Ltd. | Epembe | 57 |
| 9 | ML200 | Namibia Rare Earths (Pty) Ltd. | Lofdal | 210 |
| | **Total** | | | **3,224** |

**Lofdal Rare Earths Project and Development Strategy**

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 to the complexity of the metallurgy and the lack of operators with rare earth processing expertise. The Company has brought strong financial backing to the project through a joint venture agreement with JOGMEC.

The Lofdal property is the Company's most advanced project and comprises a Mining Licence ("ML200") and a surrounding exclusive prospecting license ("EPL 3400"). Lofdal is located approximately 450 kilometers northwest of the capital city of Windhoek and 25 kilometers northwest of the town of Khorixas in the Kunene Region. The Lofdal property covers a total area of 314 square kilometers centered on the Lofdal carbonatite complex, a regional geological feature associated with numerous occurrences of heavy rare earth mineralization hosted by albitic alteration zones and carbonatitic dykes.

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 for a two-year period to 27 September 2023. On May 11, 2021, Mining Licence ("ML 200") was issued for the Lofdal Heavy Rare Earth Dysprosium-Terbium Project ("Lofdal" or "the project") by the Ministry of Mines and Energy. ML200 is valid for a 25-year period through to May 10, 2046 and is issued to the Company's 95% owned subsidiary, Namibia Rare Earths (Pty) Ltd. with the balance held by Philco One Hundred Ninety-Six (Pty) Ltd. ("Philco 196"), a company incorporated to fulfil the licence requirement of a 5% shareholding of Historically Disadvantaged Namibians. Lofdal is developed in a joint venture between the Company and JOGMEC.

**Partnership with JOGMEC on Lofdal**

On January 27, 2020 the Company announced that it had signed an agreement with 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 under the following terms:

> Term 1 – JOGMEC will fund $3,000,000 in exploration expenditures up to March 31, 2021. The first term funding amount is non-refundable and JOGMEC earns no interest in the Lofdal project;
>
> Term 2 – JOGMEC is entitled to elect to contribute an additional $7,000,000 in exploration expenditures from April 1, 2021 – March 31, 2024 to earn a 40% interest in the Lofdal project;
>
> Term 3 – JOGMEC is entitled to elect to contribute an additional $10,000,000 in exploration and development expenditures from April 1, 2024 – March 31, 2028 to earn an additional 10% interest in the Lofdal project.

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%.

On April 1, 2021 the Company announced that JOGMEC officially elected to move to Term 2 of the JV Agreement and provide additional preliminary funding of $2,063,000 for further exploration and development programs at Lofdal.

As of November 30, 2021 JOGMEC has advanced $6,100,000 of the $10,000,000 commitment for Terms 1 and 2 and has approved up to $7 million to be spent by March 31, 2022.

JOGMEC is a Japanese government agency which seeks to secure stable commodity 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.

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 estimated at 160 tonnes per annum.

**Regional Assessment of Rare Earths Potential**

The first systematic exploration for rare earths over Lofdal was initiated by Namibia Rare Earths 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 0.05-3% total rare earths oxides ("TREO" which includes yttrium oxide) and often exhibiting exceptional heavy rare earth ("HREE") grades.

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. 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 earths exploration target.

There are two larger intrusive carbonatite bodies related to a specific magmatic phase combined as Lofdal Intrusive Complex. The Main Intrusion is an early stage calcitic 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 has accessory thorite with an average thorium content of the Area 4 deposit of only 326 ppm.

Grain size and habit are variable with ore minerals being generally fine- to very fine-grained with much of the potential ore minerals averaging 15-20 microns but locally reaching up to 150 microns.

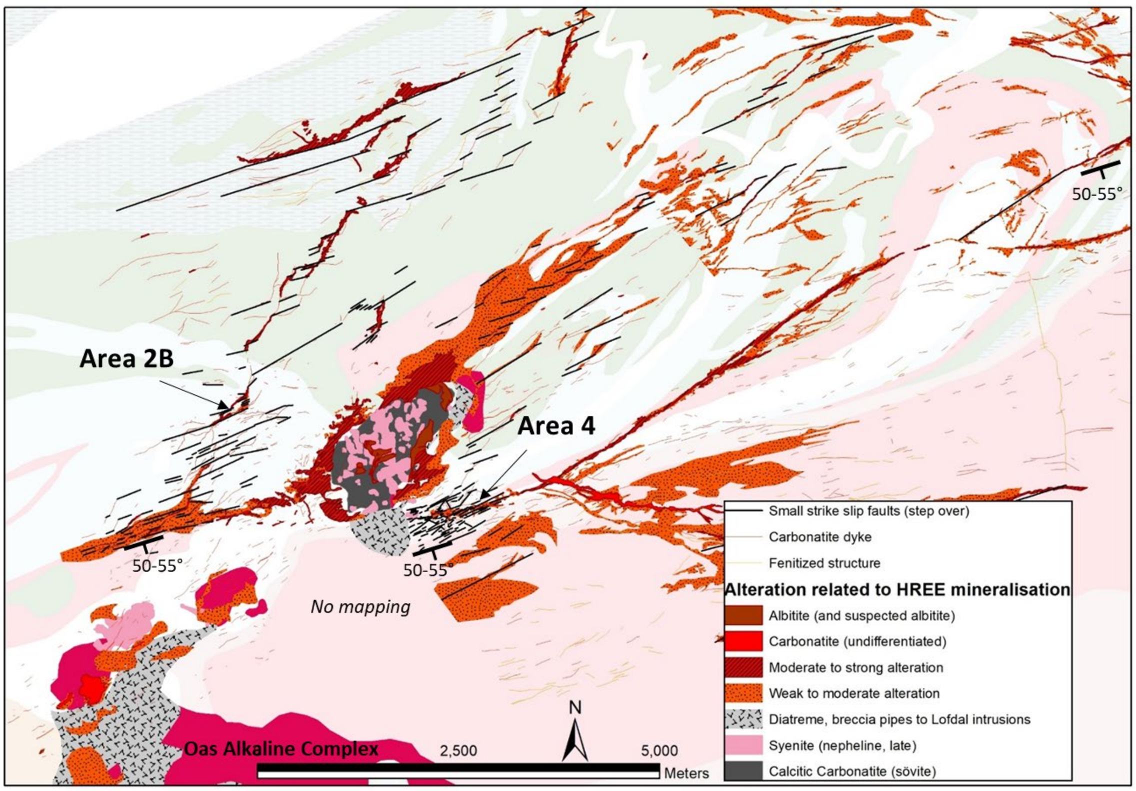



**Figure 2 –** *General geology of EPL 3400 showing the location of the Area 4 and Area 2B Deposits in relation to other structures with rare earth mineralisation*

**Work Program of the NMI-JOGMEC JV**

Under terms of the agreement, JOGMEC has completed a 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 also investigated 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. JOGMEC also retains the right to accelerate spending and in this regard has elected to move on to Term 2 of the JV Agreement with an additional budget funding commitment of $2,463,000. This brings the total funding commitment up to $7,000,000.

### *i) Drilling Program (2020)*

Drill target areas identified at Lofdal for resource development are shown in Figure 3.

Drilling in 2020 focused on extending the mineral resource in Area 4 and confirming the resource potential in Area 2B. Reconnaissance drilling on the Northern Splay and Dolomite Hill targets did not return significant results for resource development.

Total drilling completed for the Term 1 program is summarized as follows:

| Area | Holes Drilled | Meters Drilled |
|---|---|---|
| Area 4 | 56 | 10,162 |
| Area 2B | 29 | 4,400 |
| Northern Splay | 10 | 1,276 |
| Dolomite Hill | 4 | 377 |
| **Total Drilling** | **99** | **16,215** |

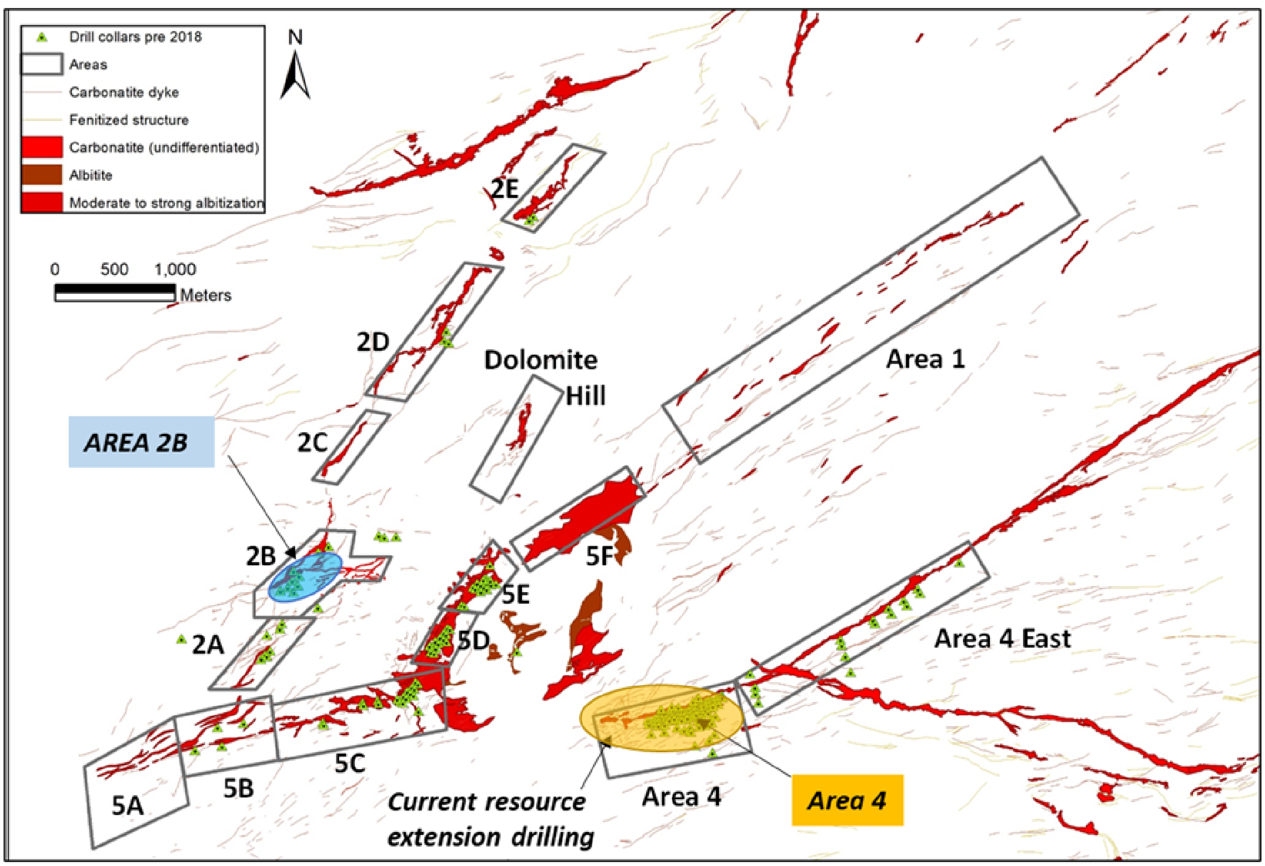



**Figure 3 -** *Drill target areas at Lofdal for resource development. In 2020-2021, focus was on Area 4. Area 2B is the first satellite deposit with resource drilling.*

### ii) Expansion of Mineral Resource at Area 4

Drill results in Area 4 have been consistent with expected grades and thickness as predicted from the resource model. Intercepts confirm that the highest grades of heavy rare earth mineralization occur in the central portion of the deposit. A number of significant intercepts have been noted in both the hanging wall ("HW") and foot wall ("FW") to the Main Zone which have contributed to the updated resource estimate (Table 2). Drilling at Area 4 has extended the strike length of the mineralized zone from 700 meters to 1,100 meters and to depths of 250-350 vertical meters (Figure 4).

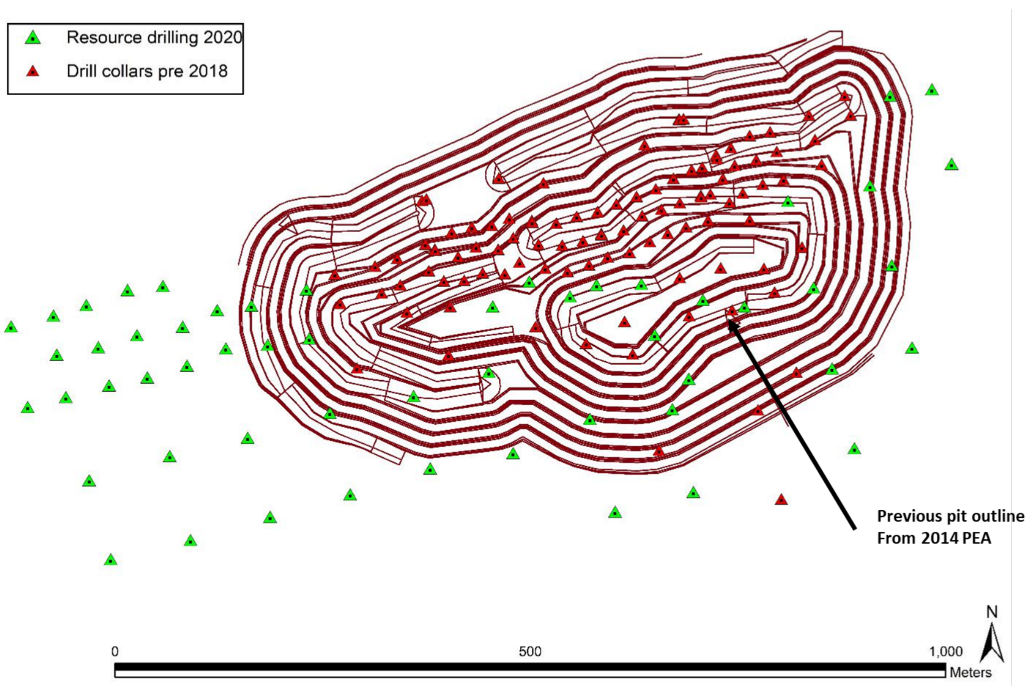



**Figure 4** –*Drill hole collars Area 4 deposit. 2020 drill collars shown in green and historic holes in red.*

### iii) Development of Area 2B as Satellite Deposit

JOGMEC provided additional funds to the Term 1 budget for drilling in Area 2B with the objective of confirming the potential to develop additional resources in satellite deposits at Lofdal. Area 2B is located three kilometers northwest of Area 4 and was first identified by trenching and reconnaissance drilling in 2011. Seventeen holes had been drilled in the area for a total of 2,133 meters, however no historic resource estimate was developed. An additional 4,400 meters of drilling has been completed in 29 holes leading to a maiden resource for this zone (Table 3). Mineralization at Area 2B is similar to Area 4 with two to three narrow HREE mineralized zones. Drilling at Area 2B has confirmed mineralization over a strike length of 600 meters to depths of 190 meters (Figure 5).

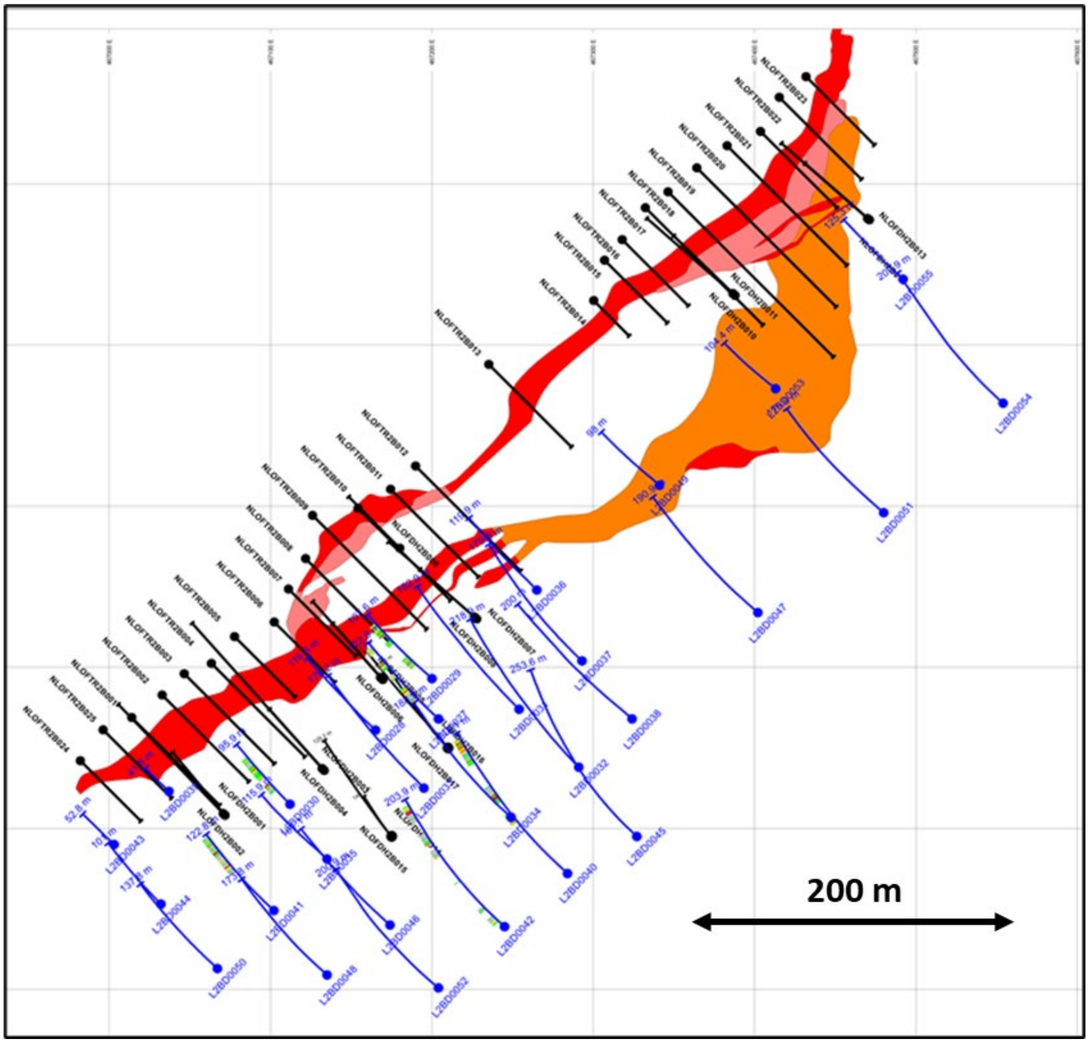



**Figure 5** –*Drill plan for Area 2B. 2020 drill holes in blue and historic drill holes and trenches in black*

### iv) Updated Mineral Resource

The MSA Group ("MSA") of South Africa was engaged to update the Lofdal resource which incorporated all the new drilling from Area 4 and Area 2B. As part of its due diligence process, MSA completed a site visit to review all technical aspects of the project including the Company's standard operating procedures and quality assurance quality control ("QAQC") programs. Considerable time was dedicated to vetting the geological model and continuity of the mineralization. Field operations follow strict company Standard Operating Procedures with regards to drilling practices, sampling procedures, security of transport and analytical procedures as per recommendations in the Canadian Institute of Mining, Metallurgy and Petroleum CIM's Best Practices Guidelines (2018), which includes strict internal QAQC procedures for the insertion of blanks, standards and duplicates. QAQC samples account for 10% of samples submitted in each batch. Sample preparation and analytical work for the drilling program is being provided by Activation

Laboratories Ltd. ("Actlabs" Windhoek, Namibia and Ancaster, Ontario). Actlabs is an ISO/IEC 17025 accredited laboratory.

The Mineral Resource estimate was based on geochemical analyses and density measurements of core samples obtained by diamond drilling undertaken by Namibia Rare Earths from 2010 to 2012, 2015 and by Namibia Critical Metals from 2020 to 2021.

A total of 172 drill holes have been drilled at Area 4, of which 13 were collared outside the defined Mineral Resource. In Area 2B, 46 drill holes were used to estimate the Mineral Resource.

| Lofdal Drilling Summary | | | | | | |
|---|---|---|---|---|---|---|
| | 2008 -2016 | | JOGMEC 2020 | | TOTAL PROJECT | |
| Area | Holes | Meters | Holes | Meters | Holes | Meters |
| 2 | 30 | 3398 | | | 30 | 3,398 |
| 2B | | | 29 | 4,400 | 29 | 4,400 |
| 4 Resource | 101 | 11,807 | 56 | 10,162 | 157 | 21,969 |
| 4 Metallurgy | 6 | 1,022 | | | 6 | 1,022 |
| 4 East | 9 | 827 | | | 9 | 827 |
| 5 | 57 | 5,595 | | | 57 | 5,595 |
| 6 | 24 | 4,495 | | | 24 | 4,495 |
| 7 | 1 | 239 | | | 1 | 239 |
| 8 | 7 | 1,021 | | | 7 | 1,021 |
| Northern Splay | | | 10 | 1,276 | 10 | 1,276 |
| Dolomite Hill | | | 4 | 377 | 4 | 377 |
| **Total Drilling** | **235** | **28,404** | **99** | **16,215** | **334** | **44,619** |

Half core samples of one-meter lengths intervals were taken for analysis. The bagged core samples were given a unique sample reference number and dispatched for preparation at Activation Labs (Actlabs) sample preparation facility in Windhoek. The core samples were crushed to 2 mm, split using a riffle splitter and pulverised to 105 µm. Pulverised sub-samples were homogenised in a stainless-steel riffle splitter and a 15 g sample and duplicate were drawn for analysis. The pulverised sample aliquots were shipped to the ISO/IEC 17025 accredited Actlabs analytical facility in Ancaster, Ontario, Canada. The REE's were assayed using lithium metaborate-tetraborate fusion and Inductively Coupled Plasma Mass Spectrometry (ICP-MS).

The samples were subjected to a quality assurance and control (QAQC) program consisting of the insertion of blank samples and certified reference materials at Lofdal and the preparation of a laboratory duplicate at the sample preparation facility in Windhoek. The primary laboratory assay values were confirmed by duplicate samples assayed by a second laboratory (ALS, North Vancouver, Canada). MSA was satisfied that the assay results are of sufficient accuracy and precision for use in Mineral Resource estimation.

A three-dimensional geological model of the REE mineralisation and weathering surface was constructed using the drill hole and trench data. A mineralised envelope was defined using a 10 ppm $Dy_2O_3$ threshold for Area 4 and 12 ppm $Dy_2O_3$ for Area 2B. The grades of the individual light rare earth oxides (LREO) and individual heavy rare earth oxides (HREO) were estimated using ordinary kriging into a block model for each deposit. Density was estimated using inverse distance weighting.

From the assumed parameters a 0.1% TREO cut-off grade was calculated, which together with the Whittle optimised pit shell demonstrates reasonable prospects for eventual economic extraction (RPEEE) for the Mineral Resource. The Mineral Resource is classified into the Measured, Indicated and Inferred categories and is reported at a cut-off grade of 0.1% TREO (TREO refers to Total Rare Earth Oxides including $Y_2O_3$). The independent resource for Area 4 and for Area 2B was estimated by MSA as follows:

Area 4 Mineral Resources Estimate for 0.1% TREO cut-off

| **Area 4 Mineral Resource Estimate above 0.1% TREO* cut-off grade** | | | | | | |
|---|---|---|---|---|---|---|
| **Category** | **Tonnes** | **TREO*** | **HREO**** | **LREO***** | **$Dy_2O_3$** | **TREO*** |
| | **(Mt)** | **%** | **%** | **%** | **ppm** | **(kt)** |
| Measured | 5.93 | 0.21 | 0.14 | 0.07 | 138 | 12.71 |
| Indicated | 36.63 | 0.16 | 0.08 | 0.08 | 82 | 59.97 |
| **Measured & Indicated** | **42.57** | **0.17** | **0.09** | **0.08** | **90** | **72.68** |
| Inferred | 6.09 | 0.17 | 0.07 | 0.09 | 72 | 10.12 |

*Notes (also apply to Area 2B resource statement):*
1. *All tabulated data have been rounded and as a result minor computational errors may occur.*
2. *Mineral Resources, which are not Mineral Reserves, have no demonstrated economic viability.*
3. *Quantities reported are the total quantities for the project regardless of ownership.*
4. **TREO = Total Rare Earth Oxides and includes $Y_2O_3$*
5. ***HREO = Heavy Rare Earth Oxides and includes $Y_2O_3$*
6. ****LREO = Light Rare Earth Oxides*
7. *Mt = Million tonnes, kt = Thousand tonnes.*

Area 2B Mineral Resources Estimate for 0.1% TREO cut-off

| **Area 2B Mineral Resource Estimate above 0.1% TREO* cut-off grade** | | | | | | |
|---|---|---|---|---|---|---|
| **Category** | **Tonnes** | **TREO*** | **HREO**** | **LREO***** | **$Dy_2O_3$** | **TREO*** |
| | **(Mt)** | **%** | **%** | **%** | **ppm** | **(kt)** |
| Indicated | 2.20 | 0.19 | 0.10 | 0.09 | 104 | 4.27 |
| Inferred | 2.58 | 0.19 | 0.09 | 0.09 | 92 | 4.80 |

**Figure 6:** Section through block model of central part of Area 4 displaying HREO block grades

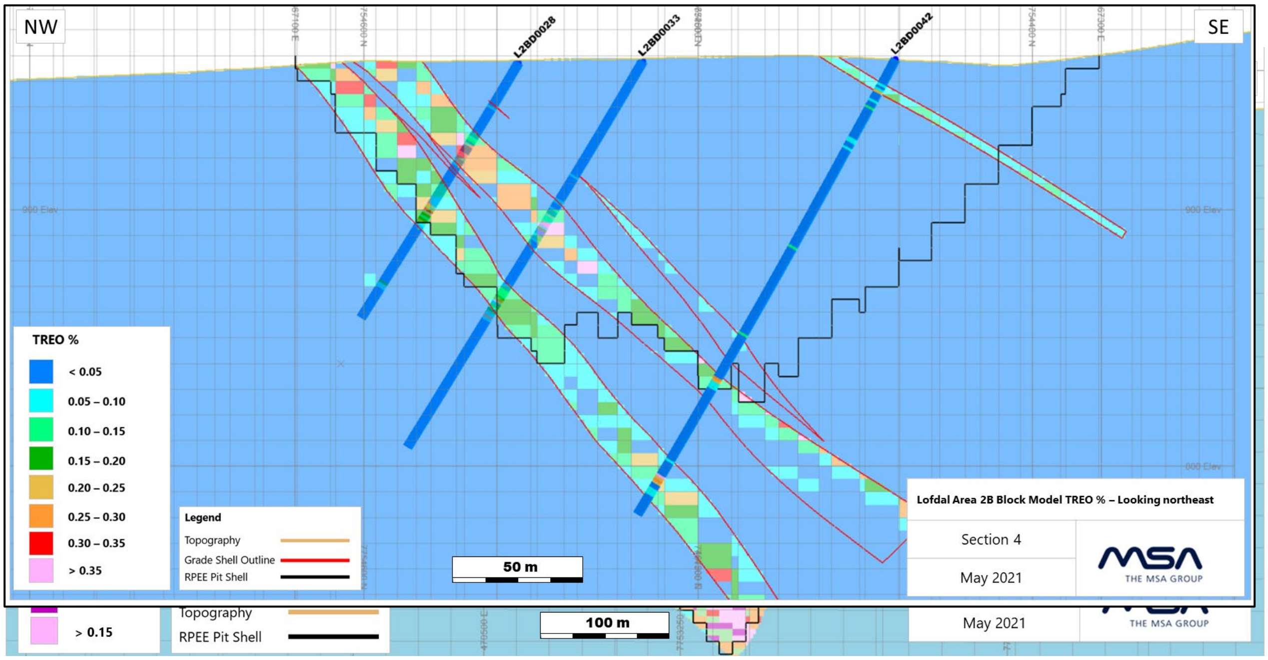



**Figure 7:** Section through block model of western part of Area 2B displaying TREO block grades

The Term 1 objective of the JOGMEC joint venture to double the mineral resource was far exceeded as highlighted in Table 4. Measured and Indicated Resources increased from 2.88 Mt @ 0.32% TREO to 44.76 Mt @ 0.17% TREO and Inferred Resources increased from 3.28 Mt @ 0.27% TREO to 8.67 Mt @ 0.17% TREO. Most significantly, the contained tonnages of the high value heavy rare earths dysprosium and terbium increased 6.1 times and 6.7 times, respectively (Table 5).

**Table 4:** Comparison of Lofdal Mineral Resource Estimates of 2012 and 2021

| Year of Mineral Resource Estimate | 2012 | 2012 | 2021 | 2021 |
|---|---|---|---|---|
| Cut-off grade | 0.1% TREO | 0.1% TREO | 0.1% TREO | 0.1% TREO |
| | Million tonnes (Mt) | Grade %TREO | Million tonnes (Mt) | Grade %TREO |
| Measured Resource Area 4 | 0 | - | 5.93 | 0.21 |
| Indicated Resource Area 4 | 2.88 | 0.32 | 36.63 | 0.16 |
| Indicated Resource Area 2B | 0 | - | 2.20 | 0.19 |
| **Total Measured & Indicated Resources** | **2.88** | 0.32 | **44.76** | **0.17** |
| Inferred Resource Area 4 | 3.28 | 0.27 | 6.09 | 0.17 |
| Inferred Resource Area 2B | 0 | - | 2.58 | 0.19 |
| **Total Inferred Resources** | **3.28** | 0.27 | **8.67** | **0.17** |

**Table 5:** Contained dysprosium oxide and terbium oxide in Mineral Resources of 2012 and 2021

| Year of Resource Estimate | 2014 | **2021** | 2014 | **2021** | 2014 | **2021** |
|---|---|---|---|---|---|---|
| | TREO | **TREO** | Dy2O3 | **Dy2O3** | Tb2O3 | **Tb2O3** |
| | tonnes | tonnes | tonnes | tonnes | tonnes | tonnes |
| Measured Resources | 0 | 12,710 | 0 | 820 | 0 | 120 |
| Indicated Resources | 9,234 | 59,970 | 664 | 3,240 | 93 | 500 |
| **Measured&Indicated** | **9,234** | **72,680** | **664** | **4,060** | **93** | **620** |
| Inferred Resources | 8,973 | 10,120 | 631 | 680 | 88 | 110 |

**Potential to Expand Resources at Lofdal**

There are a number of other rare earth occurrences on ML200 and EPL3400 (see Figure 2). Exploration drilling was carried out in Area 5 in 2011 but no resources have been estimated. Based on the company's recently refined geological model Area 5B-E and Area 2A-C are regarded as the exploration targets with the highest potential to add significant resources by limited drilling.

***v) Progress on Metallurgical Program***

**Ore Sorting**

X-Ray Fluorescence ("XRF") sorting tests have been completed by Rados International at their test facility in Pretoria, South Africa. Mineralization at Lofdal is amenable to XRF sorting by analyzing for yttrium which is directly proportional to the concentration of the heavy rare earth mineral xenotime. Detailed calibration tests were carried out using 500 individual rock particles from Area 4 to determine the relationship between concentrations of yttrium as determined from a handheld XRF analyzer and the Rados XRF analyzer. Data was used to develop a final algorithm that will determine the efficiency of the technology to eliminate waste from run-of-mine ("ROM") prior to milling and to further upgrade the ROM by sorting at specific cut-off grades. Tests were carried out on three separate size fractions from 20 mm to 150 mm to determine the optimum size fraction for sorting. Results indicate that XRF sorting technology can provide significant upgrades to the ROM.

X-Ray Transmission ("XRT") sorting tests have been completed by IMS Engineering at their test facility in Johannesburg, South Africa using a Steinert KSS LXT sorter which incorporates laser sensor technology with XRT. Mineralization at Lofdal is amenable to XRT sorting by detection of higher density minerals which host the xenotime mineralization (predominantly carbonate minerals calcite, ankerite and dolomite). Sorting tests were carried out on three separate size fractions from 10 mm to 80 mm to determine the optimum size fraction for sorting. Results indicate that XRT sorting technology can provide significant upgrades to the ROM. These results will be used to determine the efficiencies of the sorting technology and to select the optimum particle size range for sorting based on outcomes for mass balance, grade and recoveries.

Sorting test work has been completed on 8.6 tonnes prepared from the 18-tonne representative sample by Light Deep Earth ("LDE") in Pretoria and final ICP-MS analyses appropriate for rare earth element analyses (method code ME-MS81h with lithium meta-borate fusion) were carried out by ALS Minerals (sample preparation in Johannesburg and analyses in Vancouver). QAQC was monitored through internal laboratory standards, blanks and duplicates with the provision of refereed rare earth standards from Lofdal.

Grade, recovery and mass pull curves were established for both technologies. Outcomes for upgrading of dysprosium from all size fractions for both XRF and XRT tests, and grade recovery curves for one size fraction are shown in Figure 8.

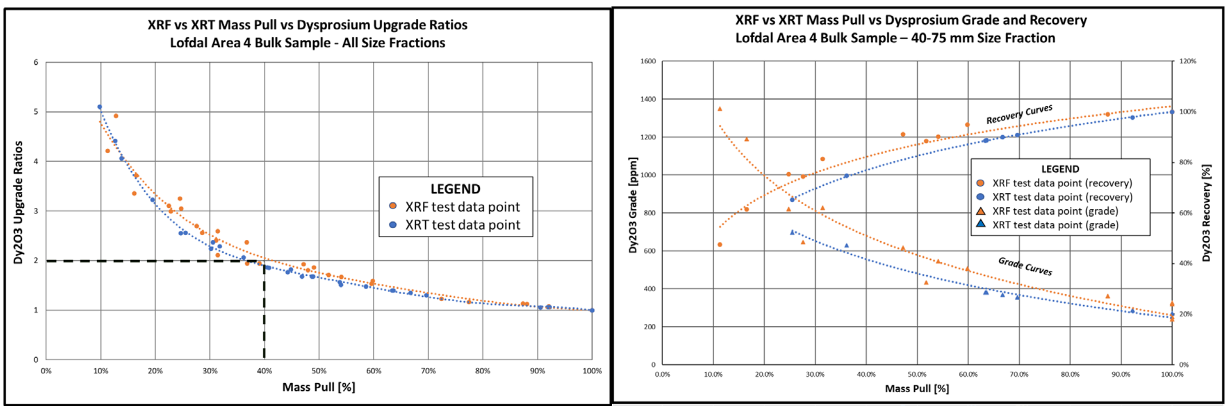



**Figure 8 –** *Mass pull vs dysprosium upgrade ratios on all size fractions (left) and mass pull vs dysprosium grade and dysprosium recovery for the 40-75 mm size fractions (right). Test results from Lofdal Area 4 bulk sample showing XRF (orange) and XRT (blue). Operator can pre-select desired upgrade or mass pull and determine recovery. Example shown by dashed black lines on left: if a mass pull of 40% was selected it would double the grade of dysprosium and reject 60% of the mass after sorting with a resulting dysprosium recovery of 85% using XRF and 78% using XRT.*

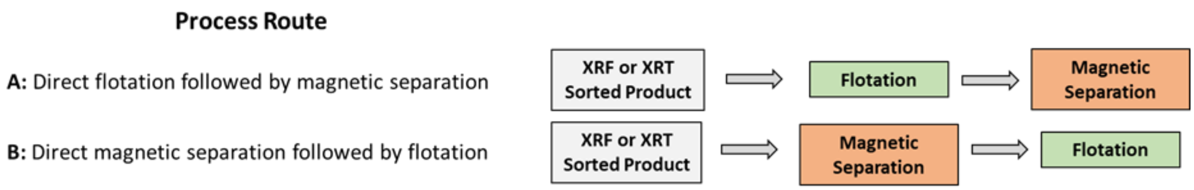
In addition to quantifying outcomes for upgrading of heavy rare earths the test work will also be evaluated for efficiencies in rejecting unwanted iron, calcium and silica. Scavenging tests on XRF discard products have demonstrated opportunities for further increased recoveries with minimal additional mass pulls. Sorted products from these bulk runs have been utilized to provide representative samples for next stage process steps – gravity, magnetic separation and flotation.

***Gravity, Magnetic Separation and Flotation***

Systematic evaluations of gravity separation technologies had been undertaken by Light Deep Earth using Rados XRF sorter product and fines. Test work has been completed to evaluate dense media separation on coarse size fractions between 1-10 mm, shaking table separation on size fractions between 0.05-1.0 mm and multi gravity separation on size fractions between <0.05–0.1 mm.

Previous metallurgical test work at Lofdal had demonstrated the amenability to magnetic separation using wet high intensity magnetic separation ("WHIMS") equipment and it is expected that magnetic separation will be maintained as an important processing step in beneficiation during the current test work by SGS.

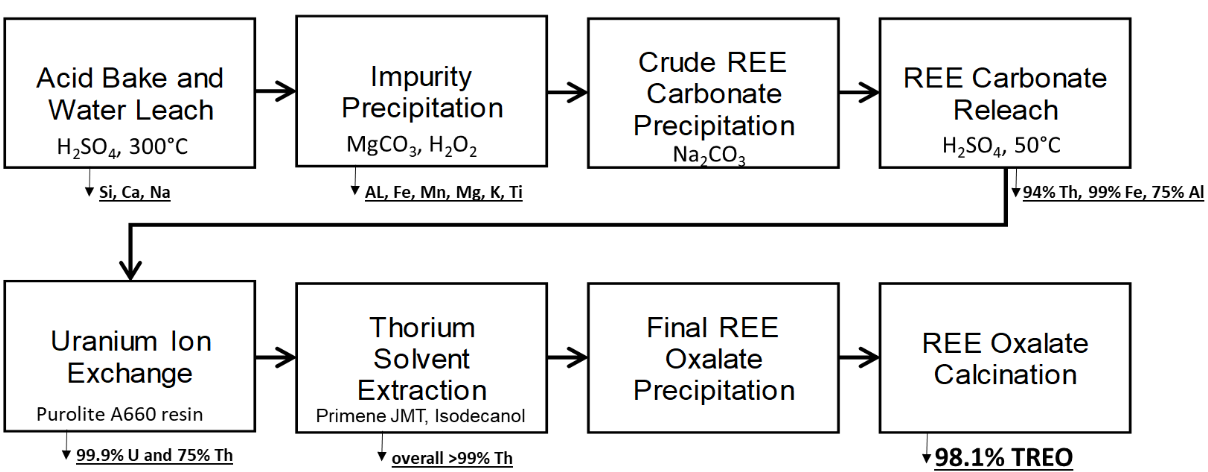
Flotation is the key step in beneficiation and is being undertaken by SGS (Canada) in conjunction with additional WHIMS test work. SGS has extensive experience in mineral processing of a number of rare earth deposits. The test program compares upgrades and recoveries of XRF and XRT products through direct flotation followed by magnetic separation, and through direct magnetic separation followed by flotation as shown below:




Flotation test work is still ongoing with several flotation setting such as reagent type, reagent concentration, temperature and pH are being optimized by SGS Canada and UVR Freiberg.

***Hydrometallurgy***

The Company has successfully completed hydrometallurgical test work to develop a flowsheet capable of producing a high-grade rare-earth oxide product from a xenotime flotation concentrate. The Company's lead metallurgical consultants at SGS Minerals Services Canada (SGS) have simplified the final process stage with an acid bake to crack the mineral xenotime, to purify the pregnant leach solution and to precipitate a rare earth oxalate, which is subsequently calcined to form a product containing >98% total rare earth oxides (TREO). The acid bake process and concurrent removal of impurities is highly efficient and resulted in a 95% recovery of Dysprosium and Terbium in the leaching operation of the processing flow sheet. The high-quality product is practically free of typical deleterious elements like thorium and uranium (<3 ppm combined U+Th).



***Development of a starter pit at Area 4 for bulk sample extraction***

Hard rock blasting was subcontracted to the international specialist group Bulk Mining Explosives (BME) to develop a starter pit in the central part of the Area 4 deposit (Figure 3). A box cut of 60 m x 20 m and to 15 m depth was excavated and 30,000 t of material stockpiled with 7,000 t from 12 to 15 m depth regarded as fresh material for the production of the blended sample for further test work. A 550 t blended ore sample was produced with a TREO grade of approximately 0.18% TREO which is expected to represent a typical run-of-mine below oxidation level of the entire Lofdal deposit.

Bulk samples were sent to TOMRA (Hamburg, Germany) and Rados (Johannesburg, South Africa) for sorting tests. Further, samples went to Geolabs (South Africa) for geotechnical tests.

***Expenditures***

During the year ended November 30, 2021, the Company received $2,796,545 (2020 - $3,303,455) from JOGMEC for exploration expenditures on the Lofdal property. As of November 30, 2021, $5,263,368 (2020 - $2,689,670) in exploration expenditures have been incurred. The Company has recorded $836,632 (2020 - $613,785) as a liability for advances received for future exploration work.

The joint venture expenditures for the period ended November 30, 2021 are summarized in the following table:

| | **November 30, 2020 $** | **Acquisitions and Expenditures $** | **November 30, 2021 $** |
|---|---|---|---|
| Project Management | 81,756 | 117,974 | **199,730** |
| Geology, Drilling, Sample Analysis | 2,132,324 | 1,134,328 | **3,266,652** |
| 43-101 Resource and Mine Model Update | 63,394 | 443,021 | **506,415** |
| Metallurgy | 255,381 | 618,709 | **874,090** |
| Operator's Fee | 139,374 | 149,484 | **288,858** |
| Mine planning | - | 95,545 | **95,545** |
| Other | 17,441 | 14,637 | **32,078** |
| | 2,689,670 | 2,573,698 | **5,263,368** |

As part of the agreement with JOGMEC, the Company is entitled to an operator fee of 10% of the direct costs incurred, which is limited to 5% for any contracts requiring aggregate payments of more than $100,000. The Company first recognized the operator fees against evaluation and exploration expenditures, as cost recoveries, and recognized the excess as other income in the consolidated statement of loss and comprehensive loss. The portion of the operator fee recognized as income during the year November 30, 2021 amounted to $nil (2020 – $52,741).

### Other Lofdal Expenditures

For the year ended November 30, 2021, the Company incurred $422,558 (2020 – $nil) in exploration and evaluation expenditures on the Lofdal property that were in addition to the joint venture with JOGMEC.

## Other Exploration Activities of Namibia Critical Metals

### *Kunene Cobalt-Copper Project*

The Company relinquished its portfolio of EPLs comprising the Kunene project after results of an ambitious, staged exploration program did not return the expected results. Following a program of re-analysis of archived soil samples for cobalt, the historic soil geochemical anomalies have been confirmed in detail (Figure 9) and field teams had systematically mapped these areas in conjunction with an airborne electromagnetic ("EM") geophysical survey which was completed in August 2018.

The Company completed an additional RC drill program by March 2021. Drilling targeted untested EM anomalies of the 2018 SkyTEM survey and entailed a total of 715 m in 4 boreholes. 2 boreholes targeted the "Africa Anomaly" at Okanihova East, one hole was drilled under the Malachite Mountain target and one hole was drilled at Olulilwa SW target. The first 3 holes intercepted sulphide mineralised shales and siltstones over several tens of meters. However, indicative analysis of the drill chips with a Niton hand-held XRF analyser revealed typical copper grades between 500 and 2,000 ppm and never exceeding 3,000 ppm. As those grades are clearly sub-economic, samples were not sent for laboratory analysis and the targets regarded as sterilised.

## Kunene Cobalt-Copper Expenditures

For the year ended November 30, 2021, the Company incurred $112,112 (2020 – $53,345) in exploration and evaluation expenditures on the Kunene property which were focused on geological mapping and oil sampling. The Company recorded a write down in 2021 of $4,165,252 in relation to non-core EPL3825, EPL4136, EPL4347, EPL5601, EPL5773 and EPL6903.

For 2022, minimal expenditures are planned. The Company is investigating potential divestiture opportunities of certain subsidiaries.

### *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 and uranium (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 $Ta_2O_5$, 1,300 ppm $Nb_2O_5$ and 2.4% $P_2O_5$ (Figure 10). Initial sorting tests (XRT) indicate the potential for significant physical upgrading. Planned work will focus on improving grade by optimizing XRT sorting and investigating amenability to XRF sorting. There is potential to delineate a substantial open pit resource by further exploration, both by extending known mineralized zones along strike and vertically.

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

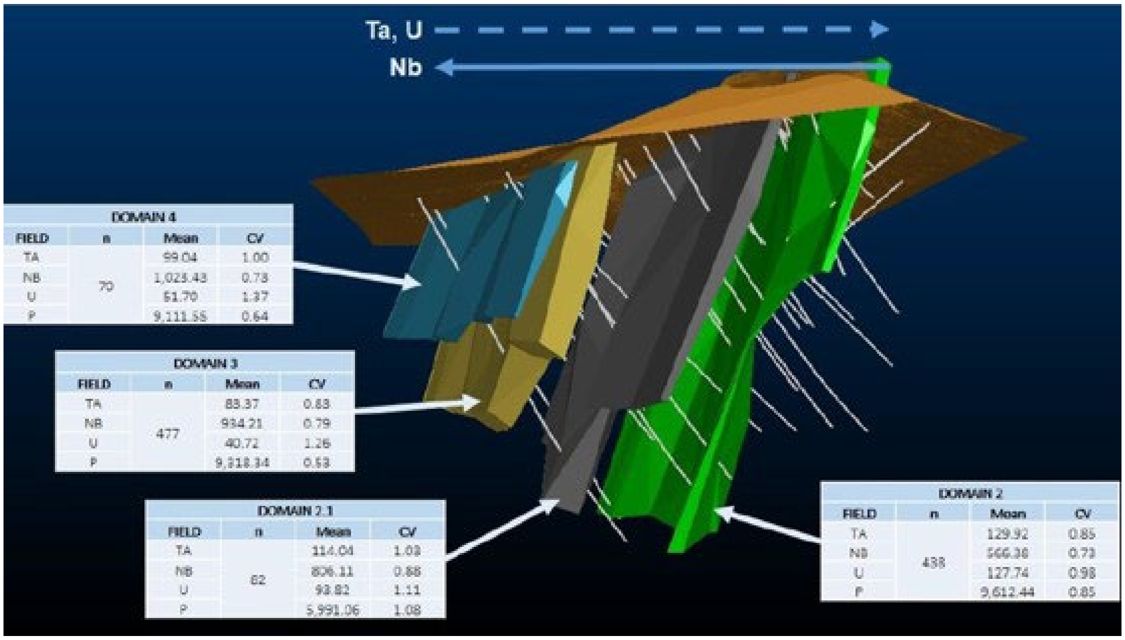



**Figure 10 –** *Modeled mineralized zones at Epembe from historic drilling*

### Epembe Expenditures

During the year ended November 30, 2021, the Company incurred $26,428 (2020 – $9,364) in exploration and evaluation expenditures on the Epembe property. The Company recorded a write down in 2021 of $523,029 in relation to MRDL3299.

The Epembe Project has been deemed a non-core asset and the Company is engaged in negotiations for a sale of this project to a third party.

### *Gold Project Portfolio*

Three of the Company's projects are situated within the Central Namibian Gold Belt (Figure 11) – namely Erongo, Grootfontein and Otjitasu. Management has focused its exploration attention on the unfolding events pertaining to new gold discoveries in Namibia spearheaded by the success of Osino Resources discovery at Twin Hills. To date, the Company has directed limited funds for the exploration of these properties, and it is recommended that priority now be given to regional gold exploration on these EPLs which cover just over 2,000 km$^2$ in this emerging gold belt.

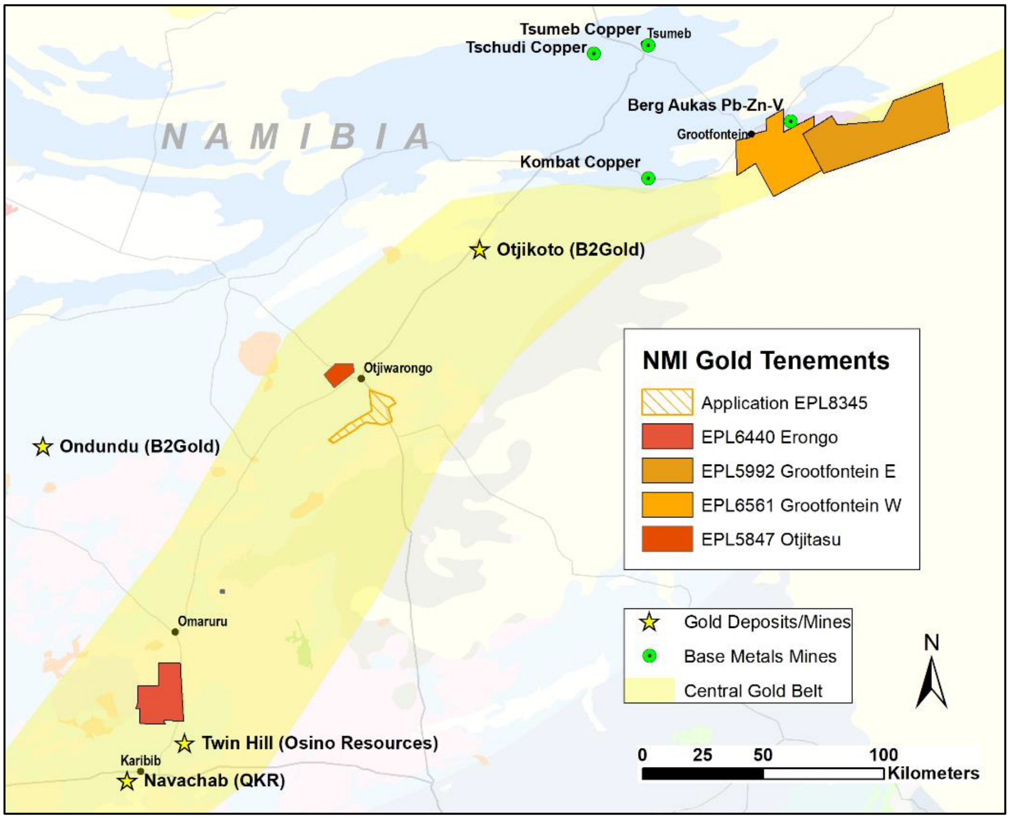



**Figure 11** – *Project areas in the Central Namibian Gold Belt*

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

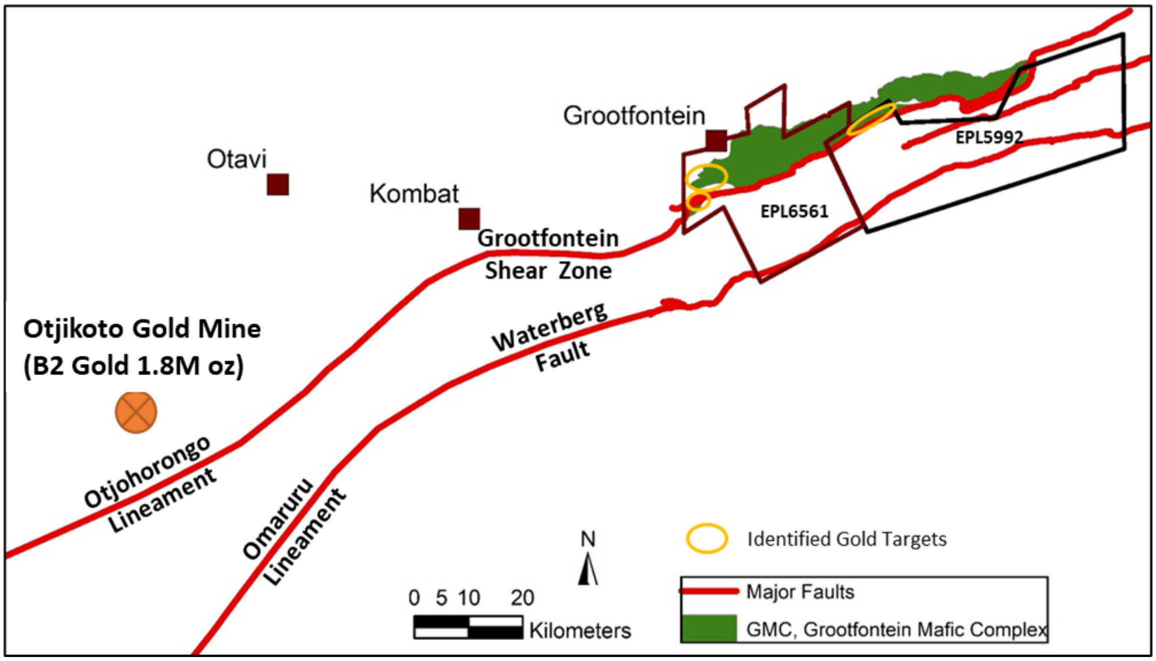
Grootfontein is an early-stage conceptual target based on geophysical and historical evidence for a large buried mafic-ultramafic intrusive complex. It is a poorly explored geological complex due to the extensive coverage with Kalahari sands and calcrete.

Based on historic drill holes and airborne magnetic survey interpretations, Grootfontein constitutes a huge mafic complex covering 360 km$^2$ with the potential to host magmatic nickel, copper, vanadium, platinum group elements and chromite mineralisation as cumulates or late magmatic disseminations and stockworks. Previous work demonstrated that the main intrusive phases are depleted in nickel and copper. The metals were likely fractionated as sulphides during the intrusive phase, gravitationally accumulated in the magma and intruded in the adjacent, pre-existing rocks. As in other mafic hosted copper-nickel deposits such as Norilsk and Voisey's Bay, sulphidization by scavenging of sulphur from country rocks and tectono-magmatic concentration of the sulphide-rich melts are the key for the formation of this type of magmatic copper nickel deposits. Only two shallow drill fences (total of 1,386 m) were drilled by Anglo American in 1988 leaving 55 km of strike length untested.

There is also potential for zinc-lead-vanadium Mississippi Valley-type mineralization similar to the Berg Aukas deposit bordering the mafic complex, which according to historical records, produced 1.6 Mt of ore grading 16.77% Zn, 4.04% Pb and 0.93% $V_2O_5$ during the period 1967-1975.

The Grootfontein project area comprises two EPLs covering 1,392 km$^2$ located 80 kilometers northeast of B2 Gold's Otjikoto Gold Mine and 20 kilometers northeast of Osino Resources' Otjikoto East Project.

***Figure 12** - Location of the Grootfontein EPLs and relationship to major structures within the Central*




*Namibian Gold Belt*

The geology of the property is dominated by the Grootfontein Mafic Complex ("GMC"). Grootfontein lies at the northeastern extremity of the Central Namibian Gold Belt where the Grootfontein Shear Zone ("GSZ") transects the GMC and is bounded to the south by the Waterberg Fault (Figure 12). Gold anomalies identified to date at Grootfontein occur within the mafic rocks of the GMC itself and in basement and Damaran Supergroup rocks in proximity to the Grootfontein Shear Zone. The project area has extensive alluvial and calcrete cover up to 60 meters in thickness.

A structural interpretation of the entire project area provided a detailed analysis of the area delineating the Grootfontein Shear Zone and associated second and third order structures considered favourable for gold mineralization.

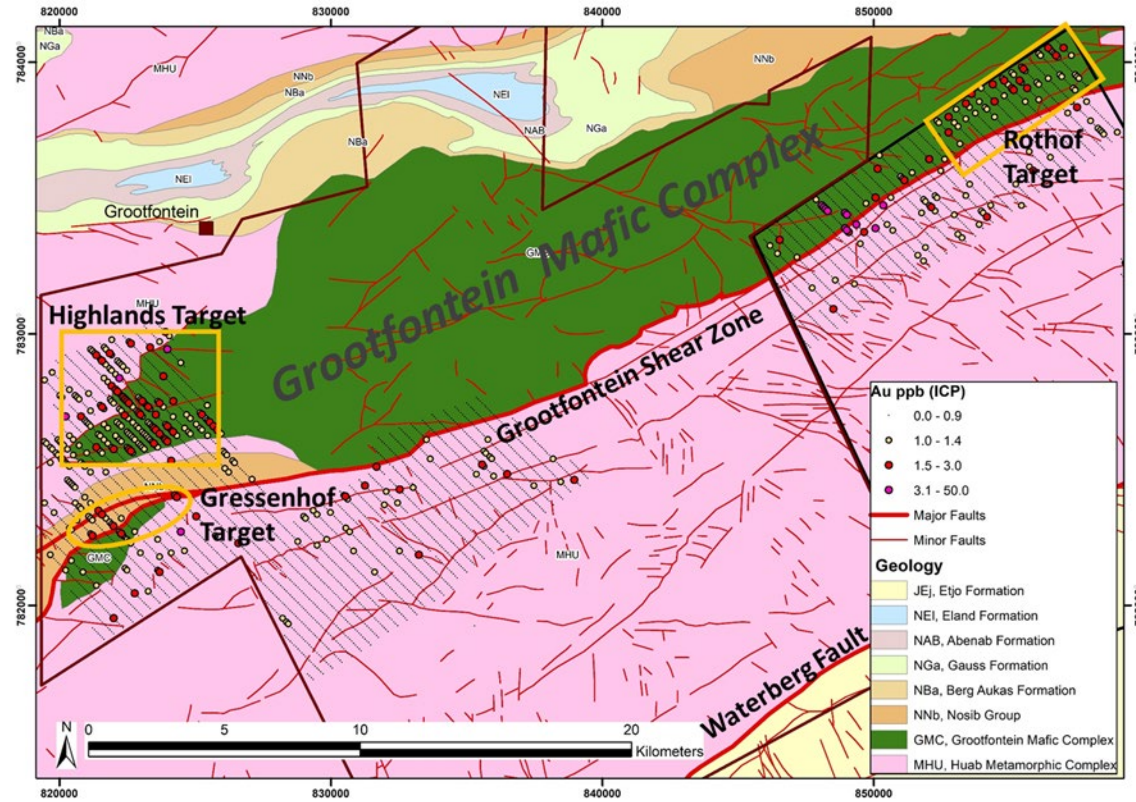



**Figure 13 -** *Key gold exploration targets at the Grootfontein Project (low detection limit gold ICP analyses of soils). Sampling lines 400 m apart. Structural and lithological interpretations by Earthmaps Consulting.*

Results have outlined three large, low-grade gold anomalies of gold related to the GSZ as shown in Figure 13:

- The Highlands Target covers an area of 25 km$^2$ situated 2.5 km north of the Grootfontein Shear Zone. Gold anomalies are associated with second order structures over strike lengths up to 6 kilometers within the Grootfontein Mafic Complex (GMC) and following the contact zone of the GMC and the Huab basement. Orogenic gold deposits in sheared mafic intrusive rocks are well documented and this represents the first such target in the Central Namibian Gold Belt
- The Gressenhof Target is coincident with the Grootfontein Shear Zone over a strike length of 3 kilometers and is underlain by metasediments of the Damaran Supergroup
- The Rothof Target is a well-defined, linear corridor following second order structures over a strike length of 6 kilometers, immediately north of the Grootfontein Shear Zone within the GMC.

Follow-up of the three targets has commenced with UAV-borne high-resolution magnetic surveys (and induced polarization geophysical surveys to delineate drill targets. The data show clearly defined structural zones which were 3D-modelled for drill target generation (Figure 17).

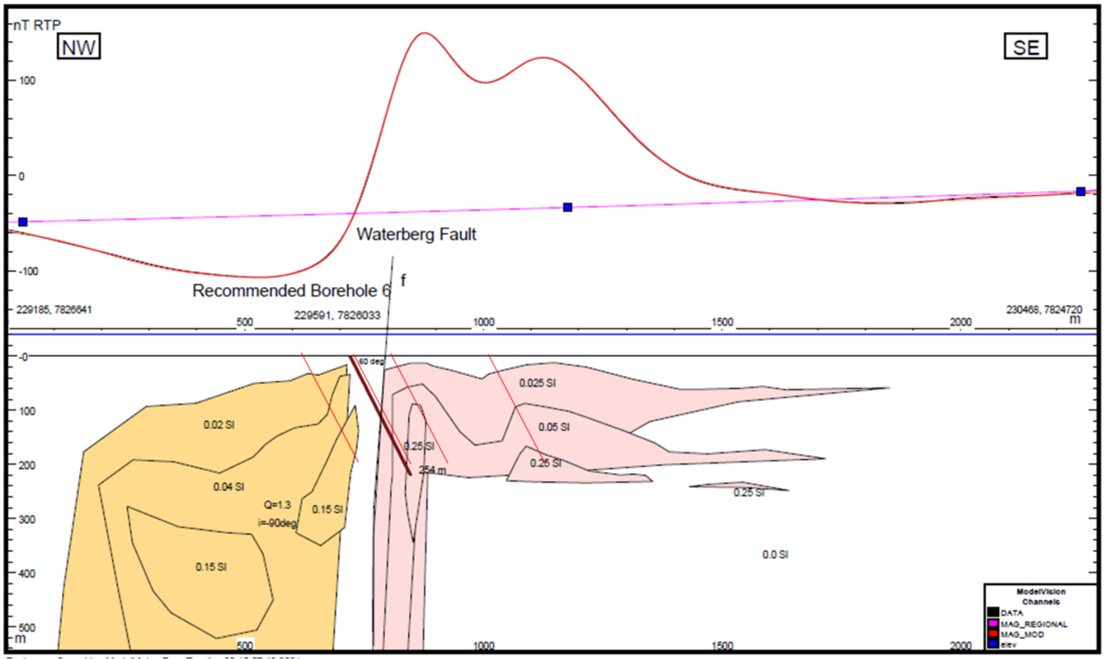



**Figure 14**: Interpretation of magnetic data produced by an ultra-high-resolution UAV-based survey at the Waterberg Fault Target: A drill fence of 4 boreholes is planned for drilling in the next quarter to test the magnetic anomalies.

The IP data from the first test area of the Rothof target show chargeability contrasts along the Grootfontein Shear Zone and its subparallel second order structures (Figure 18). Based on detailed data interpretation, drill targets will be defined in the next quarter.

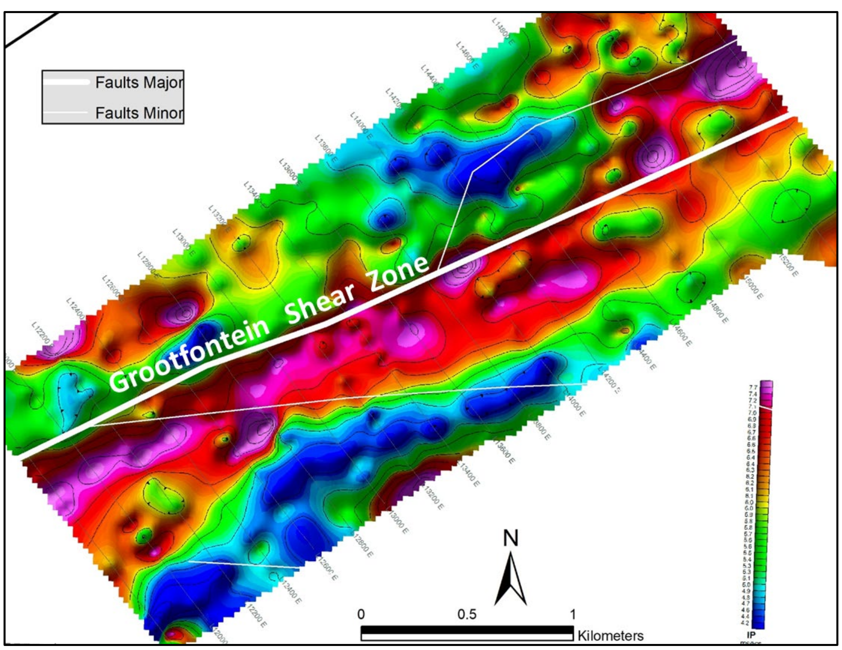



**Figure 15**: Result of the IP survey area at the Rothof Target: The Grootfontein Shear Zone is clearly marked with a zone of higher chargeability.

The planned SkyTEM EM survey over large parts of the Grootfontein Project had to be cancelled as the Namibian Air Force extended the "no-fly" zone from 5 to 10 nautical miles around the Grootfontein Air Base centrally located on EPL 6561. All communication of the Company and SkyTEM with the Ministry of Defense was to no avail and SkyTEM demobilised from Namibia. This was a major setback for exploration of the Grootfontein Project as most of the potentially gold mineralised structures fell into the newly declared "no-fly" zone. The planned airborne survey will now have to be off-set with time intense ground EM surveys.

In order to comply with the technical exploration commitment towards the Ministry of Mines and Energy, the Company decided to go ahead with stratigraphic and reconnaissance drilling on inferred structural targets delineated based on broad magnetic and electromagnetic anomalies (see Press Release July 28, 2021). 24 reverse circulation (RC) drill holes of a total of 4,466 m were drilled in Q3-4 2021. The holes on the Eastern Bend target showed an anomalous gold value of 71 ppb over 1 metre possibly and several low-grade base metal intercepts. The gold anomaly underlines the principle fertility of the structural zones for gold mineralisation but also points to the missing targeting precision without guiding conductivity anomalies produced by EM surveys. The holes in the west on Highland target returned weak base metal anomalies. The drilling and geophysical data will be re-evaluated.

Sampling and sample assaying of the RC reconnaissance campaign at Grootfontein have been monitored through a quality assurance quality control ("QAQC") program. Samples were taken as 2 kg split. Sample submissions to the laboratory included Certified Reference Material, blanks and duplicate samples. QAQC samples make up 10% of all samples submitted. Logging and sampling were completed at the Company's exploration base in Grootfontein, Namibia. The samples were securely transported to the Activation Laboratories Ltd. sample prep facility in Windhoek, Namibia. The samples were dried and crushed to 95% <2 mm, split to 350 g and pulverized to 95% <75 µm. Sample pulps were sent to Activation Laboratories Ltd. in Ontario, Canada for analysis. Gold & PGEs analysis was done by 50 g fire assay (Actlabs code: 1C-Exploration) with nitric acid fusion and ICP-MS finish. In addition, pulps underwent 4-Acid digestion and multi-element analysis by INAA combined with the ICP-MS techniques for base metal analysis.

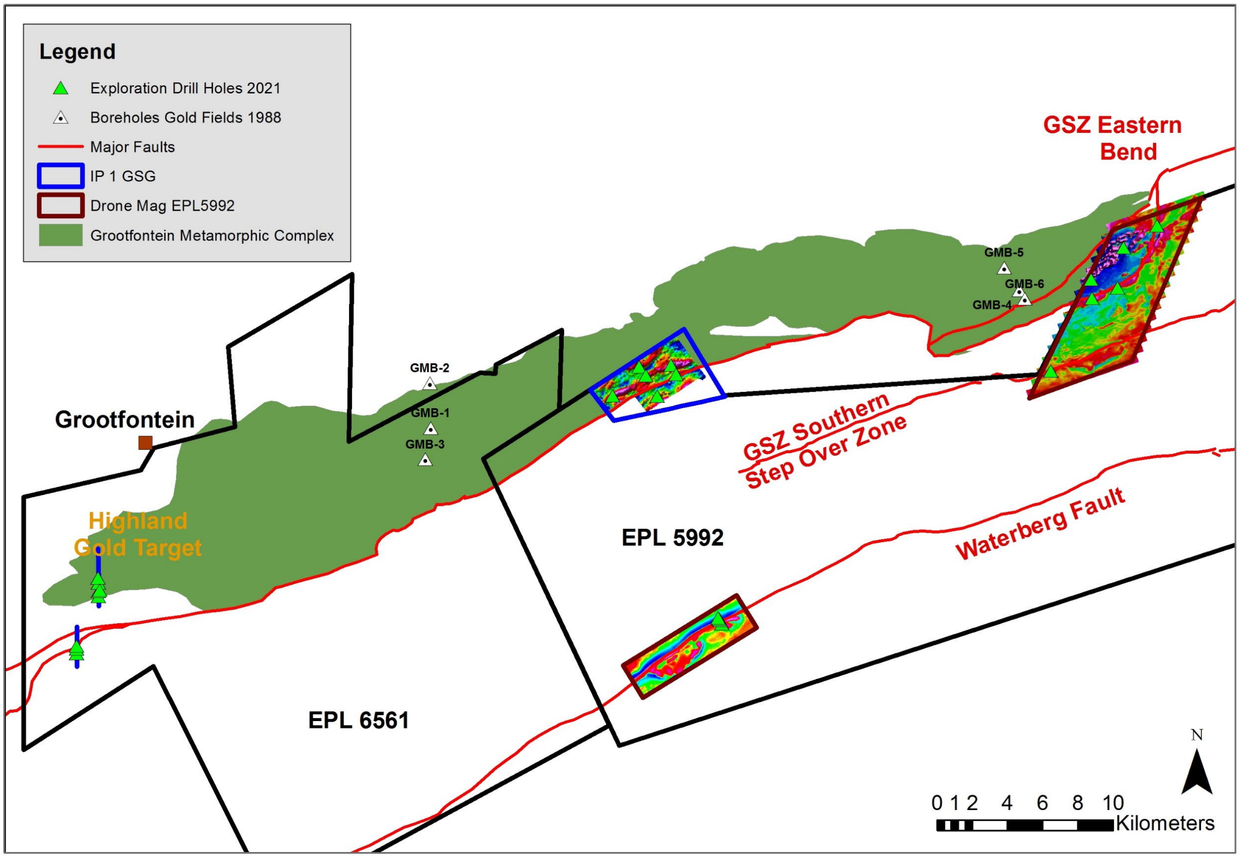



**Figure 16:** Grootfontein Project with main structures of the Grootfontein Shear Zone (GSZ), drill collar positions of the 2021 reconnaissance drilling program and the key target areas.

Due to the restrictions on air-borne surveys, the Company plans to enroll an extended ground-based IP program over the identified main structural targets with a focus on the "Eastern Bend" target.

A budget of $200,000 has been proposed for this purpose.

**Kunene Gold Expenditures**

For the year ended November 30, 2021, the Company incurred $778,626 (2020 – $144,266) in exploration and evaluation expenditures on the Kunene Gold property.

### *Otjitasu Gold Project*

Otjitasu (formerly referred to as 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. Initial interest in area was focused on a circular magnetic anomaly measuring one kilometer in diameter that was interpreted as possible alkaline intrusive plug. Soil sampling and field investigations did not support this interpretation and focus has now returned to the gold potential on the project area. As was noted for Grootfontein, there is potential on Otjitasu for Otjikoto type gold mineralization associated with magnetic anomalies and structures. Two of these structures are planned to drill with 200 m deep RC boreholes in Q1 2022.

### *Erongo Gold Project*

The Erongo gold project originally covered an area of 337 km$^2$ within the Navachab-Ondundu gold trend. There are numerous mineral occurrences within the project area including at least two gold occurrences. The area has been prospected but not systematically explored. Potential targets include skarn and greisen gold-(copper-bismuth) and tin-tungsten mineralization; pegmatites formed during the late Damaran orogeny hosting lithium and titanium 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.

Namibia Critical Metals holds at Erongo ground underlain by the same stratigraphic sequence as occurs at Osino's Twin Hills project and the Company has therefore assigned priority to its non-Lofdal exploration program over this area.

The Erongo Project is largely underlain by metasediments of the Damaran Supergroup dominated by a turbiditic sequence of metapelites of the Kuiseb Formation and syntectonic granites of the Damaran Orogen. The Kuiseb Formation hosts the Twin Hills gold project of Osino Resources just 20 km south of the Erongo Project. A structural interpretation of the entire project area by Earthmaps Consulting delineated the Omaruru Fault Zone and the Kanona Fault Zone, both of which are considered prospective for structurally controlled orogenic gold mineralization. Over 8,000 soil samples have been collected and analyzed by handheld XRF for base metals and gold pathfinder elements like arsenic (Figure 17). 1,300 samples were sent for low level detection limit gold analyses and returned three distinct gold anomalies coinciding with arsenic anomalies and associated with the Kanona Fault (Figure 17):

- **The Kanona North Target** has a strike length of **4 kilometers** which clearly follows a lower order structure splaying off the main Kanona Fault. This target is defined by the most intense arsenic anomaly in the area coinciding with a low-level gold anomaly and occurs within the Kuiseb Formation and syntectonic leucogranites (orthogneisses)

- **The Kanona Central Target** is similarly situated along the Kanona Fault over a strike length of **6 kilometers** but displays a broader, less confined arsenic anomaly within the Kuiseb Formation and syntectonic leucogranites

- **The Kanona East Target** is a northeast trending linear anomaly with a strike length of **2.5 kilometers** coincident with an interpreted dyke swarm cross-cutting the Karibib Formation into Salem granite.

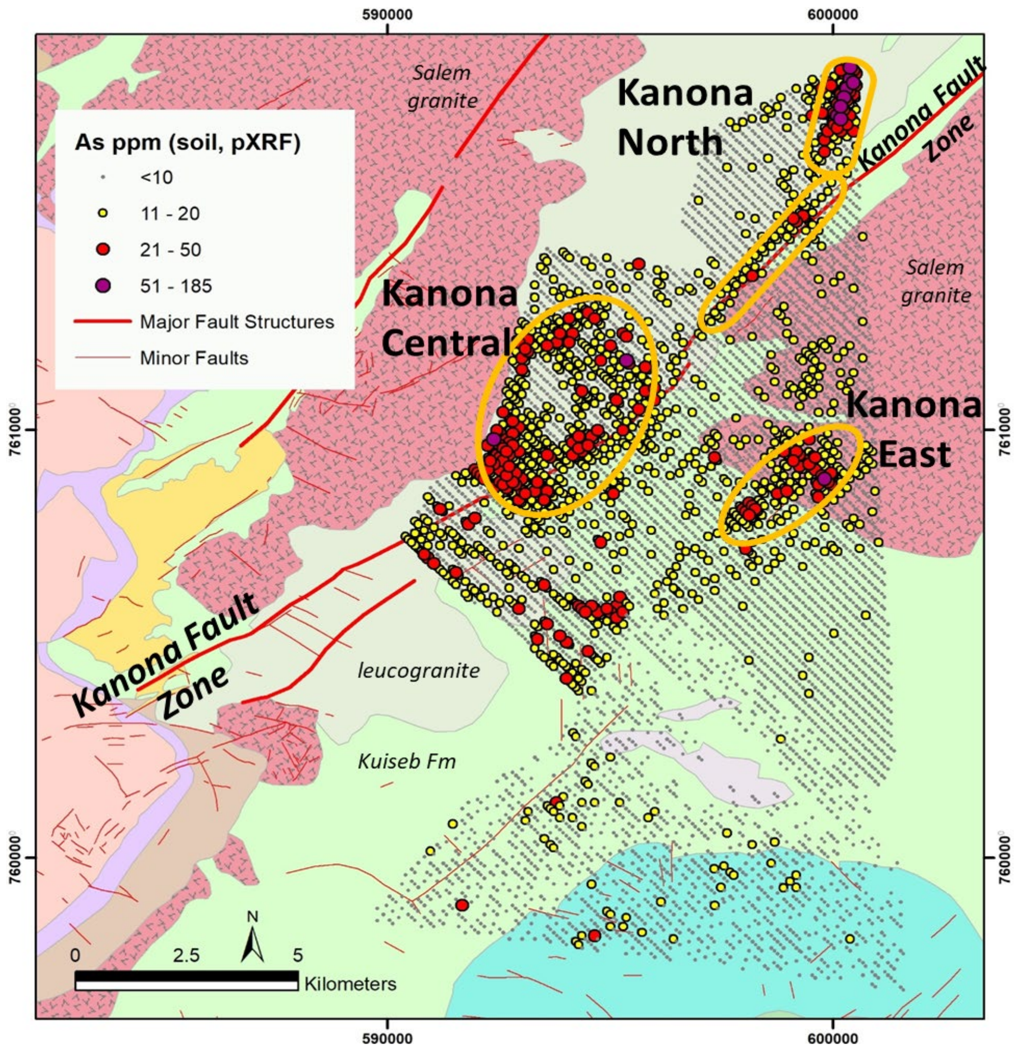



**Figure 17 -** Key gold exploration targets at the Erongo Project (arsenic anomalies from handheld XRF analyses of soils). Sampling lines 200 m apart.

The central 1.5 km long Kanona North Target was prioritised for ground geophysical surveys. Combined ground magnetics, gradient array induced polarization, and pole-dipole induced polarization surveys were conducted by Gregory Symons Geophysics (GSG) in December 2021 to identify drill targets and to develop an efficient combination of survey tools and set-ups for further ground geophysics in the area. A total of 57 line kilometers of ground magnetics was surveyed over the target. One setup of gradient array induced polarization (GAIP) with 12 lines and 7 lines of pole-dipole induced polarization (PDIP) were surveyed.

The strongest IP anomaly based on GAIP and PDIP data occurs in the southeast ("Anomaly 1"). A slightly weaker and shallower IP "Anomaly 2" appears to the west and northwest. IP Anomaly 1 correlates with a strong magnetic anomaly, showing a divergence to the north. Based on the EM, magnetic and mapping data, the host structure is interpreted as a fold zone along the Kanona North second order fault, a structural setting generally conducive for structurally controlled gold mineralisation.

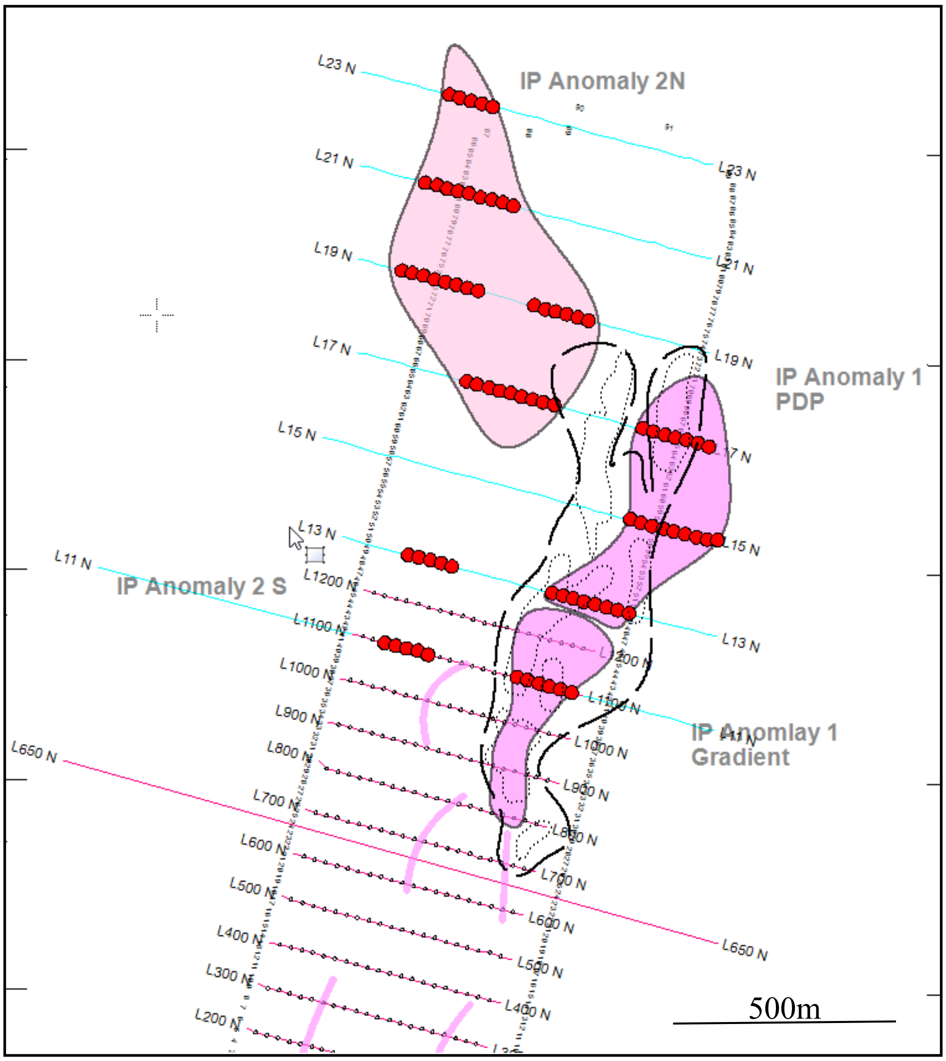



**Figure 18:** Plan with the interpretation of geophysical data at Kanona North target. Pink polygons show the position of the IP Anomalies 1 (east) and 2 (northwest). The red dots are the positions of the IP anomalies as taken off the PDP modelled IP sections. Pink lines are weaker trends in the gradient array IP. The stippled line is an area of a broad magnetic anomaly defined by the RTP magnetic image while the dotted lines indicate magnetic units based on the RTP-TDR image.

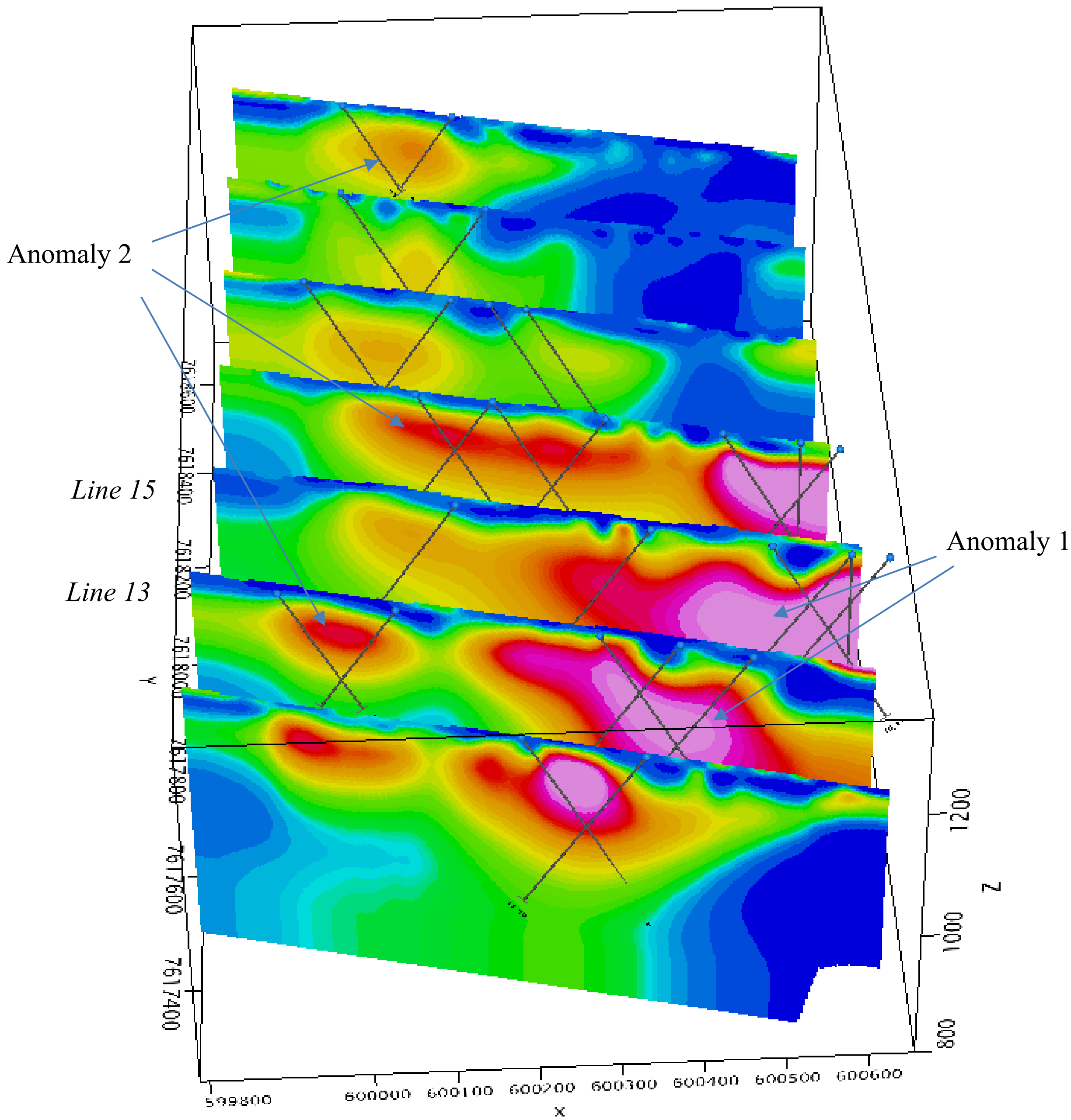



**Figure 19**: Reconnaissance drill plan (black lines) on 3D perspective showing the PDP IP response from Line 11 in the South to Line 21 in the north. Anomaly 1 in the east is well defined. Anomaly 2, to the west, is distinctly weaker and shallower.

Based on the geophysical targets an initial drill program of 14 RC holes for a total of 3,700 m is planned. Ground preparation is in progress.

A budget of $350,000 has been proposed for this project that includes ground IP surveys and approximately 3,400m drilling.

**Other Property Expenditures**
For the period ended November 30, 2021, the Company incurred $45,509 (2020 – $116,506) in exploration and evaluation expenditures on its other properties. The Company recorded a write down of $59,671 in relation to EPL6903.

## Results of Operations

*Years ended November 30, 2021 and 2020*

For the year ended November 30, 2021, the Company capitalized acquisition and exploration costs of $1,385,233 (2020 – $323,481) related to expenditures on the following properties: Lofdal Rare Earths Project - $422,558 (2020 – $nil); Kunene Cobalt-Copper Project - $112,112 (2020 – $53,345); Kunene Gold Project - $778,626 (2020 – $144,266), Epembe Tantalum-Niobium Project - $26,428 (2020 – $9,364) and Other Properties - $45,509 (2020 – $116,506).

For the year ended November 30, 2021, the Company reported a net loss of ($5,473,973) compared to ($1,408,656) for the prior year.

Expenses were $5,493,177 for the year compared to $1,559,869 for 2020, primarily due to the following:

Write-down of exploration and evaluation assets increased to $4,747,952 compared to $107,656 in 2020;

Shareholder communications increased to $249,750 compared to $36,546 in 2020;

Share-based payments decreased to $56,700 compared to $1,018,000 in 2020;

Foreign currency exchange was a loss of $34,817 compared to gain of $65,833 in 2020; and

Consulting fees decreased to $97,619 compared to $182,661 in 2020.

Other income and interest income decreased to $19,204 from $151,213 in 2020 due to a one-off gain on debt settlement of $75,421 and excess operator fees of $52,898 in 2020.

***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 2021 | Aug. 31 2021 | May 31 2021 | Feb. 28 2021 | Nov. 30 2020 | Aug. 31 2020 | May 31 2020 | Feb. 29 2020 |
|---|---|---|---|---|---|---|---|---|
| | | | | $ | $ | $ | $ | $ |
| Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | 4,836,968 | 182,608 | 308,304 | 165,297 | 1,101,706 | 93,445 | 125,961 | 131,101 |
| Interest/Other income | (992) | (858) | 47,155 | (64,509) | (53,289) | (108) | (4,642) | (753) |
| Gain on debt settlement | Nil | Nil | Nil | Nil | Nil | (75,421) | Nil | Nil |
| Net loss | 4,835,976 | 181,750 | 355,459 | 100,788 | 1,031,417 | 125,572 | 121,319 | 130,348 |
| Net loss attributable to shareholders | 4,705,508 | 181,098 | 354,795 | 100,728 | 1,031,072 | 125,979 | 121,052 | 130,017 |
| Net loss (gain) attributable to non-controlling interest | 130,468 | 652 | 664 | 60 | 345 | (407) | 267 | 331 |
| Loss per share – basic and diluted | 0.02 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 |
| Total assets (millions) | 27.9 | 32.1 | 32.1 | 30.9 | 30.4 | 30.7 | 30.9 | 30.1 |

As the Company has capitalized all exploration expenditures to date in accordance with IFRS 6, the expenses are primarily related to administration. Lower expenses in the quarters ended Feb 29, 2020, May 31, 2020 and August 31, 2020 are primarily due to lower travel, director compensation, shareholder communications and gain on debt settlement. Higher expenses in the quarter ended November 30, 2020 are primarily due to share-based payments. Higher expenses in the quarters ended May 31, 2021 and November 30, 2021 are primarily due to write-downs of exploration and evaluation assets. In the quarter ended August 31, 2021, foreign exchange was a loss.

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 $222,867 on Lofdal (2020 - $nil) and $228,035 on its Kunene and other properties (2020 - $118,620). The Company incurred $196,188 in administration expenses during the quarter (2020 - $1,298,162 including $1,018,000 in non-cash share-based payments).

## Liquidity and Capital Resources

At November 30, 2021, the Company had working capital deficit of $553,291 compared to working capital of $32,464 at November 30, 2020 as follows:

| | November 30 | |
|---|---|---|
| | **2021** | 2020 |
| | **$** | $ |
| Cash and short-term deposits | **1,163,035** | 593,696 |
| Taxes and other receivables | **387,385** | 404,496 |
| Deposits and prepaid expenses | **56,102** | 27,956 |
| Accounts payable and accrued liabilities | **(1,323,181)** | (379,899) |
| Advance received for future exploration work | **(836,632)** | (613,785) |
| **Working capital (deficit)** | **(553,291)** | 32,464 |

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 other than operator fees earned under the JOGMEC agreement. Management and the Board of Directors are cognizant of difficult market conditions and have undertaken steps to secure additional financing.

On August 24, 2020 the Company announced it had entered into an agreement for a draw-down equity financing facility to provide the Company with up to CD$5,000,000 over a 24-month period. Drawdowns are at the Company's discretion in increments of up to CD$250,000. The Company completed a first draw-down of $100,000 in 2020 and an additional $100,000 draw-down on January 8, 2021.

On March 12, 2021 the Company closed a $662,500 non-brokered private placement.

On October 28, 2021, 2,916,667 warrants were exercised for one common share each at $0.18 for proceeds of $525,000.

On November 28, 2021, 1,410,000 options were exercised for one common share at $.05, increasing common shares by the total of the reclassification of the share-based reserve of $49,280 and the cash proceeds of $70,500, or a total of $119,780.

During the year ended November 30, 2021, the Company increased cash of $460,762 from operating activities (2020 – $191,935) and used cash of $1,162,001 from investing activities (2020 – $243,964). During the year the Company increased cash of $1,346,051 from financing activities (2020 – $475,383). The increased source of cash in operating activities was primarily due to an increase in working capital.

### Contractual Obligations

There are no contractual obligations other than those under the JOGMEC Agreement which stipulate that advance funds received are to be spent on the Lofdal property as agreed.

### 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 192,734,399 common shares.

A summary of the stock options outstanding as of the date of this MD&A is as follows:

| Exercise price $ | Options outstanding and exercisable | Expiry date | Remaining contractual life (in years) |
|---|---|---|---|
| 0.08 | 150,000 | April 7, 2022 | .35 |
| 0.21 | 5,350,000 | September 19, 2023 | 1.80 |
| 0.26 | 4,950,000 | September 28, 2025 | 3.83 |
| 0.26 | 1,825,000 | April 5, 2026 | 4.35 |
| | 12,275,000 | | 2.98 |

### Warrants

As of November 30, 2021 there were 3,153,766 warrants outstanding (2020 – 3,194,444) with a weighted average exercise price of $0.35 (2020 – $0.19). The change in warrants during the year ended November 30, 2021 and 2020 is as follows:

| | Number | Exercise Price $ |
|---|---|---|
| At November 30, 2019 | - | - |
| Issued | 3,194,444 | 0.19 |
| At November 30, 2020 | 3,194,444 | 0.19 |
| Exercised | (2,916,667) | 0.18 |
| Issued | 2,875,989 | 0.36 |
| At November 30, 2021 | 3,153,766 | 0.35 |

### Related party transactions

Transactions with key management personnel for the years ended November 30, 2021 and 2020 are as follows:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Share-based payments | 56,700 | 925,456 |
| Consulting fees | 85,119 | 131,611 |
| Payments to a shareholder for administrative services | 908 | - |
| Total charged to net loss | 142,727 | 1,057,067 |
| Share-based payments charged to exploration and evaluation assets | 365,800 | - |
| Consulting fees charged to exploration and evaluation assets | - | 80,132 |
| Payments to a shareholder charged to exploration and evaluation assets | 690,071 | 158,372 |
| Total | 1,198,598 | 1,295,571 |

Key management personnel include officers and directors and companies directly controlled by key management personnel or shareholders; payments are for consulting fees, share-based payments and are directly related to their position in the Company.

During the year, related party transactions charged to JOGMEC in respect of the Lofdal project, included consulting fees of $145,850 (2020 – $164,815) and payments to a shareholder of $547,549 (2020 – 459,345).

Included in accounts payable and accrued liabilities are amounts owing to related parties of $891,363 (2020 - $193,441). Included in deposits and prepaid expenses is an amount of $7,000 (2020 - $3,500) representing retainers on services contracts with officers 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.

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

(i) The determination of a cash-generating unit for assessing and testing impairment, which management has determined to be the mineral property;

(ii) The determination of functional currency;

(iii) The determination of when an exploration and evaluation asset move from the exploration stage to the development stage;

(iv) The determination of when an exploration and evaluation asset is impaired;

(v) Whether exploration and evaluation costs are eligible for capitalization;

(vi) The determination of whether exploration and evaluation assets are considered to be asset acquisitions or business combinations; and

(vii) The assessment of the Company's ability to continue as a going concern.

**Changes in Accounting Policies**

There were no changes in accounting policies during the period.

**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, 2021, 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.

There have been no material changes in the Company's internal controls over financial reporting during the year ended November 30, 2021 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 taxes and other receivables.

**Impairment of financial assets at amortized cost**
Impairment provisions on taxes and other receivables are based on credit risk characteristics, collateral and speculative and non-speculative historical default rates. All 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 advances received for future exploration work 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. Beyond obtaining the permits and necessary approvals to proceed with the development of the Lofdal property, the Company 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 a working capital deficit of $553,291. 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 2022. Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company has the following risks specific to conducting its exploration activities in Namibia: there is no assurance that the supportive political and economic conditions that currently exist in Namibia will remain; the Company's ability to obtain, sustain, renew or vary the necessary licences, permits and authorizations to carry on the activities that it is currently conducting on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental bodies and there can be no assurance that the Company will be able to obtain, sustain, renew or vary any such licences, permits of authorizations on acceptable terms or at all; environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees, and any failure by the Company to comply with applicable environmental regulations or the stoppage of exploration or production activities could have a materially adverse effect on the Company's business, financial condition and results of operations; the per capita incidence of the HIV/AIDS virus in Namibia has been estimated as being in the mid to high range, according to public sources, and if the number of new HIV/AIDS infections in Namibia continues to increase and if the Government of Namibia imposes more stringent obligations on employers related to HIV/AIDS prevention and treatment, the Company's operations in Namibia and its profitability and financial condition could be adversely affected; as a result of a substantial portion of the Company's assets being located in Namibia, there may be difficulties in enforcing against the Company judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities legislation for misrepresentations contained in the Company's public disclosure documents and, in particular, it may be practically impossible to enforce foreign court judgments against the Company in Namibia; and Namibia is part of the South African Rand Common Monetary Area ("CMA") which has exchange controls that require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA require prior approval of the Bank of Namibia and there can be no assurance that the Company will obtain the requisite approvals in the future to repay loans or pay invoices to parties outside the CMA, thereby potentially restricting the Company from repatriating funds and using those funds for other purposes.

## Additional Information

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

# Independent auditor's report

To the Shareholders of Namibia Critical Metals Inc.

## 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

**What we have audited**

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at November 30, 2021 and 2020;
- 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 significant accounting policies and other explanatory information.

## 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.

## 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.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1
T: +1 902 491 7400, F: +1 902 422 1166

## 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.

## 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.

## 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.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Halifax, Nova Scotia
March 28, 2022

# Namibia Critical Metals Inc.

## Consolidated Statements of Financial Position

*As at November 30, 2021 and 2020 (in Canadian dollars)*

| | November 30, 2021 $ | November 30, 2020 $ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and short-term deposits | 1,163,035 | 593,696 |
| Taxes and other receivables (note 5) | 387,385 | 404,496 |
| Deposits and prepaid expenses | 56,102 | 27,956 |
| | 1,606,522 | 1,026,148 |
| **Taxes receivable** (note 5) | 265,809 | - |
| **Equipment** (note 7) | 43,281 | 61,795 |
| **Exploration and evaluation assets** (note 8) | 26,031,612 | 29,394,331 |
| | 27,947,224 | 30,482,274 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (note 9) | 1,323,181 | 379,899 |
| Advances received for future exploration work (note 8) | 836,632 | 613,785 |
| | 2,159,813 | 993,684 |
| **Loan payable** (note 16) | 34,650 | 23,407 |
| | 2,194,463 | 1,017,091 |
| **Equity** | | |
| Equity attributable to the shareholders of the Company (note 10) | 25,915,671 | 29,321,249 |
| Non-controlling interest | (162,910) | 143,934 |
| | 25,752,761 | 29,465,183 |
| | 27,947,224 | 30,482,274 |

Nature of operations and going concern (note 1)

Approved by the Board of Directors on March 28, 2022:

/s/ "Steve E. Kapp" — Director

/s/"William L. Price" — 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, 2021 and 2020 (in Canadian dollars except share and per share amounts)*

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Operating expenses** | | |
| Salaries and benefits (note 9) | 95,412 | 93,498 |
| Office and administration | 73,706 | 71,032 |
| Consulting fees (note 9) | 97,619 | 182,661 |
| Professional fees | 106,969 | 79,162 |
| Share-based payments (notes 9 and 10) | 56,700 | 1,018,000 |
| Travel | - | 6,627 |
| Listing and filing fees | 30,252 | 30,520 |
| Shareholder communications | 249,750 | 36,546 |
| Foreign currency exchange loss (gain) | 34,817 | (65,833) |
| Write-down of exploration and evaluation assets | 4,747,952 | 107,656 |
| | (5,493,177) | (1,559,869) |
| **Other income** | | |
| Interest income | 3,454 | 3,364 |
| Government assistance benefit (note 16) | 13,000 | 17,000 |
| Gain on debt settlement (note 10) | - | 75,421 |
| Gain on disposal of equipment | 2,750 | 2,530 |
| Other income (note 8) | - | 52,898 |
| **Net loss and comprehensive loss for the year** | (5,473,973) | (1,408,656) |
| **Net loss attributable to:** | | |
| Shareholders of the Company | (5,342,129) | (1,408,120) |
| Non-controlling interest | (131,844) | (536) |
| | (5,473,973) | (1,408,656) |
| **Loss per share - Basic and diluted** | (0.03) | (0.01) |
| **Weighted average number of shares outstanding – Basic and diluted** | 187,972,685 | 182,945,272 |

See accompanying notes to the consolidated financial statements.

# Namibia Critical Metals Inc.

## Consolidated Statements of Changes in Equity

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

| | Common Shares Without Par Value | | Share-based Payments Reserve | Contributed Surplus | Deficit | Total Shareholders' Equity | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | | |
| | # | $ | $ | $ | $ | $ | $ | $ |
| **Balance, Nov 30, 2020** | 185,305,755 | 44,987,573 | 2,099,397 | 5,792,503 | (23,558,224) | 29,321,249 | 143,934 | 29,465,183 |
| Issuance of shares per private placements | 3,101,977 | 743,551 | - | - | - | 743,551 | - | 743,551 |
| Share-based payments | - | - | 422,500 | - | - | 422,500 | - | 422,500 |
| Warrants exercised | 2,916,667 | 525,000 | - | - | - | 525,000 | - | 525,000 |
| Options exercised | 1,410,000 | 119,780 | (49,280) | - | - | 70,500 | - | 70,500 |
| Subscription of subsidiary shares (note 6) | - | - | - | - | 175,000 | 175,000 | (175,000) | - |
| Net loss and comprehensive loss | - | - | - | - | (5,342,129) | (5,342,129) | (131,844) | (5,473,973) |
| **Balance, Nov 30, 2021** | **192,734,399** | **46,375,904** | **2,472,617** | **5,792,503** | **(28,725,353)** | **25,915,671** | **(162,910)** | **25,752,761** |
| | | | | | | | | |
| **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 |
| Issuance of shares per private placements | 3,472,222 | 436,383 | - | - | - | 436,383 | - | 436,383 |
| Issuance of shares per debt settlement | 1,508,412 | 301,682 | - | - | - | 301,682 | - | 301,682 |
| Share-based payments | - | - | 1,018,000 | - | - | 1,018,000 | - | 1,018,000 |
| Expiry of options | - | - | (519,947) | 519,947 | - | - | - | - |
| Disposal of subsidiaries (note 8) | - | - | - | - | - | - | (6,401) | (6,401) |
| Net loss and comprehensive loss | - | - | - | - | (1,408,120) | (1,408,120) | (536) | (1,408,656) |
| **Balance, Nov 30, 2020** | **185,305,755** | **44,987,573** | **2,099,397** | **5,792,503** | **(23,558,224)** | **29,321,249** | **143,934** | **29,465,183** |

See accompanying notes to the consolidated financial statements

# Namibia Critical Metals Inc.
## Consolidated Statements of Cash Flows

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Net loss for the year | (5,473,973) | (1,408,656) |
| Adjustments for: | | |
| Unrealized foreign currency exchange loss (gain) | 34,817 | (65,833) |
| Share-based payments | 56,700 | 1,018,000 |
| Interest income recognized in net loss | (3,454) | (3,364) |
| Write-down of exploration and evaluation assets | 4,747,952 | 107,656 |
| Non-cash interest expense on loan payable | 4,243 | 407 |
| Gain on sale of equipment | (2,750) | (2,530) |
| Gain on debt settlement (note 10) | - | (75,421) |
| | (636,465) | (429,741) |
| Net change in non-cash working capital balances related to operations | | |
| Increase in amounts receivable, deposits and prepaid expenses | (276,844) | (275,375) |
| Increase in accounts payable and accrued liabilities (note 13) | 1,151,224 | 300,266 |
| Advances received for future exploration work, net of expenditures (note 8) | 222,847 | 613,785 |
| | 447,762 | 191,935 |
| **Investing activities** | | |
| Interest income received | 3,454 | 3,364 |
| Proceeds from disposal of equipment | 2,750 | 35,665 |
| Expenditures on exploration and evaluation assets, net of recoveries (note 13) | (1,168,205) | (282,993) |
| | (1,162,001) | (243,964) |
| **Financing activities** | | |
| Loan proceeds, net of government assistance | 7,000 | 23,000 |
| Issuance of share capital, net of costs | 743,551 | 436,383 |
| Proceeds from exercise of warrants | 525,000 | - |
| Proceeds from exercise of options | 70,500 | - |
| | 1,346,051 | 459,383 |
| **Effect of exchange rate changes on cash** | (75,473) | (14,260) |
| **Net change in cash during the year** | 569,339 | 410,094 |
| **Cash and short-term deposits – Beginning of year** | 593,696 | 183,602 |
| **Cash and short-term deposits – End of year** | 1,163,035 | 593,696 |
| **Supplemental cash flow information (note 13)** | | |

See accompanying notes to the consolidated financial statements.

## 1. Nature of operations and going concern

Namibia Critical Metals Inc. (the "Company") 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, 2021 has an accumulated deficit of $28,725,353 (2020 - $23,558,224) and working capital (deficit), as defined by the excess of current assets over current liabilities, of ($553,291) (2020 - $32,464). The Company does not generate income or sufficient 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.

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. During the year ended November 30, 2021, the Company issued 7,428,644 common shares (2020 – 4,980,634), raising $1,339,051 cash proceeds (2020 - $738,065) through two private placements and exercise of warrants and options outstanding from the previous year.

The Company holds a $5 million drawdown Equity Facility with Alumina Partners (Ontario) Ltd. ("Equity Facility"), an affiliate of New York-based private equity firm Alumina Partners, LLC., that is structured to provide the Company with timely access to private placement financing as and when required. Under the terms of the Equity Facility agreement, the Company has the right to draw down on the $5,000,000 facility, for a two-year period ending August 24, 2022, at its sole discretion, through equity private placement tranches of up to $250,000 each. As of November 30, 2021, the Company has utilized the facility twice, for a total of $200,000 gross proceeds.

On January 27, 2020, 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 in exploration and development expenditures (note 8).

In addition to the above, management continues to evaluate alternatives to secure additional favorable 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. These circumstances cast significant doubt upon the Company's ability to continue as a going concern. 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.

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that continued during the year ended November 30, 2021 may have an impact on the operations of the Company. The extent of the impact to the financial performance of the Company will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, (iv) the effects on the economy overall and (v) the effect on commodity prices, all of which are highly uncertain and cannot be predicted. The impact of COVID-19 to the Company was minimal during the year ended November 30, 2021.

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

## 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") as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2022.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries as at November 30, 2021 listed below. All inter-company balances and transactions are eliminated upon consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. Non-controlling interest represents the portion of a subsidiary's income and losses and net assets that is not held by the Company.

| 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 | 95% |
| Gecko Gold Holdings (Pty) Ltd. | Namibia | Asset holding company | 95% |
| Gecko Gold Mining (Pty) Ltd. | Namibia | Asset holding company | 95% |
| Epembe Holdings (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 One Hundred Seventy-Four (Pty) Ltd. | Namibia | Asset holding company | 95% |
| Philco One Hundred Eighty (Pty) Ltd. | Namibia | Asset holding company | 95% |
| Philco One Hundred Ninety-One (Pty) Ltd. | Namibia | Asset holding company | 95% |
| Philco One Hundred Ninety-Three (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 used to estimate the value of options and incorporates assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate and expected life of the options. Expected forfeitures are also estimated, which impacts the amount of share-based expense recognized. 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.

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.

Critical accounting judgments

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

- determination of a cash-generating unit for assessing and testing impairment, which management has determined to be individual mineral properties;
- determination of the functional currency of the Company and of its subsidiaries;
- determination of when an exploration and evaluation asset is impaired;
- determination of whether exploration and evaluation costs are eligible for capitalization;
- determination of whether an acquisition of exploration and evaluation assets is considered to be an asset acquisition or a business combination; and
- 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 consolidated 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.

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 exists 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: such costs are expected to be recovered through successful exploration and development and of the area of interest or by its sale; or 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.

The Company may enter in joint arrangements to further pursue exploration and development activities on its exploration and evaluation assets. When funding is received by a third party to be spent on exploration and development activities on the Company's exploration and evaluation assets, such as the JOGMEC agreement (note 8), the funding received is deferred and recognized as a liability until costs are incurred. The costs are not capitalized to the Company's exploration and evaluation assets when the costs are funded by a third party. In certain instances, the Company may act as the operator and receive an operator fee to cover its overhead costs. This operator fee is first recognized against costs incurred and the excess is recognized as other income on the consolidated statement of loss and comprehensive loss.

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) Share-based payments

The fair value of options granted is recognized as an 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.

f) 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.

g) Government assistance

The Canada Emergency Business Account (CEBA) loan offered from the Canadian Government in response to the COVID-19 pandemic is an interest-free loan of $60,000 and up to $20,000 is forgivable if the loan is repaid by the repayment deadline (note 16).

The CEBA loan is initially recognized at fair value and the difference between the fair value and proceeds is treated as a government grant (the interest-free benefit). Subsequently, the CEBA loan is measured at amortized cost using the effective interest rate method.

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 are classified as financial assets at amortized cost; fair value through profit and loss (“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 other receivables.

Financial liabilities
Financial liabilities 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, advances received for future exploration work and loan payable and are subsequently measured at amortized cost.

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.

l) Warrants

Proceeds on the issuance of warrants are recorded in a separate component of equity as the warrants give right to a fixed number of the Company’s common shares. Costs incurred on the issuance of warrants are recognized as a deduction from warrant proceeds. Warrants issued with common shares are measured using the residual fair value method. The fair value is included as a component of equity and is transferred from warrants to share capital on exercise.

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

## 4. New or amendments to accounting standards not yet adopted

For the year ended November 30, 2021, there have been no accounting pronouncements by the ISAB that would have a material impact on the Company's financial results or position. Amendments to IAS 1, Presentation of Financial Statements, will be effective for years beginning with January 1, 2023. The amendments clarify how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The Company is assessing whether there could be a material impact on its consolidated financial statements in the year of application.

## 5. Taxes and other receivables

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| HST receivable – Canada | 11,927 | 21,351 |
| VAT receivable | 639,000 | 382,044 |
| Other receivables | 2,267 | 1,101 |
| Total taxes and receivables | 653,194 | 404,496 |
| Less: VAT receivable - long-term | 251,615 | - |
| Taxes and other receivables - current | 401,579 | 404,496 |

There is doubt of the collectability of the Namibian VAT refund claims totaling $639,000 (2020 -$382,044) due to inconsistent treatment of approving and issuing refund claims to exploration companies by the Namibian Ministry of Finance. The Company has been advised that all outstanding VAT refund claims are being held pending the outcome of a current court case on this matter and further review by the Namibian government. The VAT receivable of $387,385 (2020 - $280,997), generated from Namibia expenditures related to the Lofdal property, has been presented as current as it is expected that the amount will be recovered through the Company's agreement with JOGMEC. The remaining VAT receivable of $251,615 has been presented as a long-term asset as at November 30, 2021.

## 6. Loan receivable

In May 2021, the Company was awarded a Mining Licence ("ML200") for the Lofdal Heavy Rare Earth Dysprosium-Terbium Project ("Lofdal") (see note 8) by the Republic of Namibia Ministry of Mines and Energy. ML200 is valid for a 25-year period through to May 10, 2046 and is issued to the Company's 100% owned subsidiary, Namibia Rare Earths (Pty) Ltd ("NRE"). Certain conditions of ML200 mandate that historically disadvantaged Namibians represent a minimum 20% of the management structure, including the board of NRE and hold at least 5% of the voting shares of NRE.

The Company completed a re-structuring of the management and shareholdings of NRE in the year to comply with these conditions. A company owned by historically disadvantaged Namibians, Philco One Hundred Ninety-Six (Pty) Ltd. ("Philco 196"), subscribed to 5% of the voting shares of NRE. To facilitate the investment, the Company's subsidiary, Cayman Namibia Rare Earths Ltd., extended a loan to Philco 196 for $2,500,000. The loan is non-interest bearing and is to be repaid from future profit distributions of NRE. As a result of the transaction, a decrease in non-controlling interest of $175,000 was recognized on the consolidated statement of changes in equity, with the offset recognized to deficit.

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

## 7. Equipment

| Cost | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|
| November 30, 2020 | 90,428 | 149,038 | 239,466 |
| Disposals | - | (21,948) | (21,948) |
| November 30, 2021 | 90,248 | 127,090 | 217,518 |

| Accumulated Depreciation | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|
| November 30, 2020 | 65,552 | 112,119 | 177,671 |
| Depreciation | 6,819 | 11,695 | 18,514 |
| Disposals | - | (21,948) | (21,948) |
| November 30, 2021 | 72,371 | 101,866 | 174,237 |

| Net book value | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|
| November 30, 2020 | 31,428 | 48,154 | 79,582 |
| November 30, 2021 | 18,057 | 25,224 | 43,281 |

Depreciation charged on exploration equipment of $18,514 (2020 - $17,787) has been capitalized to exploration and evaluation assets.

## 8. Exploration and evaluation assets

| | November 30, 2020 $ | Acquisitions and Expenditures $ | Disposals and write-downs $ | November 30, 2021 $ |
|---|---|---|---|---|
| Lofdal Rare Earths property | 23,271,106 | 422,558 | - | 23,693,664 |
| Kunene Cobalt-Copper | 4,392,477 | 112,112 | 4,165,252 | 339,337 |
| Kunene Gold | 530,313 | 778,626 | - | 1,308,939 |
| Epembe Tantalum-Niobium | 951,893 | 26,428 | 523,029 | 455,292 |
| Other | 248,542 | 45,509 | 59,671 | 234,380 |
| | **29,394,331** | **1,385,233** | **4,747,952** | **26,031,612** |

**Lofdal rare earths property**

The Lofdal rare earths property comprises an exclusive prospecting license (“EPL 3400”) located approximately 450 kilometres northwest of the capital city of Windhoek and 25 kilometres northwest of the town of Khorixas in the Kunene Region of north-western Namibia. EPL 3400, which provides for mineral rights to base and rare metals, and precious metals, was originally granted in 2005. It was renewed by the Government of Namibia in February 2017 for a further two-year period to November 16, 2018 and again on May 14, 2019 for a two-year period to May 14, 2021. In November 2016, the Company submitted an application to the Ministry of Mines and Energy for a Mining License and received ML200 in May 2021, subject to certain ownership and management requirements (see note 6). The property is subject to a 2% net smelter revenue royalty.

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

**Partnership with JOGMEC on Lofdal**

On January 27, 2020, the Company announced that it had signed an agreement with 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 a total of $20,000,000 in exploration and development expenditures under the following terms:

Term 1 – JOGMEC will fund $3,000,000 in exploration expenditures up to March 31, 2021. The first term funding amount is non-refundable and JOGMEC earns no interest in the Lofdal project;

Term 2 – JOGMEC is entitled to elect to contribute an additional $7,000,000 in exploration expenditures from April 1, 2021 – March 31, 2024 to earn a 40% interest in the Lofdal project; and

Term 3 – JOGMEC is entitled to elect to contribute an additional $10,000,000 in exploration and development expenditures from April 1, 2024 – March 31, 2028 to earn an additional 10% interest in the Lofdal project.

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%.

On September 21, 2020, the Company announced that JOGMEC elected to provide an additional $1,100,000 to Term 1 to fund additional and accelerated drilling at the Lofdal Heavy Rare Earth Project.

On April 1, 2021, the Company announced that JOGMEC elected to move to Term 2 and provide an additional $2,063,000 to fund further development and metallurgical work at the Lofdal Heavy Rare Earth Project.

During the year ended November 30, 2021, the Company received $2,796,545 (2020 - $3,303,455) from JOGMEC for exploration expenditures on the Lofdal property. As of November 30, 2021, $5,263,368 (2020 - $2,689,670) in exploration expenditures have been incurred. The Company has recorded $836,632 (2020 - $613,785) as a liability for advances received for future exploration work.

As of November 30, 2021 JOGMEC has advanced $6,100,000 of the $10,000,000 commitment for Terms 1 and 2 and has approved up to $7 million to be spent by March 31, 2022.

The expenditures incurred related to the JOGMEC agreement for the year ended November 30, 2021 are summarized in the following table:

| | **November 30, 2020 $** | **Acquisitions and Expenditures $** | **November 30, 2021 $** |
|---|---|---|---|
| Project Management | 81,756 | 117,974 | **199,730** |
| Geology, Drilling, Sample Analysis | 2,132,324 | 1,134,328 | **3,266,652** |
| 43-101 Resource and Mine Model Update | 63,394 | 443,021 | **506,415** |
| Metallurgy | 255,381 | 618,709 | **874,090** |
| Operator's Fee | 139,374 | 149,484 | **288,858** |
| Mine planning | - | 95,545 | **95,545** |
| Other | 17,441 | 14,637 | **32,078** |
| | 2,689,670 | 2,573,698 | **5,263,368** |

As part of the agreement with JOGMEC, the Company is entitled to an operator fee of 10% of the direct costs incurred, which is limited to 5% for any contracts requiring aggregate payments of more than $100,000. The Company first recognized the operator fees against evaluation and exploration expenditures, as cost recoveries, and recognized the excess as other income in the consolidated statement of loss and comprehensive loss. The portion of the operator fee recognized as income during the year ended November 30, 2021 amounted to $nil (2020 - $52,741).

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

**Other properties**

During the year, the Company abandoned six of its non-core properties by licences EPL3825, EPL4136, EPL4347, EPL5601, EPL5773, and EPL6903.

The Company's current property portfolio is summarized as follows:

| Licence | Subsidiary Company | Project |
|---|---|---|
| EPL3400 | Namibia Rare Earths (Pty) Ltd. | Lofdal |
| EPL5847 | Kunene Resources Namibia (Pty) Ltd. | Otjitazu |
| EPL5885 | Kunene Resources Namibia (Pty) Ltd. | Kunene |
| EPL5992 | Kunene Resources Namibia (Pty) Ltd. | Grootfontein |
| EPL6440 | Gecko Gold Mining (Pty) Ltd. | Erongo |
| EPL6561 | Kunene Resources Namibia (Pty) Ltd. | Grootfontein |
| EPL7115 | Philco One Hundred Eighty (Pty) Ltd. | Marienfluss |
| MDRL3299 | Epembe Mining (Pty) Ltd. | Epembe |
| ML200 | Namibia Rare Earths (Pty) Ltd. | Lofdal |

## 9. Related party transactions

Transactions with key management personnel for the years ended November 30, 2021 and 2020 are as follows:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Share-based payments | 56,700 | 925,456 |
| Consulting fees | 85,119 | 131,611 |
| Payments to a shareholder for administrative services | 908 | - |
| Total charged to net loss | 142,727 | 1,057,067 |
| Share-based payments charged to exploration and evaluation assets | 365,800 | - |
| Consulting fees charged to exploration and evaluation assets | - | 80,132 |
| Payments to a shareholder charged to exploration and evaluation assets | 690,071 | 158,372 |
| Total | 1,198,598 | 1,295,571 |

Key management personnel include officers and directors and companies directly controlled by key management personnel or shareholders; payments are for consulting fees, share-based payments and are directly related to their position in the Company.

During the year, related party transactions charged to JOGMEC in respect of the Lofdal project, included consulting fees of $145,850 (2020 – $164,815) and payments to a shareholder of $547,549 (2020 – 459,345).

Included in accounts payable and accrued liabilities are amounts owing to related parties of $891,363 (2020 - $193,441). Included in deposits and prepaid expenses is an amount of $7,000 (2020 - $3,500) representing retainers on services contracts with officers 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.

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

## 10. Capital stock

### Authorized capital stock

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

| | November 30, 2021 | | November 30, 2020 | |
|---|---|---|---|---|
| | Number of Shares | $ | Number of Shares | $ |
| Balance, beginning of year | 185,305,755 | 44,987,573 | 180,325,121 | 44,249,508 |
| Issuance of shares per private placements | 3,101,977 | 743,551 | 3,472,222 | 436,383 |
| Issuance of shares per debt settlement | - | - | 1,508,412 | 301,682 |
| Warrants exercised | 2,916,667 | 525,000 | - | - |
| Options exercised | 1,410,000 | 119,780 | - | - |
| Balance, end of year | 192,734,399 | 46,375,904 | 185,305,755 | 44,987,573 |

On April 28, 2020 pursuant to a non-brokered private placement, the Company issued 2,916,667 units at price of $0.12 per unit for gross proceeds of $350,000. Each unit consists of one common share and one warrant. Each whole warrant is exercisable for one common share at a price of $0.18 until October 28, 2021. The value of the warrants was estimated at nil using the residual method.

On June 1, 2020 pursuant to a debt settlement agreement the Company issued 1,508,412 common shares at a deemed price of $0.25 per share to fully settle an aggregate of $377,103 of unpaid compensation to senior management, directors and consultants.

On August 24, 2020, pursuant to the Equity Facility (note 1), the Company issued 555,555 units at a price of $0.18 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half warrant. Each whole warrant is exercisable for one common share at a price of $0.336 until August 24, 2022. The value of the warrants was estimated at nil using the residual method.

On January 8, 2021 pursuant to the Equity Facility (note 1), the Company issued 451,997 units at a price of $0.22125 per unit for gross proceeds of $100,000. Each unit in the second tranche consists of one common share and one-half warrant. Each whole warrant is exercisable for one common share at a price of $0.413 until January 7, 2023. The value of the warrants was estimated at nil using the residual method.

On March 12, 2021 pursuant to a non-brokered private placement, the Company issued 2,650,000 units at price of $0.25 per unit for gross proceeds of $662,500. Each unit consists of one common share and one warrant, subject to a four-month holding period, expiring July 13, 2021. Each whole warrant is exercisable for one common share at a price of $0.35 until March 12, 2022. The value of the warrants was estimated at nil using the residual method.

On October 28, 2021, 2,916,667 warrants were exercised for one common share each at $0.18 for proceeds of $525,000.

On November 28, 2021, 1,410,000 options were exercised for one common share at $.05, increasing common shares by the total of the reclassification of the share-based reserve of $49,280 and the cash proceeds of $70,500, or a total of $119,780.

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

### 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, 2021, the Company issued 1,825,000 options (2020 - 4,950,000) at an exercise price of $0.26. The assumptions used to fair value the options issued during the year ended November 30, 2021 were a risk-free rate of 0.94%, expected volatility of 142% (based on actual historical volatility), expected life of 5 years and a dividend yield of 0%. Share-based payments expense of $56,700 (2020 - $1,018,000) was charged to the consolidated statement of loss and $365,800 (2020 - $nil) was charged to exploration and evaluation assets.

The change in stock options during the year ended November 30, 2021 and 2020 is as follows:

| | Number | Weighted average exercise price $ |
|---|---|---|
| At November 30, 2019 | 9,345,000 | 0.18 |
| Expired | (2,435,000) | (0.20) |
| Issued | 4,950,000 | 0.26 |
| At November 30, 2020 | 11,860,000 | 0.21 |
| Exercised | (1,410,000) | 0.05 |
| Issued | 1,825,000 | 0.26 |
| At November 30, 2021 | 12,275,000 | 0.24 |

The following table summarizes information about options outstanding at November 30, 2021:

| Exercise price $ | Options outstanding and exercisable | Expiry date | Remaining contractual life (in years) |
|---|---|---|---|
| 0.08 | 150,000 | April 7, 2022 | 0.35 |
| 0.21 | 5,350,000 | September 19, 2023 | 1.80 |
| 0.26 | 4,950,000 | September 28, 2025 | 3.83 |
| 0.26 | 1,825,000 | April 5, 2026 | 4.35 |
| | 12,275,000 | | 2.98 |

### Warrants

As of November 30, 2021 there were 3,153,766 warrants outstanding (2020 – 3,194,444) with a weighted average exercise price of $0.35 (2020 – $0.19). The change in warrants during the year ended November 30, 2021 and 2020 is as follows:

| | Number | Exercise Price $ |
|---|---|---|
| At November 30, 2019 | - | - |
| Issued | 3,194,444 | 0.19 |
| At November 30, 2020 | 3,194,444 | 0.19 |
| Exercised | (2,916,667) | 0.18 |
| Issued | 2,875,989 | 0.36 |
| At November 30, 2021 | 3,153,766 | 0.35 |

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

The following table summarizes information about warrants outstanding at November 30, 2021:

| Exercise Price $ | Warrants outstanding | Expiration Date | Remaining contractual life (in years) |
|---|---|---|---|
| 0.336 | 277,777 | August 24, 2022 | 0.73 |
| 0.413 | 225,989 | January 8, 2023 | 1.11 |
| 0.350 | 2,650,000 | March 12, 2022 | .28 |
| | 3,153,766 | | 0.38 |

## 11. 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, 2021. Total managed capital was as follows:

| | 2021 $ | 2020 $ |
|---|---|---|
| Working capital (deficit) | (553,291) | 32,464 |
| Equity | 25,915,671 | 29,321,249 |

There are no externally imposed capital requirements.

## 12. Financial instruments and risk management

The Company's financial instruments consist of cash and short-term deposits, taxes and other receivables, accounts payable and accrued liabilities, and advances received for future exploration work. 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, other than the loan payable (note 15), 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.

As at November 30, 2021, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: $758,755 in cash, $28,609 in deposits, $640,402 in taxes and other receivables, and $1,237,910 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 | 14,959 |
| All other currencies | (1,309) |

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.

## 13. Supplemental cash flow information

During the year ended November 30, 2021, the Company made expenditures on exploration and evaluation assets of $207,942 which were recorded as an increase in accounts payable (2020 - $141,474) and $18,514 in amortization of equipment which was recorded to exploration and evaluation assets (2020 - $17,787). These items are non-cash transactions and have been excluded from the consolidated statement of cash flows.

## 14. Income taxes

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Combined tax rate** | 29% | 30% |
| Computed tax recovery | (1,587,452) | (417,308) |
| Share-based payments | 16,443 | 302,007 |
| Other | (11,978) | (28,860) |
| Non-recognition of deferred tax assets due to unused tax losses and deductible temporary differences | 1,582,987 | 144,161 |
| **Total income taxes** | - | - |

*For the years ended November 30, 2021 and 2020 (in Canadian dollars)*

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Canadian and foreign non-capital losses carried forward | 21,579,075 | 20,834,849 |
| Canadian and foreign exploration and related deferred costs | 10,469,492 | 5,804,144 |
| | 32,048,567 | 26,638,993 |

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, 2021, the Namibian subsidiaries have available business losses for income tax purposes of approximately $5,980,000 (2020 - $5,860,000) 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 $15,550,000 (2020 - $14,900,000) which may be carried forward and applied against future taxable income when earned in Canada.

Expiration of the Canadian losses is as follows:

| Year | $ |
|---|---|
| 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 | 626,000 |
| 2040 | 392,000 |
| 2041 | 588,000 |

## 15. 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.

## 16. Loan payable

On October 8, 2020, the Company received a $40,000 emergency business loan under the CEBA initiative. An additional amount of $20,000 was received on December 29, 2020 under the same initiative. In the event the Company repays $40,000 by December 31, 2022, there will be no interest payable on the loan and the remaining $20,000 will be forgiven. In the event there is a loan balance outstanding on January 1, 2023, the loan will be renewed for a 3-year term with an annual fixed rate of interest of 5%. The repayment deadline to qualify for partial forgiveness was extended subsequent to year-end from December 31, 2022 to December 31, 2023. The Company plans to repay $40,000 before December 31, 2023. A government assistance benefit of $13,000 was recognized during year ended November 30, 2021 (2020 – $17,000).