# NAMIBIA CRITICAL METALS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
WITH MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2022 AND 2021

*(CANADIAN DOLLARS)*

NAMIBIA CRITICAL METALS INC.

# Management's Discussion and Analysis

Three and nine months ended August 31, 2022

**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 October 20, 2022 and provides an analysis of the Company's financial results and progress for nine months ended August 31, 2022 and 2021. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at and for the nine months ended August 31, 2022 and 2021 and related notes thereto, which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") 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, GeoIFA, 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 four 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. Consequently, non-core prospecting licences were largely relinquished.

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 and the Epembe tantalum-niobium properties are in a final stage for a commercial transaction.

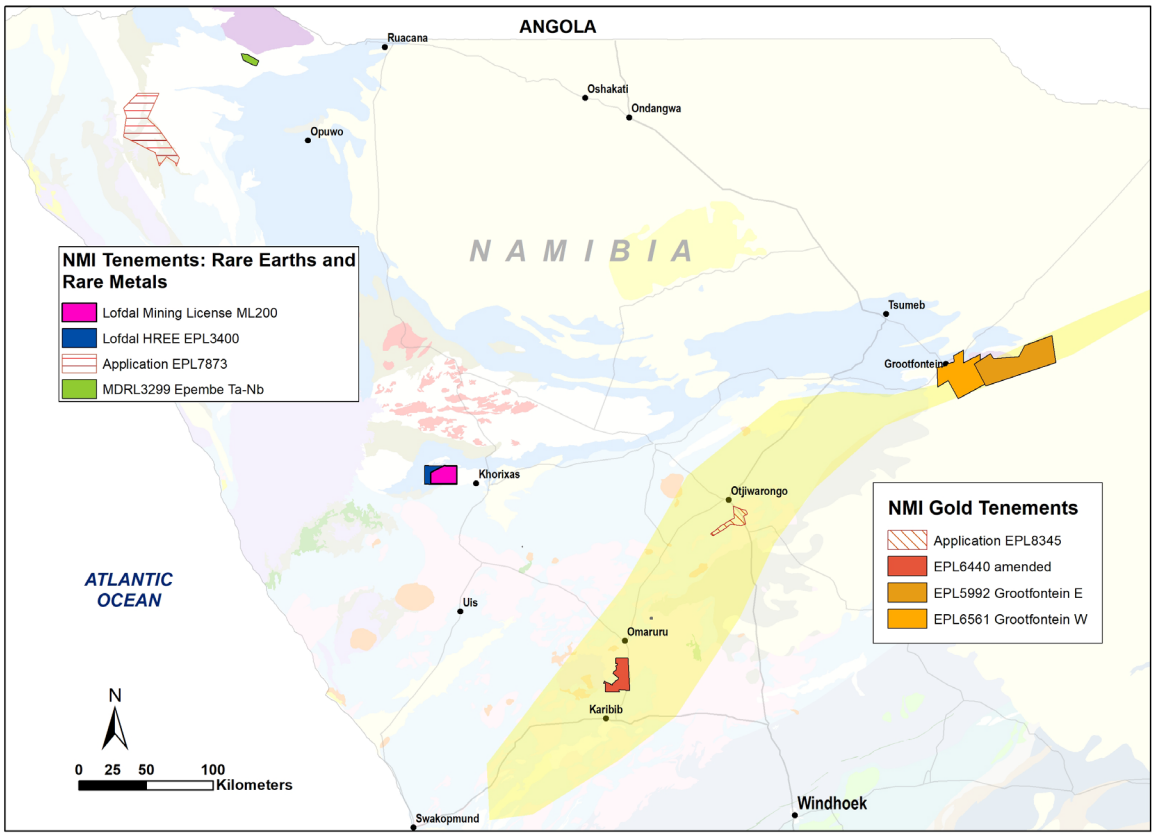



**Figure 1 –** *Location of NCMI's critical metals projects*

**Table 1 –** *Summary of Namibia Critical Metals Project Portfolio as at 31 August 2022*

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

| # | License | Subsidiary company | Project | Size ($km^2$) |
|---|---|---|---|---|
| 1 | ML200 | Namibia Rare Earths (Pty) Ltd. | Lofdal | 210,3 |
| 2 | EPL3400 | Namibia Rare Earths (Pty) Ltd. | Lofdal | 104,0 |
| 3 | EPL5992 | Philco One Hundred Ninety-Three (Pty) Ltd. | Grootfontein | 732,0 |
| 4 | EPL6440 | Gecko Gold Mining (Pty) Ltd. | Erongo | 262,9 |
| 5 | EPL6561 | Philco One Hundred Ninety-Three (Pty) Ltd. | Grootfontein | 660,8 |
| 6 | MDRL3299 | Gazania Investments Twenty-Five (Pty) Ltd. | Epembe | 57,2 |
| | | | **Total ground** | **2 027,3** |
| | EPL7873 | Philco One Hundred Ninety-Three (Pty) Ltd. | Kaoko copper&gold | 982,8 |
| | EPL8345 | Gecko Gold Mining (Pty) Ltd. | Otjitazu | 50,9 |
| | | | **Total applications** | **1 033,7** |

## Lofdal Rare Earths Project and Development Strategy

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 is 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.

Mining Licence ("ML 200") covering the Lofdal Heavy Rare Earth Project ("Lofdal" or "the project") 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%.

As of August 31, 2022, JOGMEC has advanced $7,600,000 of the $10,000,000 commitment for Terms 1 and 2.

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).

There are two larger intrusive carbonatite bodies related to an early 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, however largely light 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.

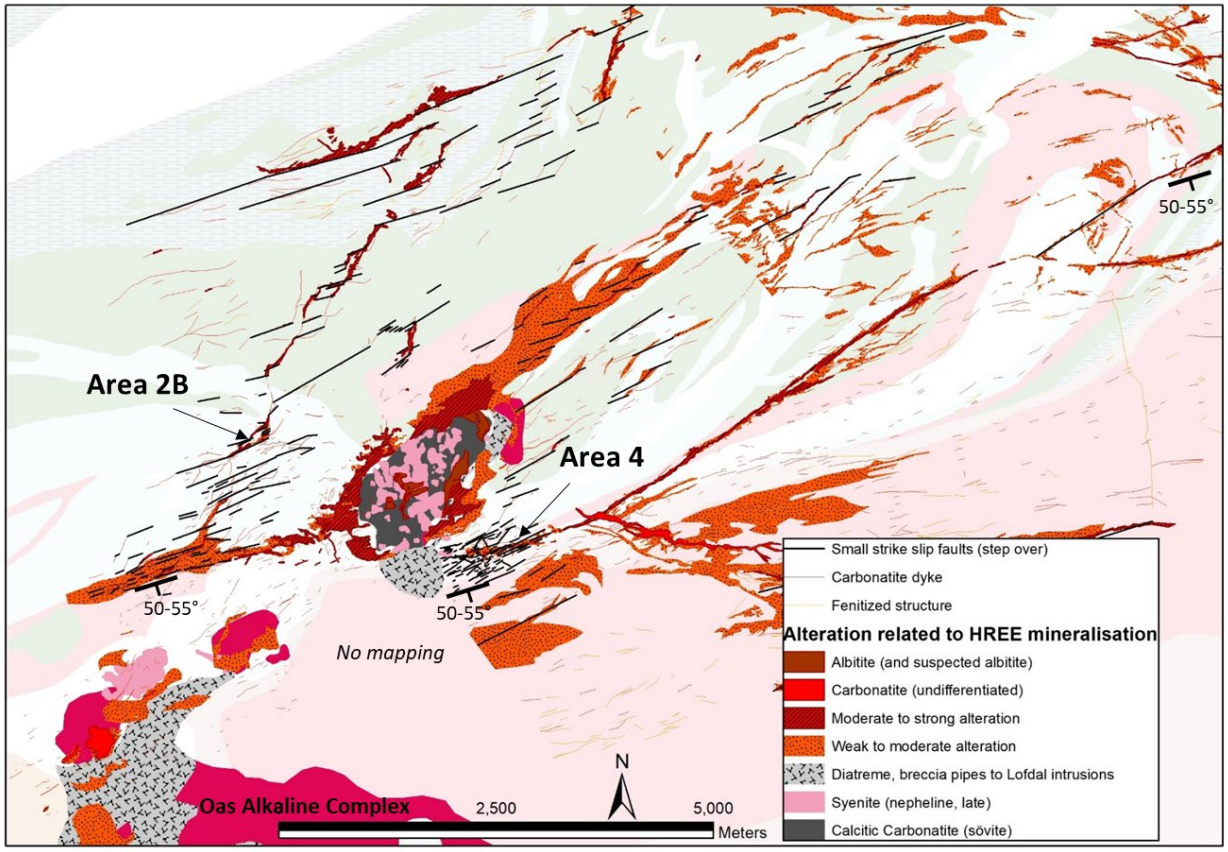



**Figure 2 –** *General geology of the Lofdal project showing the location of the Area 4 and Area 2B Deposits in relation to other structures with rare earth mineralisation*

**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 drillings.

***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** |

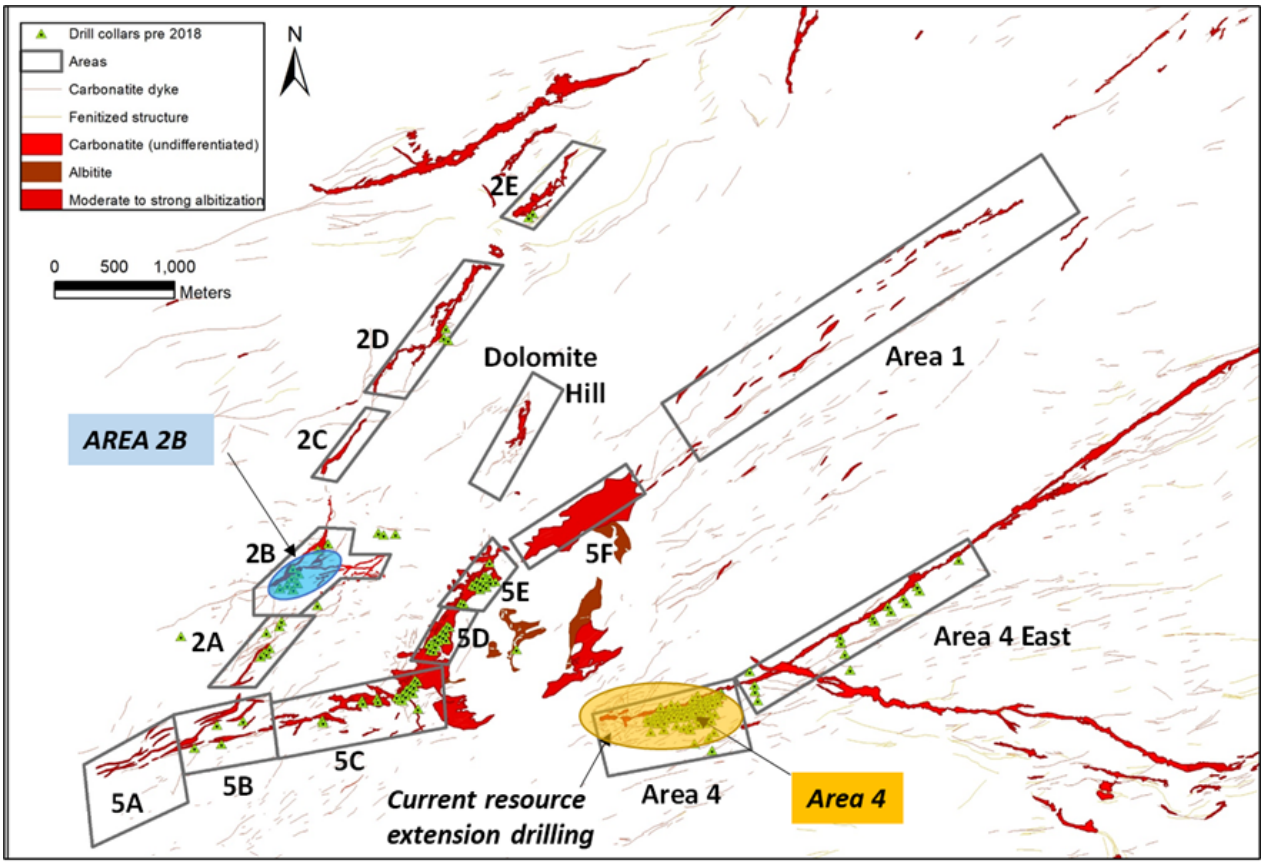



**Figure 3 -** *Drill target areas at Lofdal for resource development. In 2020-2021, focus was on Area 4. Area 2B is the first satellite deposit with resource drilling.*

### 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).

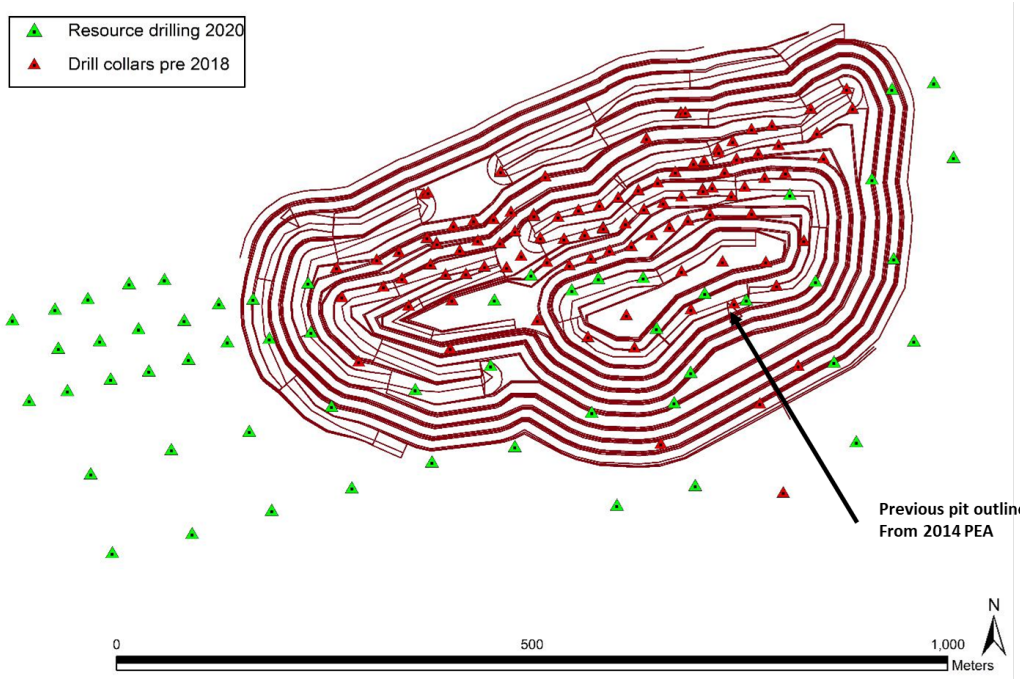



**Figure 4** –*Drill hole collars Area 4 deposit. 2020 drill collars shown in green and historic holes in red.*

### 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. Seventeen holes had been drilled in the area in 2011 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) and remains open in all directions.

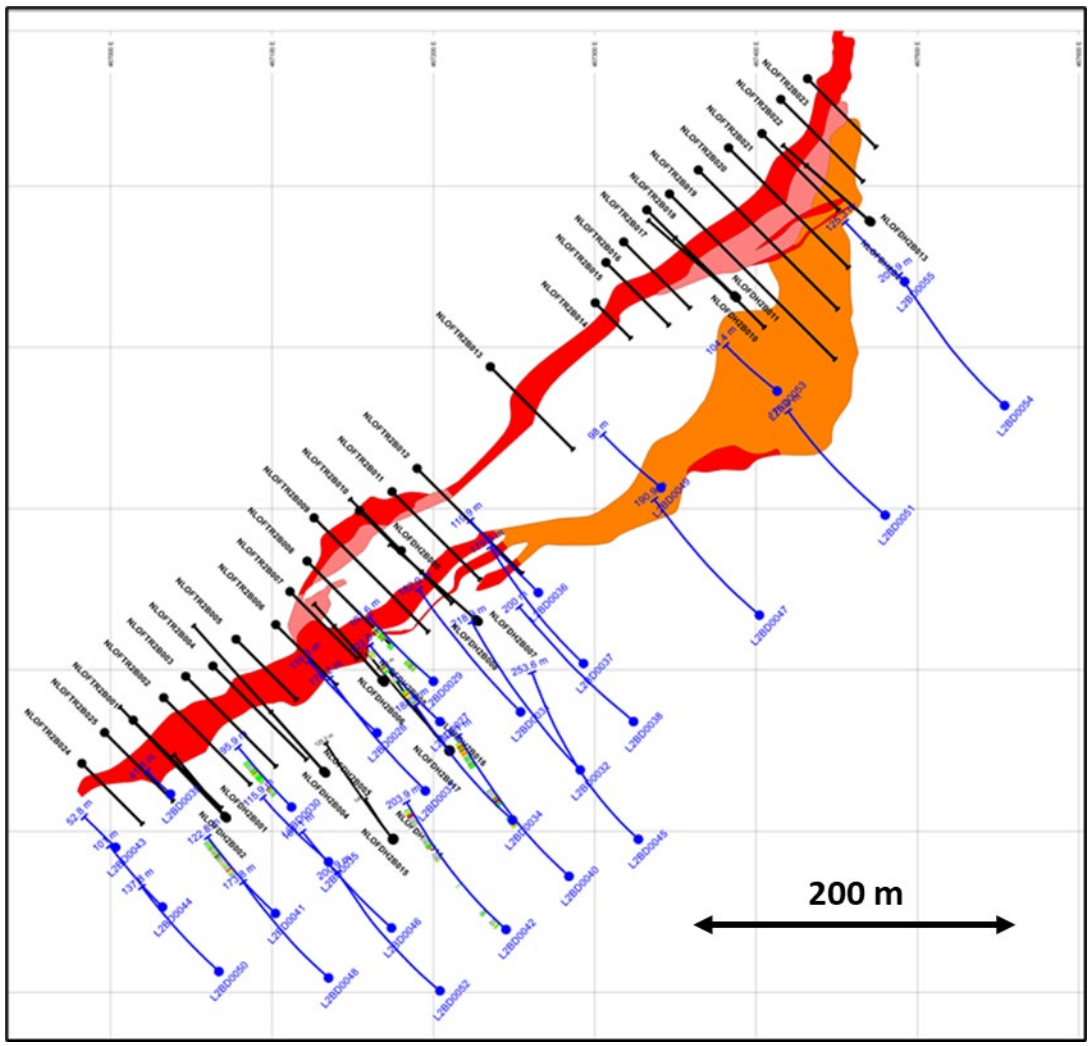



**Figure 5** –*Drill plan for Area 2B. 2020 drill holes in blue and historic drill holes and trenches in black*

### 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 |

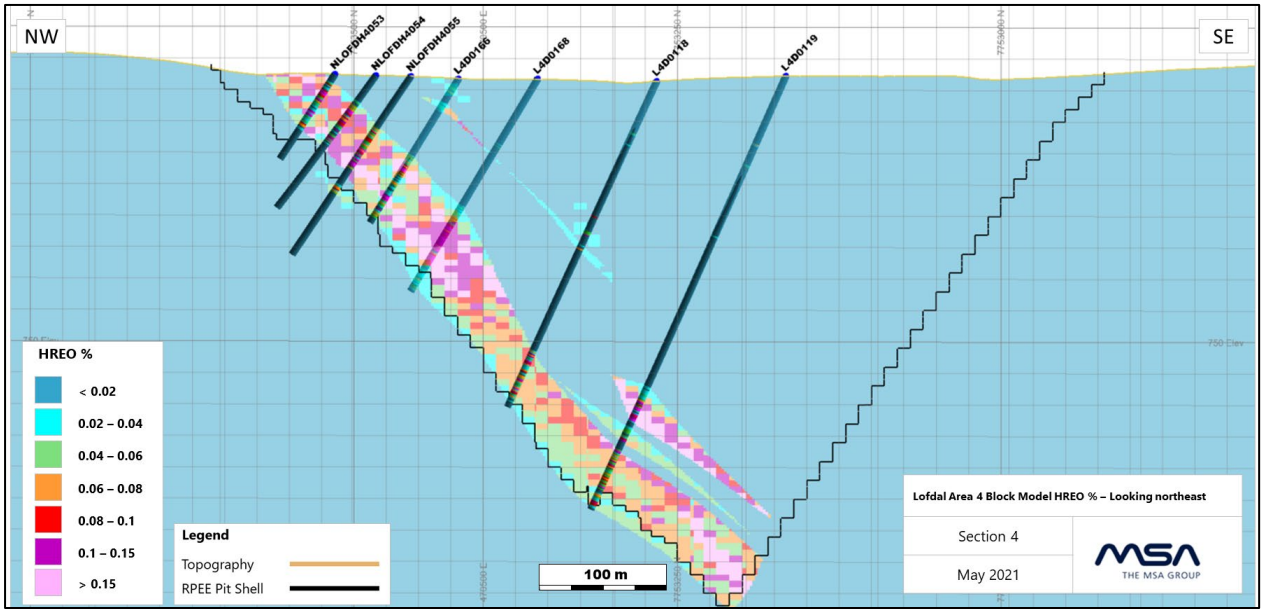



**Figure 6:** Section through block model of central part of Area 4 displaying HREO block grades

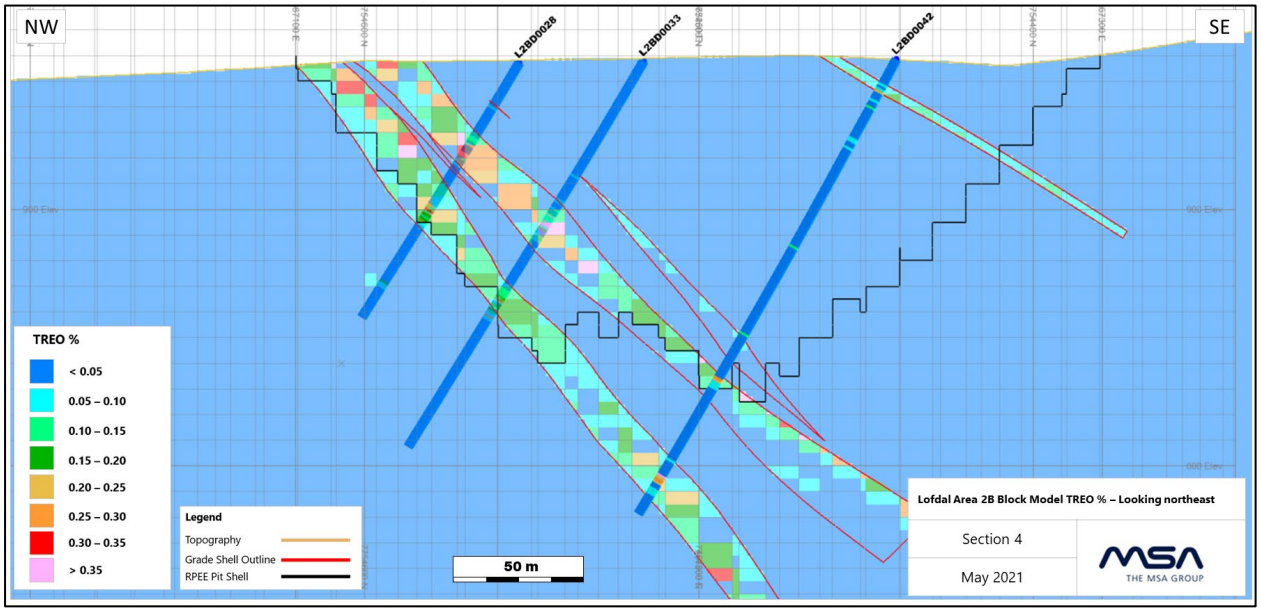



**Figure 7:** Section through block model of western part of Area 2B displaying TREO block grades

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 several other rare earth occurrences on ML200 and EPL3400 (see Figures 2 and 3). 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.

***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.

**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. 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 TOMRA Hamburg and IMS Engineering Johannesburg, South Africa. 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 by rejecting waste in form of albitite, muscovite and chlorite schists. 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.

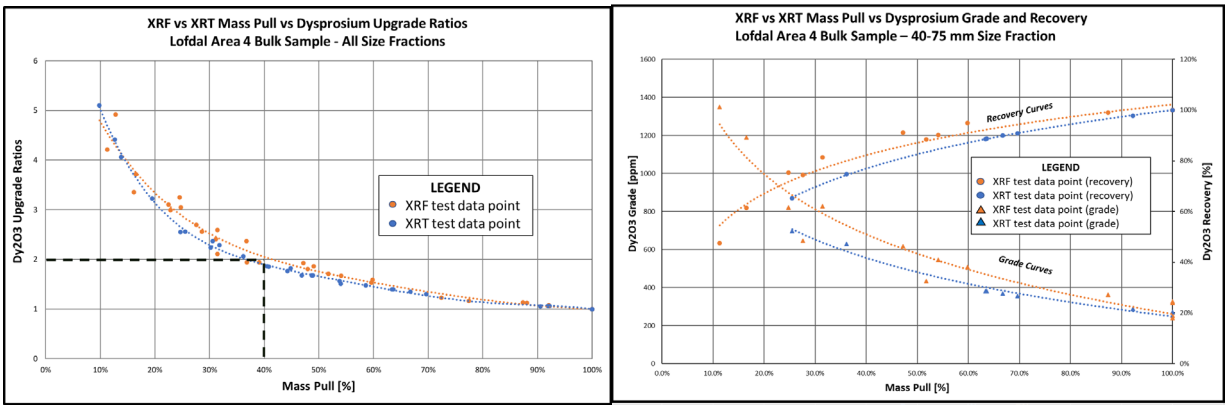


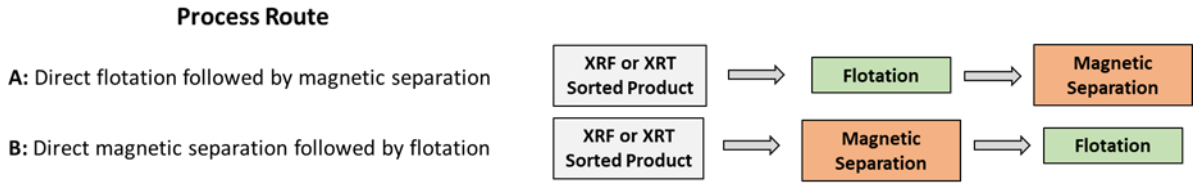

**Figure 8 –** *Mass pull vs dysprosium upgrade ratios on all size fractions (left) and mass pull vs dysprosium grade and dysprosium recovery for the 40-75 mm size fractions (right). Test results from Lofdal Area 4 bulk sample showing XRF (orange) and XRT (blue). Operator can pre-select desired upgrade 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 and Magnetic Separation***

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 test program***

Flotation is the key step in beneficiation and is being undertaken 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:

The metallurgical bulk sample test program was amended to include flotation tests directly on the fresh, low-grade sample, by-passing initially planned XRT and XRF sorting which would result in additional losses. Iron removal by magnetic separation was moved to post flotation on a smaller concentrate stream reducing CAPEX and OPEX with minimal losses.

Flotation test work was carried out at SGS Canada Inc. in Lakefield, Ontario, and at UVR-FIA GmbH in Freiberg, Germany. Both institutions, cumulatively conducted over 120 individual flotation tests using several types of collectors, depressants and considered thrifting of physical flotation conditions.

The impact of high intensity conditioning ahead of flotation yielded clearly improved flotation performance.

Best flotation results regarding upgrade, recoveries and operating costs were achieved using moderate dosages of the collector Florrea 3900 and Calgon as depressant. Cleaner flotation concentrates from positive test runs produced at an overall mass pull of 2.7-3.9% with a product grade of 4-6% TREO and a

recovery of up to 70% TREO. More importantly, the high value Heavy Rare Earth Elements, mainly hosted in xenotime, showed significantly better recoveries (58-75% HREO) than the Light Rare Earth Elements (49-58% LREO). Flotation tests on finer grind material reached up to 75.2% recovery for the Heavy Rare Earths Oxides which represents a significant upside potential currently tested.

After defining the optimal flotation conditions, bulk flotation tests were conducted in quadruplicate to produce a flotation concentrate for downstream hydrometallurgical testing. Four bulk flotation tests demonstrated repeatable flotation performances on the low-grade feed material.

Significant upside potential also remains in further optimizing flotation conditions.

***Hydrometallurgical test work and results***

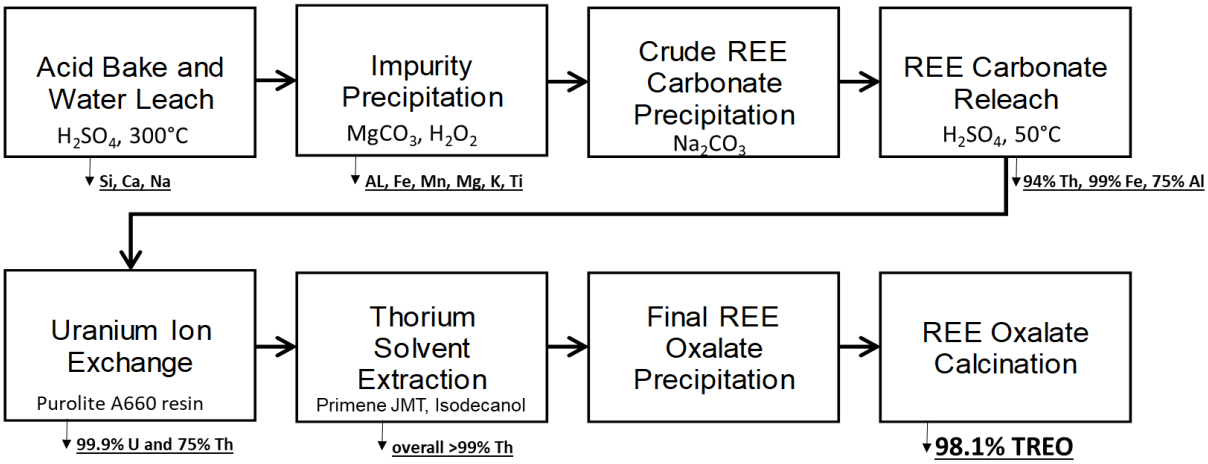
The Company has successfully completed hydrometallurgical test work to develop a flowsheet capable of producing a high-grade rare-earth oxide product from a xenotime flotation concentrate. The Company's lead metallurgical consultants at SGS Minerals Services Canada (SGS) have simplified the final process 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).

The mineral concentrate produced by bulk flotation was used for downstream hydrometallurgical testing. Four bulk flotation tests demonstrated repeatable flotation performances on the low grade direct run-of-mine feed material. The cleaner flotation from the bulk test runs produced a concentrate grade TREO ranging from 4.7 – 6%. This flotation concentrate marks the third such concentrate tested at the laboratories of SGS in Lakefield, Ontario, to determine the potential for producing a marketable rare earth product with minimal impurities. The previous hydrometallurgical test work at SGS had demonstrated the acid bake route is preferred due to lower reagent costs and higher recovery of the heavy rare earths compared to the caustic crack route.

A total of three acid bake and water leach tests were completed throughout the current test program to investigate the dissolution of rare earth elements (REE) and the behaviour of gangue minerals through the addition of sulphuric acid at elevated temperatures (300°C) and at a range of acid dosages (1-1.5 t/t concentrate basis). Under previously determined optimum conditions (2021 test program at SGS Canada), these tests showed very good REE recoveries with 96% for yttrium, 95% for dysprosium and 94% for terbium.

Results of the impurity removal and crude REE precipitation tests on the leached solutions corroborated chemistries with the previous test programs on the two flotation concentrates with low co-precipitation of RE's in the impurity removal stage (between 1-9% as compared to between 1-15% in previous) with similar precipitation of impurities. While the results are positive, there remains room to optimise these processes regarding OPEX and CAPEX as well as recoveries in continuous pilot plant testing during pre-feasibility study.

The addition of a hydrometallurgical plant at Lofdal would create further jobs in the southern Kunene Region of Namibia and provide a marketable product for export. The rare earth oxalate product with thorium and uranium levels below 3 ppm would be acceptable for import into Japan without restrictions or penalties.




**PEA Lofdal "2B-4" ***

The company finalised the financial analysis of its Preliminary Economic Assessment ("PEA") "2B-4". This PEA aims at a significantly larger annual run-of-mine and plant throughput of 2 million tonnes per year and longer mine life than the historical PEA of 2014 by mining from two sub-deposits namely "Pit 2B" and "Pit 4". Further, the processing flow sheet was simplified to a direct flotation of the run-of-mine material and expanded to include a hydrometallurgical unit producing a >98% mixed rare earth oxide as final product (see above) instead of xenotime concentrate.

**Cautionary Note: The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them to enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have a demonstrated economic viability*

**Market Analysis – Pricing**

A price deck has been developed for the Lofdal project based on an internal review of pricing as well as peer reports (Mkango Resources Ltd. DFS July, 2022, and Search Minerals PEA June, 2022) which in turn were developed based on third party independent market forecast analysis. The projected REO distribution for Lofdal concentrates is also presented in Table 6. The projected basket price is US$103.64.

**Table 6 -** *Pricing*

| Pricing Forecast for REE | **Pricing Used for Analysis** | **Distribution** |
|---|---|---|
| La2O3 | **$ -** | **9.2%** |
| Ce2O3 | **$ -** | **16.0%** |
| Pr2O3 | **$ 201.00** | **1.7%** |
| Nd2O3 | **$ 212.00** | **6.3%** |
| Sm2O3 | **$ 5.00** | **2.2%** |
| Eu2O3 | **$ 36.00** | **1.1%** |
| Gd2O3 | **$ 109.00** | **4.3%** |
| Tb2O3 | **$ 2,493.00** | **0.9%** |
| Dy2O3 | **$ 587.00** | **6.2%** |
| Ho2O3 | **$ 290.00** | **1.3%** |
| Er2O3 | **$ 64.00** | **3.8%** |
| Yb2O3 | **$ 20.00** | **3.5%** |
| Lu2O3 | **$ 947.00** | **0.5%** |
| Y2O3 | **$ 17.00** | **42.4%** |
| Tm2O3 | **$ 500.00** | **0.6%** |
| | | |
| **Average Basket Value[1]** | **$ 103.64** | |

[1]Pricing used before refining charges of $12/kg TREO

**Economic Analysis**

SGS provided the capital costs for the expanded project Lofdal "2B-4" totalling to about USD207 million.

**Table 7 -** *Total Capital Costs Summary (US$)*

| | |
|---|---|
| Direct Mining Costs[1] | - |
| Direct Mine Site Processing Costs | 117,577,231 |
| Direct Tailings Storage Facility Costs | 13,628,361 |
| **SUB TOTAL INITIAL CAPITAL COSTS** | **131,205,593** |
| | |
| Sustaining Capital Mining | - |
| Sustaining Capital Processing | 6,010,090 |
| Sustaining Capital Tailings Storage Facility | 5,432,266 |
| Mine Closure Costs | 5,000,000 |
| Indirect Costs | 18,560,082 |
| Contingency | 40,873,816 |
| **TOTAL CAPITAL COSTS** | **207,081,846** |

[1]Mining will be conducted via contractor, all contractor capital recovery is reflected in the mining operating costs.

The economic analysis assumes that the Project will be 100% equity financed and uses parameters relevant as of September 2022, under conditions likely to be applicable to project development and operation and analyzes the sensitivity of the Project to changes in the key Project parameters. All costs have been presented in United States Dollars (US$) and wherever applicable conversion from South African Rand (ZAR) has utilized an exchange ratio (ZAR/US$) of 16.07.

Mining and treatment data, capital cost estimates and operating cost estimates have been put into a base case financial model to calculate the IRR and NPV based on calculated Project after tax cash flows. The scope of the financial model has been restricted to the Project level and as such, the effects of interest charges and financing have been excluded.

For the purposes of the PEA, the evaluation is based on 100% of the Project cash flows before distribution of profits to the equity owners. Both pre-tax and after-tax cash flows have taken 5% royalty payments into account.

At a discount rate of 5% the Project is anticipated to yield a pre-tax IRR of 34% with a NPV of US$632,739,693, and an after tax IRR of 28% with a NPV of US$390,982,730. Cumulative cash flows are US$1,110,393,637 pre-tax and US$698,691,741 after tax over the sixteen year Life of Mine (Table 8).

The Project is expected to pay back initial capital within the first 3.2 years.

## Sensitivity Analysis

### Pre Tax NPV at Range of Operating Costs

| Discount | 60% | 70% | 80% | 90% | 100% | 110% | 120% | 130% | 140% |
|---|---|---|---|---|---|---|---|---|---|
| 5% | $1004.5M | $911.6M | $818.6M | $725.7M | **$632.7M** | $539.8M | $446.8M | $353.9M | $261.0M |
| 7% | $822.6M | $744.0M | $665.4M | $586.8M | $508.3M | $429.7M | $351.1M | $272.5M | $193.9M |
| 8% | $745.8M | $673.3M | $600.8M | $528.3M | $455.8M | $383.3M | $310.8M | $238.4M | $165.9M |
| 9% | $676.9M | $609.9M | $542.9M | $475.9M | $408.9M | $341.9M | $274.9M | $207.9M | $140.9M |
| 10% | $615.0M | $552.9M | $490.9M | $428.8M | $366.8M | $304.8M | $242.7M | $180.7M | $118.6M |

### Pre-Tax NPV at Range of Capital Costs

| | $124.2 | $145.0 | $165.7 | $186.4 | $207.1M | $227.8 | $248.5 | $269.2 | $289.9 |
|---|---|---|---|---|---|---|---|---|---|
| Discount | 60% | 70% | 80% | 90% | 100% | 110% | 120% | 130% | 140% |
| 5% | $708.0M | $689.2M | $670.4M | $651.5M | **$632.7M** | $613.9M | $595.1M | $576.3M | $557.5M |
| 7% | $580.9M | $562.8M | $544.6M | $526.4M | $508.3M | $490.1M | $471.9M | $453.7M | $435.6M |
| 8% | $527.3M | $509.4M | $491.6M | $473.7M | $455.8M | $437.9M | $420.1M | $402.2M | $384.3M |
| 9% | $479.2M | $461.6M | $444.1M | $426.5M | $408.9M | $391.3M | $373.7M | $356.1M | $338.5M |
| 10% | $436.0M | $418.7M | $401.4M | $384.1M | $366.8M | $349.5M | $332.2M | $314.9M | $297.6M |

### Pre-Tax NPV at Basket Price Levels

| Discount | $70 | $75 | $80 | $85 | $92 | $95 | $100 | $105 | $110 |
|---|---|---|---|---|---|---|---|---|---|
| 5% | $240.1M | $330.8M | $421.5M | $512.3M | **$632.7M** | $693.7M | $784.4M | $883.2M | $965.9M |
| 7% | $177.2M | $253.7M | $330.2M | $406.7M | $508.3M | $559.7M | $636.2M | $719.4M | $789.2M |
| 8% | $150.9M | $221.3M | $291.8M | $362.3M | $455.8M | $503.2M | $573.6M | $650.3M | $714.6M |
| 9% | $127.4M | $192.5M | $257.5M | $322.5M | $408.9M | $452.6M | $517.6M | $588.4M | $647.7M |
| 10% | $106.5M | $166.6M | $226.8M | $286.9M | $366.8M | $407.2M | $467.4M | $532.8M | $587.6M |

### Pre-Tax NPV at Varying Recovery Ranges

| Discount | 43% | 48% | 53% | 57% | 59% | 61% | 64% | 69% | 74% |
|---|---|---|---|---|---|---|---|---|---|
| 5% | $178.0M | $320.1M | $462.2M | $575.9M | **$632.7M** | $689.6M | $774.9M | $917.0M | $1059.1M |
| 7% | $124.8M | $244.6M | $364.5M | $460.3M | $508.3M | $556.2M | $628.1M | $747.9M | $867.7M |
| 8% | $102.6M | $213.0M | $323.4M | $411.7M | $455.8M | $500.0M | $566.2M | $676.6M | $787.0M |
| 9% | $82.9M | $184.8M | $286.6M | $368.1M | $408.9M | $449.6M | $510.8M | $612.6M | $714.5M |
| 10% | $65.3M | $159.5M | $253.7M | $329.1M | $366.8M | $404.5M | $461.0M | $555.2M | $649.4M |

**Recommendations**

This PEA was based on the Mineral Resource Estimate produced by The MSA Group in 2021. Significant upside potential exists down dip of Area 4 and Area 2B as well as along the several kilometer long strike extensions of the mineralization in Areas 2 and 5. Therefore, with further exploration the run-of-mine and/or life time of the Lofdal mine could be significantly increased.

Sorting of the run-of-mine material was excluded from this PEA. However, historical and recent test work at TOMRA showed several approaches for an optimization of the Lofdal mine. Further studies will focus on three run-of-mine streams which will entail (1) higher grade material directly supplied to the flotation circuit while (2) lower grade material will run through a low filter XRT sorting with an upgrade factor expected in the range 2.0-2.5, and (3) very low grade (stockpile) material which will be XRT sorted with a high filter aiming at upgrades factors in the range 3.5-4 with relatively low recoveries around 50%. The latter will also source about 13 Mt of stockpile material which is not included in the current PEA.

While completing this PEA, further flotation tests are continuing at SGS aiming at further optimization of flotation. Specifically, grind size and collector dosage optimization bears significant upside for better recoveries and lower OPEX.

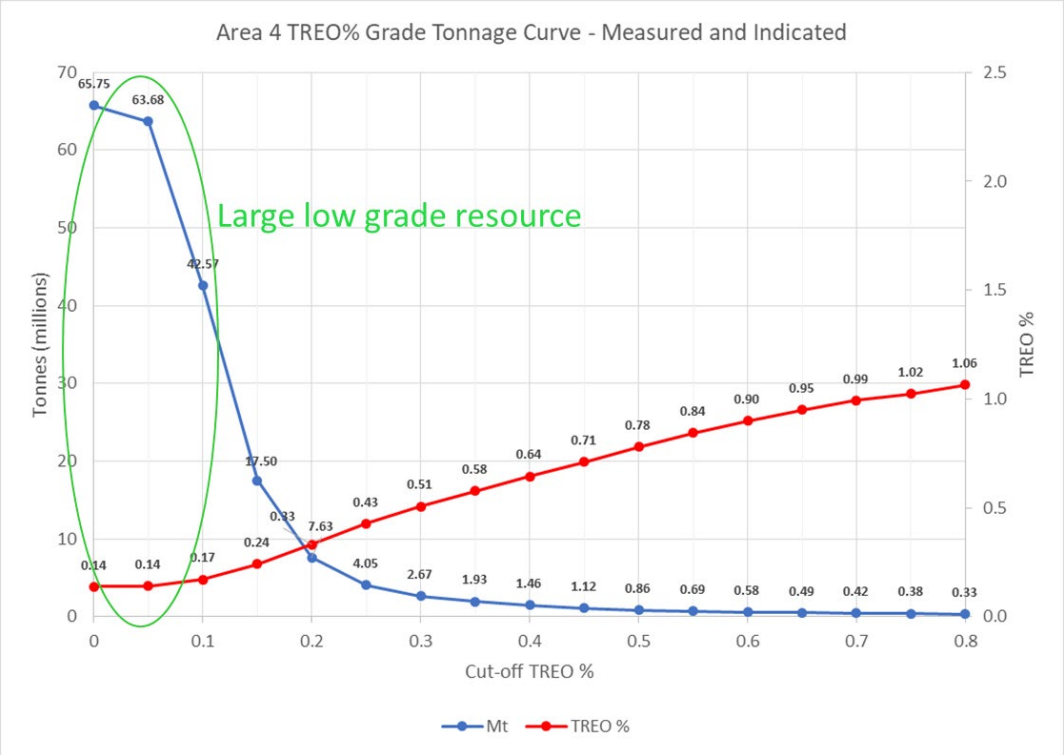



**Figure 9***: Lofdal Area 4 deposit Grade-tonnage curve demonstrating the large upside for the life of mine or increasing production by tapping the low grade resources potentially upgrading the run-of-mine by XRT sorting*

***Expenditures***

During the period ended August 31, 2022, the Company received $1,500,000 (2021 - $2,566,545) from JOGMEC for exploration expenditures on the Lofdal property. As of August 31, 2022, $6,777,585 (2021 - $4,729,802) in exploration expenditures have been incurred. The reclassification of VAT (note 5) in the period increases the expenditures to $7,122,264. The Company has recorded $477,736 (2021 - $1,140,198) as a liability for advances received for future exploration work.

The joint venture expenditures for the period ended August 31, 2022 are summarized in the following table:

| | November 30, 2021 $ | Acquisitions and Expenditures $ | August 31, 2022 $ |
|---|---|---|---|
| Project Management | 199,730 | 90,546 | **290,276** |
| Geology, Drilling, Sample Analysis | 3,266,652 | 646,767 | **3,913,419** |
| 43-101 Resource and Mine Model Update | 506,415 | 228,876 | **735,291** |
| Metallurgy | 874,090 | 371,189 | **1,245,279** |
| Mine planning | 288,858 | 70,992 | **359,850** |
| Operator's Fee | 95,545 | 93,251 | **188,796** |
| Other | 32,078 | 12,596 | **44,674** |
| Reclassification of VAT (note 5) | - | 344,679 | **344,679** |
| | 5,263,368 | 1,858,896 | **7,122,264** |

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 nine months ended August 31, 2022 amounted to $25,500 (2021 – $nil).

**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 period ended August 31, 2022, the Company incurred $33,149 (2021 - $107,561) in exploration and evaluation expenditures on the Kunene property.

For 2022, the Company will completely divest from the cobalt-copper projects.

***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 Ta2O5, 1,300 ppm Nb2O5 and 2.4% P2O5 (Figure 10). Initial sorting tests (XRT) indicate the potential for significant physical upgrading.

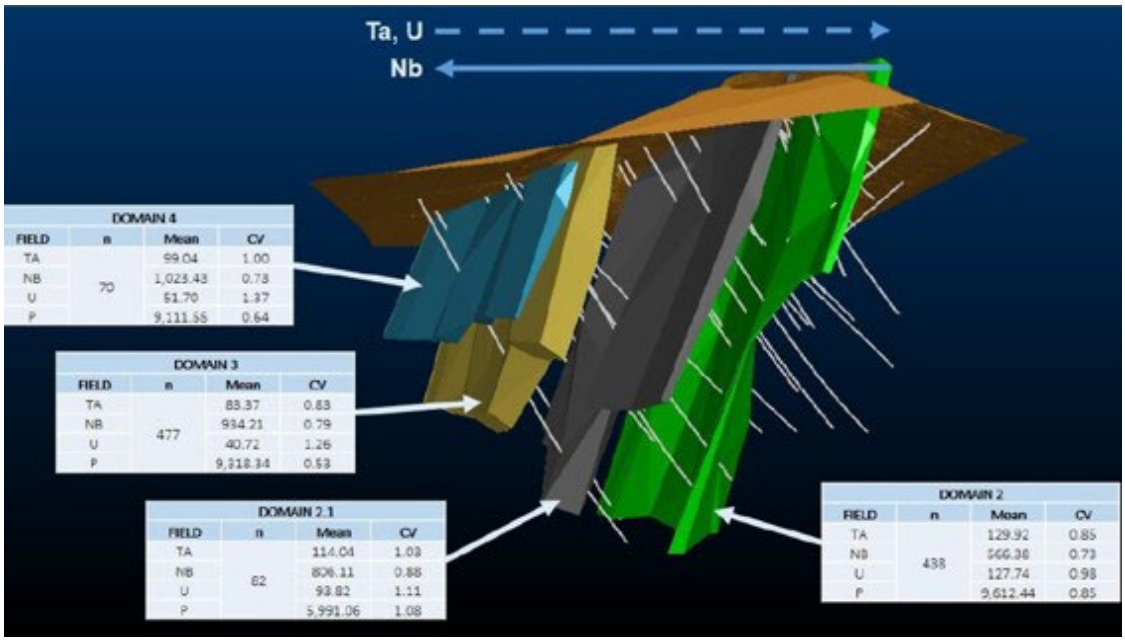



**Figure 10 –** *Modeled mineralized zones at Epembe Sector B*

**Epembe Expenditures**

During the period ended August 31, 2022, the Company incurred $2,105 (2021 – $26,428) in exploration and evaluation expenditures on the Epembe property.

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

### *Gold Project Portfolio*

The Company's gold exploration projects Erongo and Grootfontein are situated within the Central Namibian Gold Belt (Figure 11) . 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 only 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 1,655 km$^2$ in this emerging gold belt.

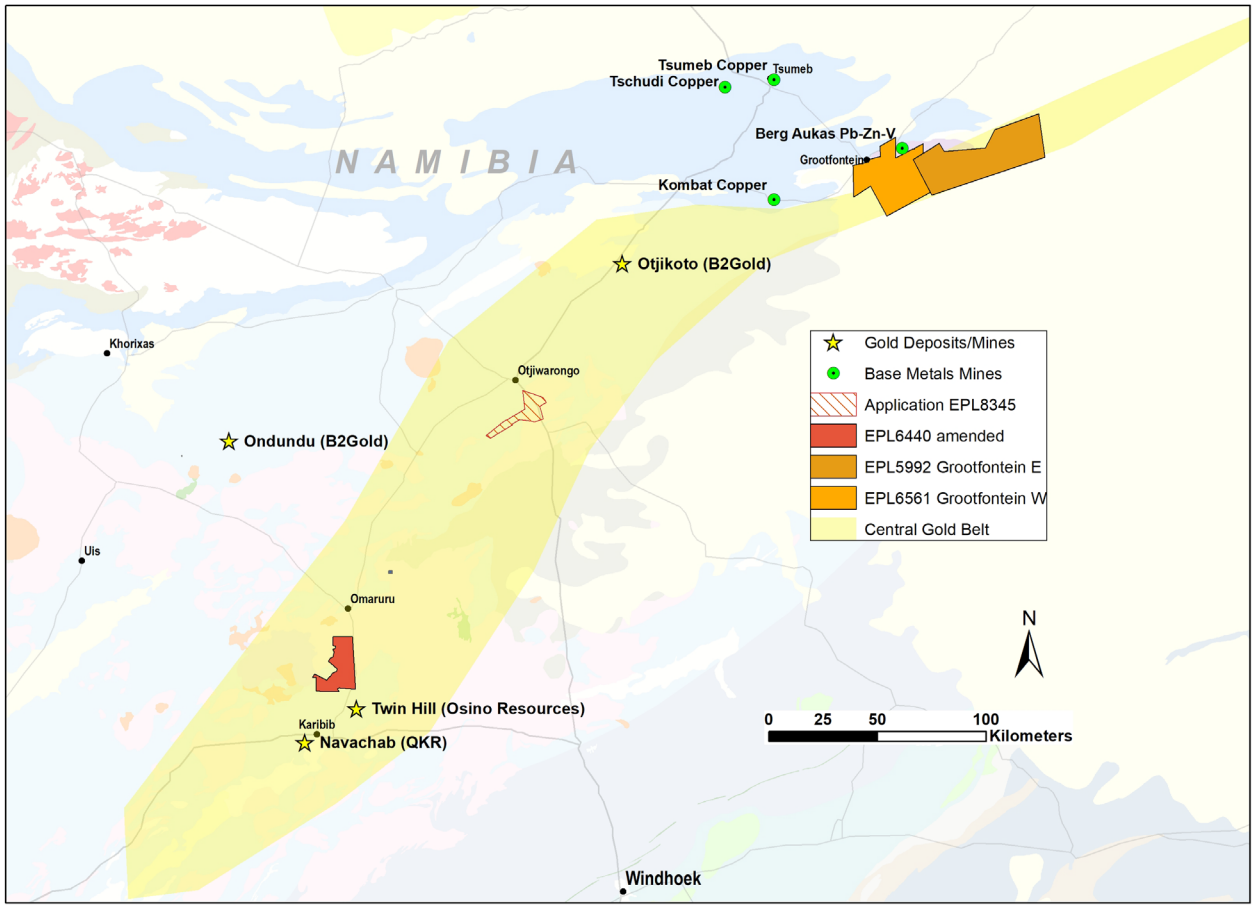



**Figure 11** – *NMI project areas in the Central Namibian Gold Belt*

### *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.

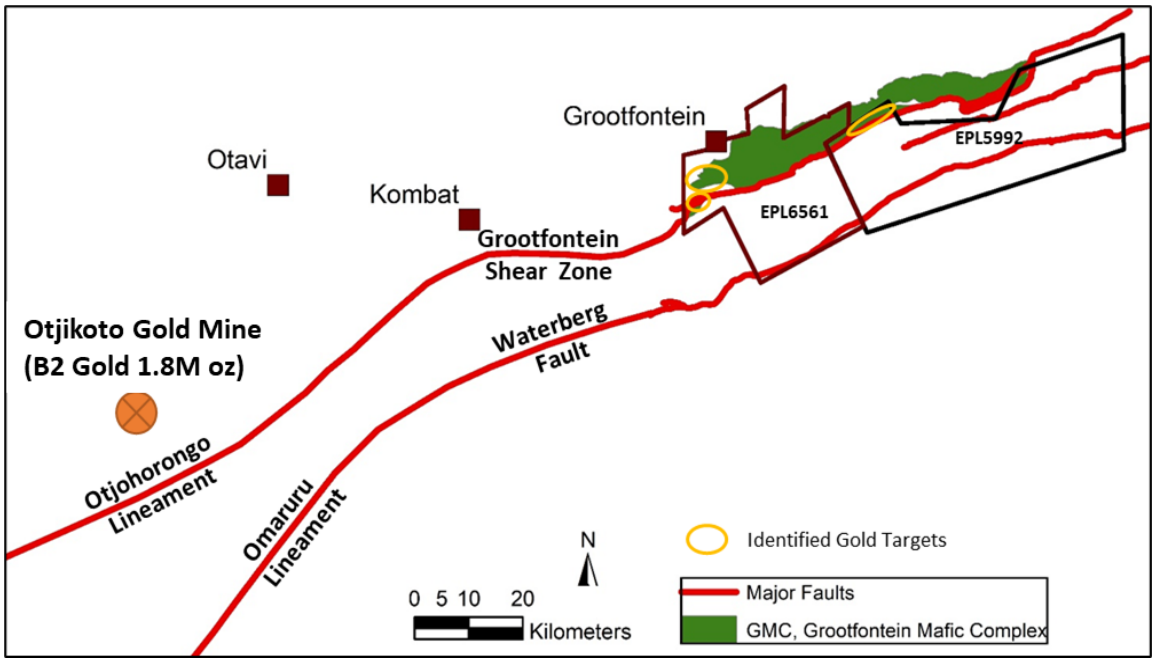



**Figure 12 -** *Location of the Grootfontein EPLs and relationship to major structures within the Central Namibian Gold Belt*

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.

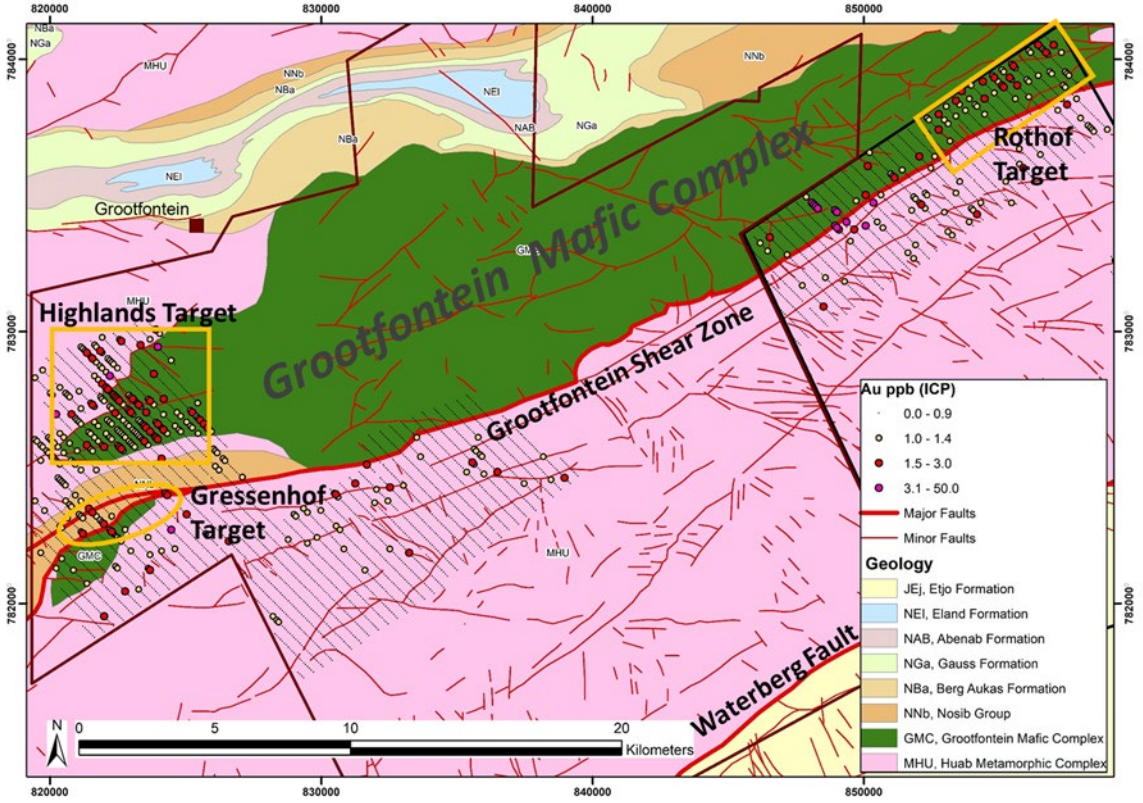



**Figure 13 -** *Key gold exploration targets at the Grootfontein Project (low detection limit gold ICP analyses of soils). Sampling lines 400 m apart. Structural and lithological interpretations by Earthmaps Consulting.*

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.

The three targets were followed-up 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.

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 (Figures 14).

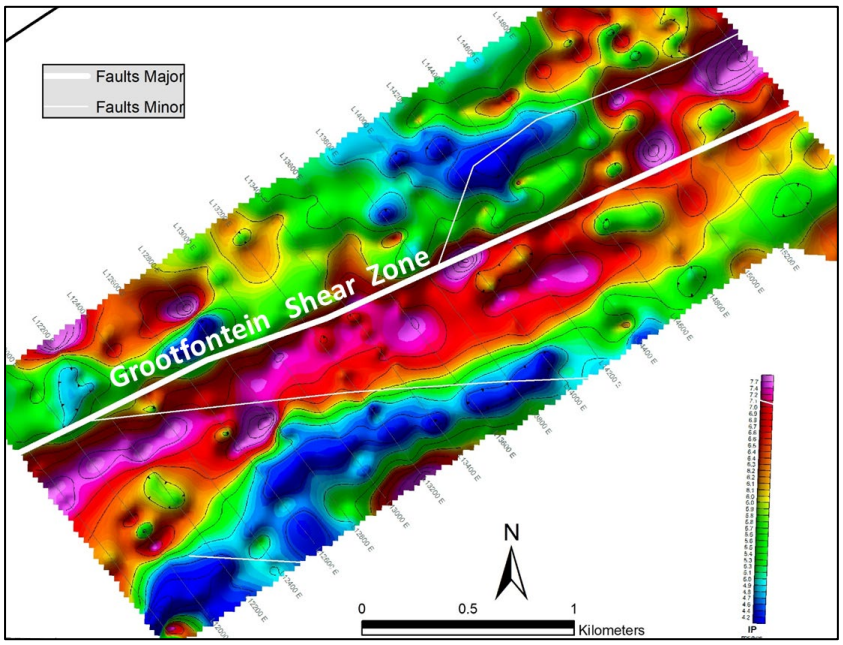



**Figure 14**: *Result of the IP survey area at the Rothof Target: The Grootfontein Shear Zone is clearly marked with a zone of higher chargeability.*

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.

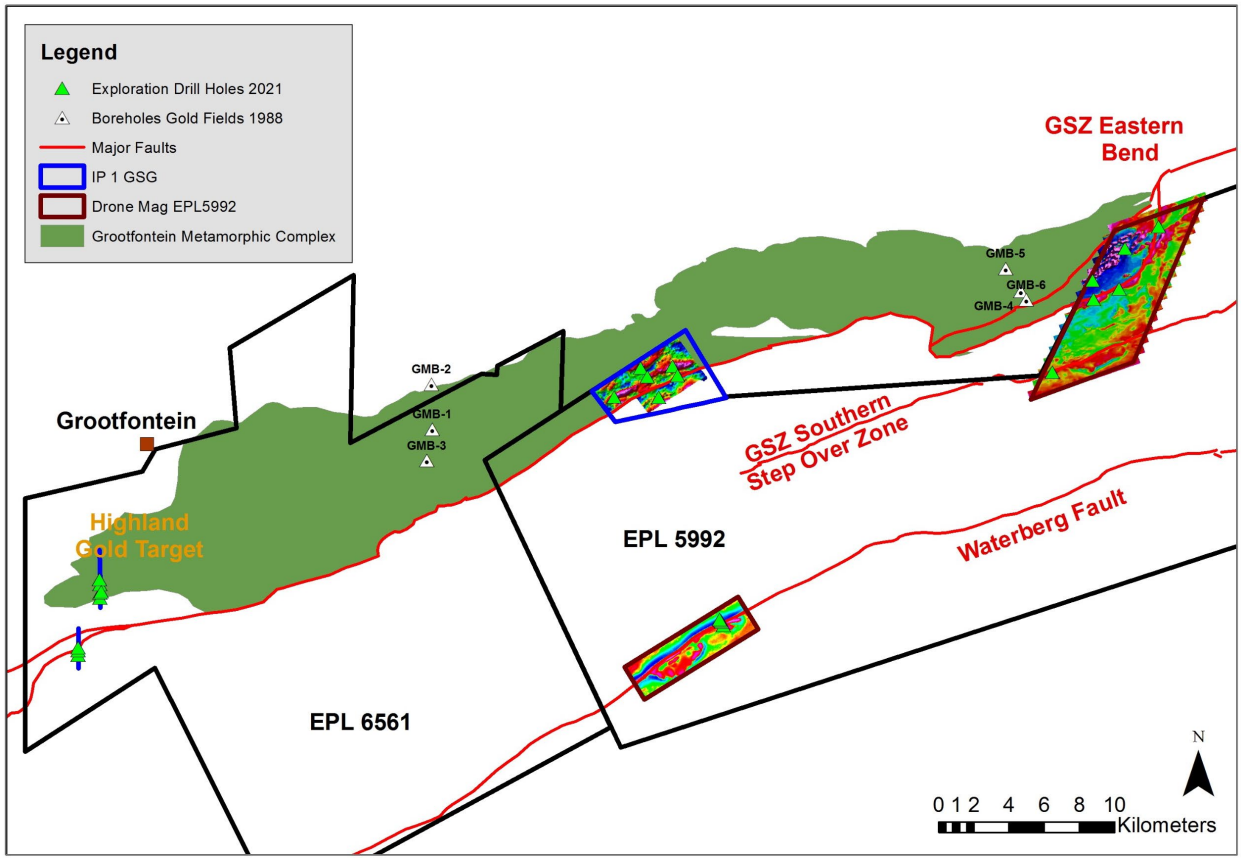



**Figure 15:** *Grootfontein Project with main structures of the Grootfontein Shear Zone (GSZ), drill collar positions of the 2021 reconnaissance drilling program and the key target areas.*

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.

**Kunene Gold Expenditures**

For the period ended August 31, 2022, the Company incurred $16,725 (2021 - $585,544) in exploration and evaluation expenditures on the Kunene Gold property.

***Erongo Gold Project***

The Erongo gold project originally covers an area of 263 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 those deposit types on the property.

Namibia Critical Metals holds 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 and three distinct gold anomalies coinciding with arsenic anomalies associated with the Kanona Fault (Figure 16):

- **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.

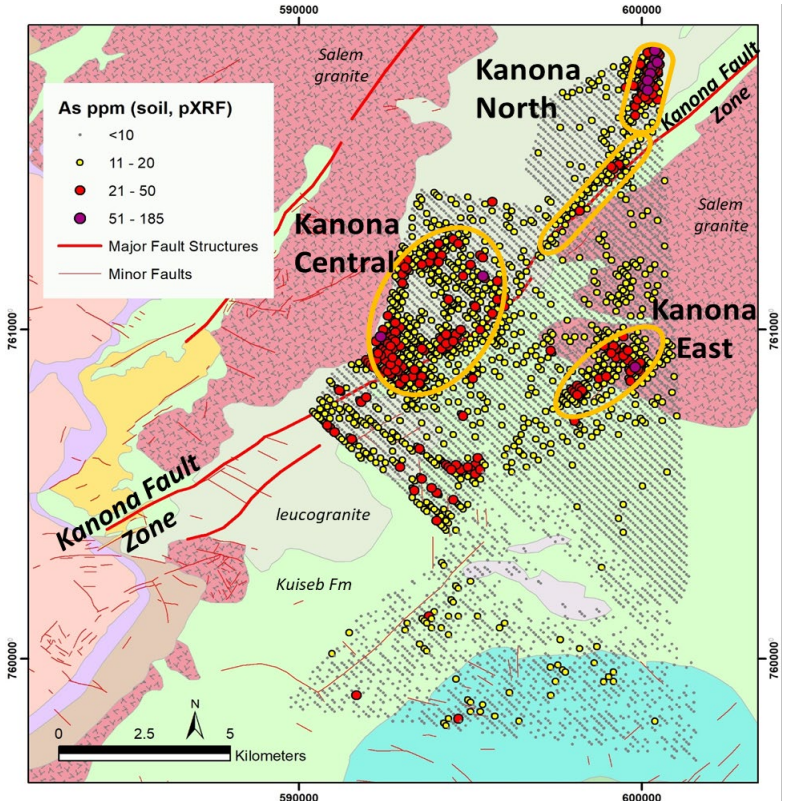



**Figure 16 -** *Key gold exploration targets at the Erongo Project (arsenic anomalies from handheld XRF analyses of soils). Sampling lines 200 m apart.*

## Ground geophysics

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", Figure 17 and Figure 18). 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.

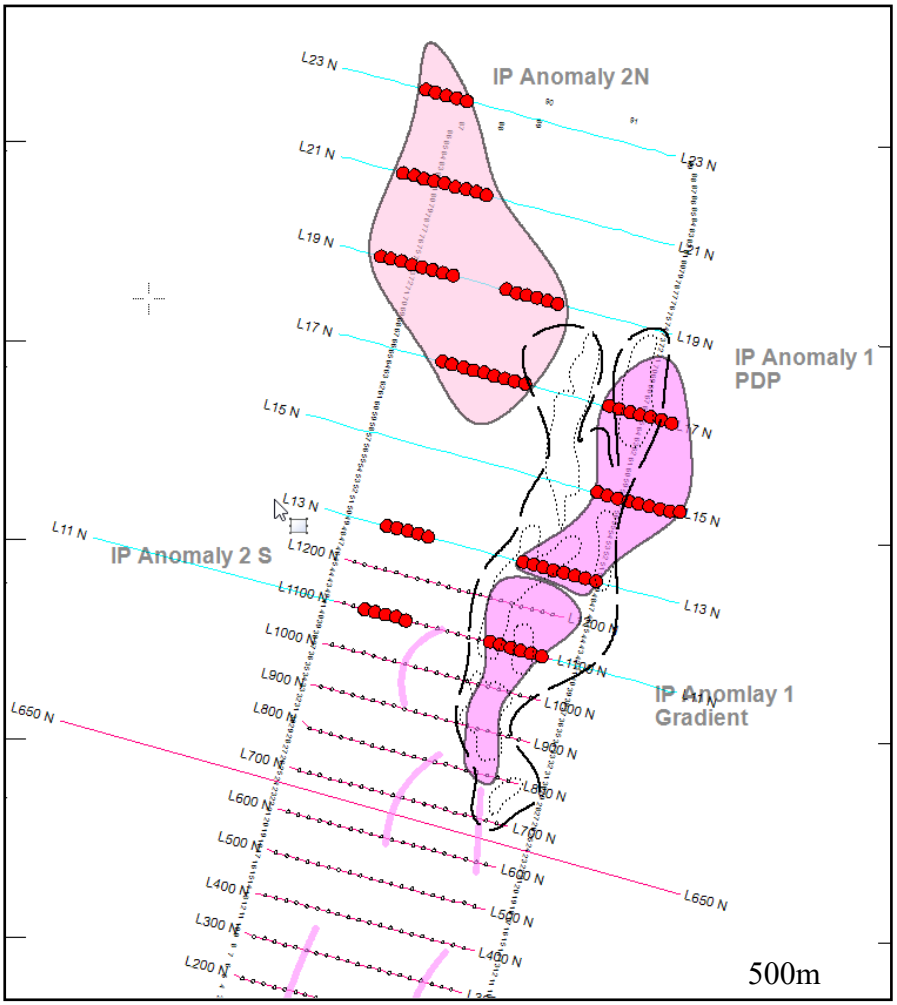



**Figure 17:** *Plan with the interpretation of geophysical data ~~at Kanona North~~ target. Pink polygons show the position of the IP Anomalies 1 (east) and 2 (northwest). The red dots are the positions of the IP anomalies as taken off the PDP modelled IP sections. Pink lines are weaker trends in the 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.*

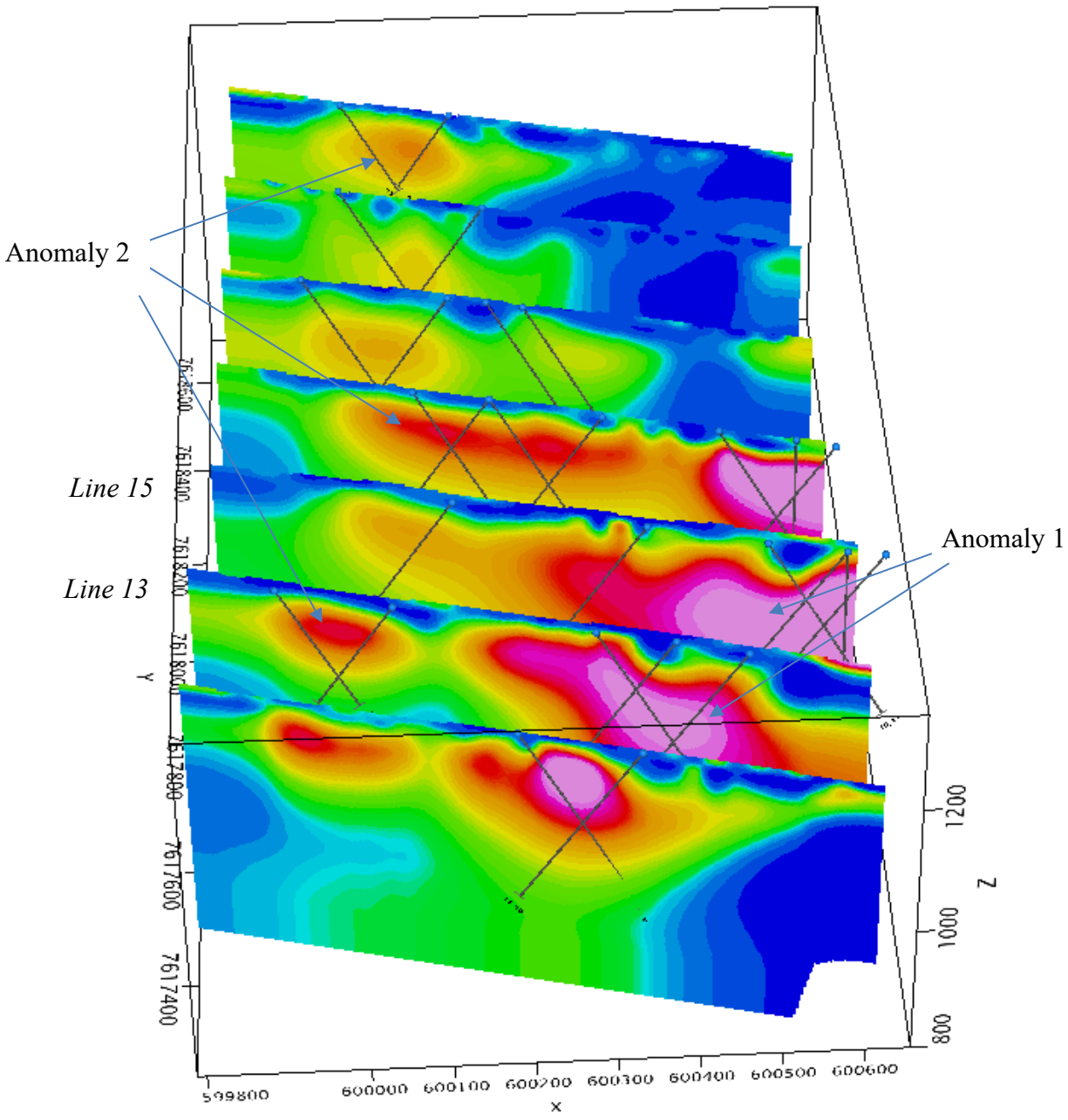



**Figure 18**: *Reconnaissance drill plan (black lines) on 3D perspective showing the PDP IP response from Line 11 in the South to Line 21 in the north. Anomaly 1 in the east is well defined. Anomaly 2, to the west, is distinctly weaker and shallower.*

**Drill results Kanona North Target**

Based on the geophysical targets an initial drill program of 10 RC holes for a total of 2,462 m was conducted in April-May 2022.

**Table 6:** Drill statistics of the RC drill program at Kanona North target

| Planned_Hole | **Final Hole ID** | **UTM_E** | **UTM_N** | **Altitude_Z** | **EOH_m** | **Dip** | **Azi true N** | **Date Start** | **Date Completed** |
|---|---|---|---|---|---|---|---|---|---|
| 13_17 | **EROR001** | 600384 | 7617511 | 1247 | 97 | -60 | 103 | 08-Apr-22 | 09-Apr-22 |
| 13_17 | **EROR002** | 600384 | 7617510 | 1248 | 295 | -60 | 283 | 09-Apr-22 | 13-Apr-22 |
| 13_09 | **EROR003** | 600286 | 7617538 | 1246 | 289 | -60 | 103 | 13-Apr-22 | 16-Apr-22 |
| 15_21 | **EROR004** | 600366 | 7617717 | 1230 | 271 | -60 | 283 | 18-Apr-22 | 19-Apr-22 |
| 15_11 | **EROR005** | 600512 | 7617679 | 1230 | 300 | -60 | 103 | 20-Apr-22 | 22-Apr-22 |
| 17_11 | **EROR006** | 600548 | 7617875 | 1247 | 295 | -90 | 103 | 22-Apr-22 | 25-Apr-22 |
| 17_09 | **EROR007** | 600465 | 7617901 | 1238 | 300 | -60 | 103 | 26-Apr-22 | 28-Apr-22 |
| 17_16 | **EROR008** | 600316 | 7617943 | 1235 | 205 | -60 | 283 | 28-Apr-22 | 29-Apr-22 |
| 19_06 | **EROR009** | 600224 | 7618172 | 1245 | 211 | -60 | 103 | 06-May-22 | 07-May-22 |
| 19_12 | **EROR010** | 600127 | 7618200 | 1237 | 199 | -60 | 283 | 09-May-22 | 10-May-22 |
| | | **Total** | | | **2462** | | | | |

Intercepts of broader alteration zones and samples with high arsenic values (pXRF) were sampled. Sampling and sample assaying of the RC reconnaissance campaign at Erongo Kanona North 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 Omaruru, 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.

Final assays were received from Actlabs in September 2022. Generally, the assays reveal low, uneconomic gold grades over very wide intervals. The structurally controlled alteration zones show a good correlation of the arsenic values produced by on-site pXRF readings and the gold values from the final assays. The gold anomalism in the alteration zones is extensive over several tens of meters, and thus proves the exploration concept of combined soil sampling and ground IP surveys. However, gold mineralisation is of very low and uneconomic grade (e.g. in hole EROR002 70m@0.02 ppm Au). The best intercepts are 1m@0.42ppm Au (hole EROR007 from 45 m) and 1m@0.1ppm Au (hole EROR002 from 93 m)

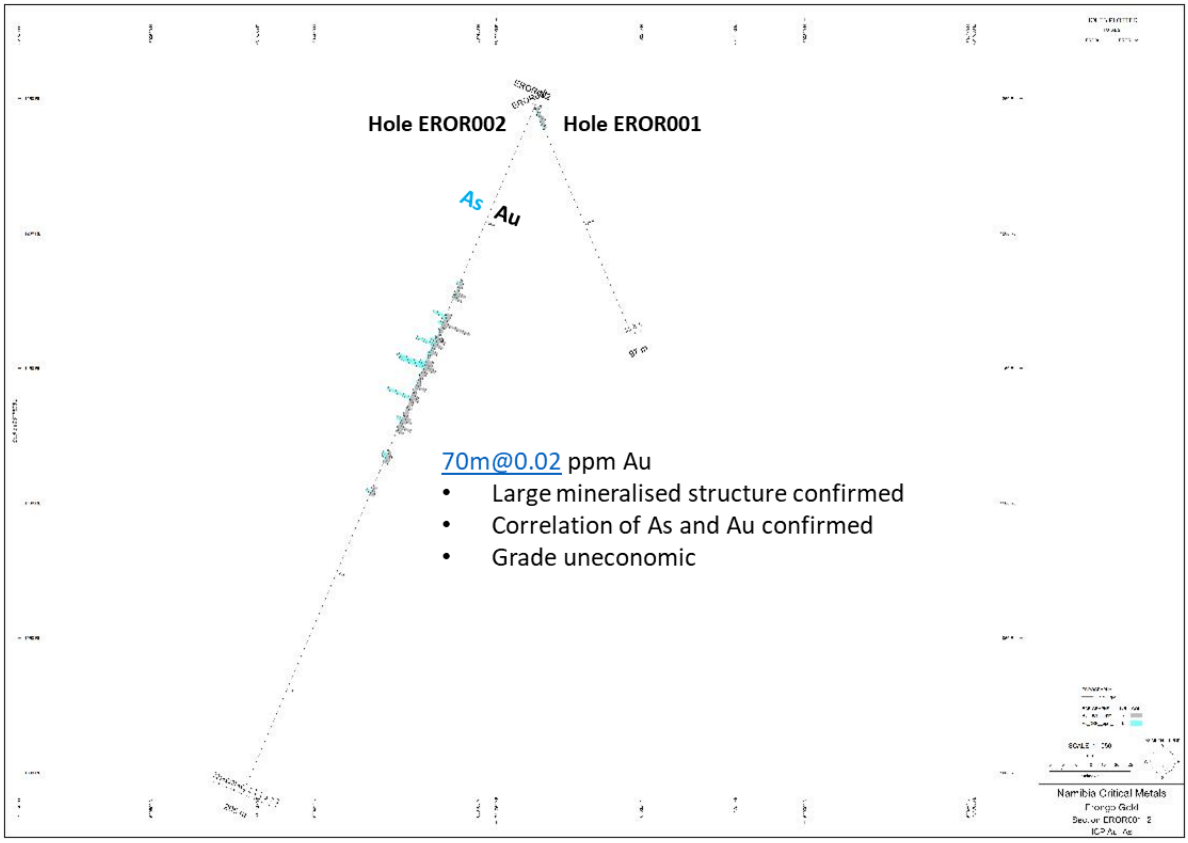



**Figure 19**: *Section through Kanona North target with drill results for borehole EROR002: As – arsenic values from pXRF readings in ppm; Au – gold values from gold assay in ppb.*

**Other Property Expenditures**

For the period ended August 31, 2022, the Company incurred $204,073 (2021 – $15,146) in exploration and evaluation expenditures on its other properties, which includes the Erongo Gold Project.

## Results of Operations

*Three months ended August 31, 2022 and 2021*

For the three months ended August 31, 2022, the Company capitalized acquisition and exploration costs of $32,699 (2021 - $348,889) related to expenditures on the following properties: Lofdal Rare Earths Project - $26,263 (2021 - $(17,461); Kunene Cobalt-Copper Project - $3,180 (2021 - $1,737); Kunene Gold Project - $31 (2021 - $359,279); Epembe Tantalum-Niobium Project - $nil (2021 - $438) and Other Properties - $3,225 (2021 - $4,896). In the current period, an amount of $109,315 representing VAT receivable was reclassed to exploration costs due to delays in processing.

For the three months ended August 31, 2022, the Company reported a net loss of $110,805 compared to a net loss of $181,750 for the prior year.

Expenses were $118,821 for the period compared to $182,608 for 2021, primarily due to the following:

Travel increased to $14,263 from $nil in 2021;

Shareholder communications decreased to $9,666 compared to $59,153 in 2021;

Foreign currency exchange loss decreased to $14,263 compared to a loss of $25,210 in 2021.

Other income increased to $4,708 from $nil in 2021.

*Nine months ended August 31, 2022 and 2021*
For the nine months ended August 31, 2022, the Company capitalized acquisition and exploration costs of $282,312 (2021 - $934,370) related to expenditures on the following properties: Lofdal Rare Earths Project - $26,263 (2021 - $199,691); Kunene Cobalt-Copper Project - $33,149 (2021 - $107,561); Kunene Gold Project - $16,6725 (2021 - $585,544); Epembe Tantalum-Niobium Project - $2,105 (2021 - $26,428) and Other Properties - $204,072 (2021 - $15,146).

For the nine months ended August 31, 2022, the Company reported a net loss of $936,022 compared to loss of $637,997 for the prior year.

Expenses were $979,276 for the period compared to $656,209 for 2021, primarily due to the following:

Write-down of exploration and evaluation assets increased to $560,778 compared to $107,172 in 2021;

Shareholder communications decreased to $83,190 compared to $187,935 in 2021;

Travel increased to $25,449 from $nil in 2021;

Share-based payments decreased to $nil compared to $56,700 in 2021;

Government assistance benefit decreased to $nil from $13,000 in 2021;

Other income and interest income increased to $37,697 from $nil in 2021 due to excess operator fees earned in the current year.

***Summary of Quarterly Results***

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

| For the quarters ended | Aug. 31 2022 | May 31 2022 | Feb. 28 2022 | Nov. 30 2021 | Aug. 31 2021 | May 31 2021 | Feb. 28 2021 | Nov. 30 2020 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | $ | $ |
| Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | 118,821 | 746,691 | 113,764 | 4,836,968 | 182,608 | 308,304 | 165,297 | 1,101,706 |
| Interest/Other income | (8,016) | (24,557) | (9,339) | (992) | (858) | 47,155 | (64,509) | (53,289) |
| Net loss | 110,805 | 720,792 | 104,425 | 4,835,976 | 181,750 | 355,459 | 100,788 | 1,031,417 |
| Net loss attributable to shareholders | 110,320 | 707,053 | 104,023 | 4,705,508 | 181,098 | 354,795 | 100,728 | 1,031,072 |
| Net loss (gain) attributable to non-controlling interest | 485 | 13,739 | 402 | 130,468 | 652 | 664 | 60 | 345 |
| Loss per share – basic and diluted | 0.00 | 0.00 | 0.00 | 0.02 | 0.00 | 0.00 | 0.00 | 0.01 |
| Total assets (millions) | 27.3 | 28.1 | 28.1 | 27.9 | 32.1 | 32.1 | 30.9 | 30.4 |

As the Company has capitalized all exploration expenditures to date in accordance with IFRS 6, the expenses are primarily related to administration and write-down of exploration evaluation assets. 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, November 30, 2021 and May 31, 2022 are primarily due to write-downs of exploration and evaluation assets.

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

## Liquidity and Capital Resources

At August 31, 2022, the Company had working capital deficit of $600,889 compared to a working capital deficit of $553,291 at November 30, 2021 as follows:

| | August 31 2022 $ | November 30 2021 $ |
|---|---|---|
| Cash and short-term deposits | 913,908 | 1,163,035 |
| Taxes and other receivables | 373,923 | 401,579 |
| Deposits and prepaid expenses | 78,534 | 56,102 |
| Accounts payable and accrued liabilities | (287,740) | (1,323,181) |
| Advance received for future exploration work | (477,736) | (836,632) |
| **Working capital (deficit)** | 600,889 | (553,291) |

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. As of August 24, 2022, the facility has expired.

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 fair value of the options and cash proceeds of $70,500, or a total of $119,780.

On March 31, 2022, the Company closed a private placement for $750,000 gross proceeds consisting of 3,750,000 units at a price of $0.20 per unit. Each unit consists of one common share and one warrant and subject to a four-month hold period, expiring August 1, 2022. Each whole warrant is exercisable for one common share at a price of $0.35 until March 12, 2024. The Company also extended 2,650,000 warrants previously due to expire March 12, 2022 by another year to March 12, 2023.

On March 31, 2022, 150,000 options were exercised for one common share at $.08, increasing common shares by the fair value of the options and cash proceeds of $12,000, or a total of $23,800.

During the period ended August 31, 2022, the Company used cash of $764,448 from operating activities (2021 – $595,612 increase), used cash of $223,061 from investing activities (2021 – $780,779 decrease) and increased cash of $736,638 from financing activities (2021 – $773,051).

## 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 196,634,399 common shares.

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

| Expiration Date | Exercise price $ | Options outstanding and exercisable | Remaining contractual life (in years) |
|---|---|---|---|
| September 19, 2023 | 0.21 | 4,850,000 | 1.05 |
| September 28, 2025 | 0.26 | 4,550,000 | 3.08 |
| April 5, 2026 | 0.26 | 1,825,000 | 3.60 |
| **Total outstanding** | | **11,225,000** | **2.29** |

## Warrants

As of August 31, 2022 there were 6,625,989 warrants outstanding (2021 – 5,945,433) with a weighted average exercise price of $0.35 (2021 – $0.27). The change in warrants during the nine months ended August 31, 2022 is as follows:

| | Number | Weighted average exercise price $ |
|---|---|---|
| At November 30, 2021 | 3,153,766 | 0.35 |
| Issued | 3,750,000 | 0.35 |
| Expired | (277,777) | (0.34) |
| At August 31, 2022 | 6,625,989 | 0.35 |

The following table summarizes information about the Company's warrants outstanding as at August 31, 2022:

| Expiration Date | Exercise Price | Warrants outstanding | Remaining contractual life (in years) |
|---|---|---|---|
| January 8, 2023 | $0.413 | 225,989 | 0.36 |
| March 12, 2023 | $0.350 | 2,650,000 | 0.53 |
| March 31, 2024 | $0.350 | 3,750,000 | 1.58 |
| **Total outstanding** | | 6,625,989 | 1.12 |

## Related party transactions

Transactions with key management personnel for the three and nine months ended August 31, 2022 are as follows:

| | Three months ended August 31 | | Nine months ended August 31 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$** | $ | **$** | $ |
| Consulting fees | **20,125** | 23,402 | **64,844** | 67,746 |
| Share-based payments | **-** | - | **-** | 56,700 |
| Total charged to net and comprehensive loss | **20,125** | 23,402 | **64,844** | 124,446 |
| Share-based payments charged to exploration and evaluation assets | **-** | - | **-** | 365,800 |
| Payments to a shareholder | **23,361** | 234,472 | **131,569** | 239,658 |
| Total charged to exploration and evaluation assets | **23,361** | 234,472 | **131,569** | 605,458 |
| Total | **43,486** | 257,874 | **196,413** | 729,904 |

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

During the nine months ended August 31, 2022, related party transactions charged to JOGMEC in respect of the Lofdal project, included consulting fees of $112,500 and payments to a shareholder of $361,229.

Included in accounts payable and accrued liabilities are amounts owing to related parties of $4,744 (2021 - $388,746). Included in deposits and prepaid expenses is an amount of $7,000 (2021 - $7,000) 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 August 31, 2022, 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 period ended August 31, 2022 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. 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.

## NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of Namibia Critical Metals Inc. have been prepared by management. Management have compiled the unaudited condensed consolidated interim statement of financial position of Namibia Critical Metals Inc. as at August 31, 2022 and November 30, 2021 (audited), the unaudited condensed consolidated interim statements of net and comprehensive loss, changes in equity and cash flows for the three and nine months ended August 31, 2022 and 2021. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the August 31, 2022 and 2021 condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

# Namibia Critical Metals Inc.

## Unaudited Condensed Consolidated Interim Statements of Financial Position

*As at August 31, 2022 (in Canadian dollars)*

| | August 31, 2022 $ | November 30, 2021 $ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and short-term deposits | **913,908** | 1,163,035 |
| Taxes and other receivables (note 5) | **373,923** | 401,579 |
| Deposits and prepaid expenses | **78,534** | 56,102 |
| | **1,366,365** | 1,620,716 |
| **Taxes receivable** (note 5) | **-** | 251,615 |
| **Equipment** (note 6) | **51,881** | 43,281 |
| **Exploration and evaluation assets** (note 7) | **25,862,464** | 26,031,612 |
| | **27,280,710** | 27,947,224 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (note 8) | **287,740** | 1,323,181 |
| Unearned revenue (note 16) | **923,733** | - |
| Advance received for future exploration work (note 7) | **477,736** | 836,632 |
| | **1,689,209** | 2,159,813 |
| **Loan payable** (note 15) | **38,124** | 34,650 |
| | **1,727,333** | 2,194,463 |
| **Shareholders' Equity** | | |
| Equity attributable to the shareholders of the Company (note 9) | **25,730,913** | 25,915,671 |
| Non-controlling interest | **(177,536)** | (162,910) |
| | **25,553,377** | 25,752,761 |
| | **27,280,710** | 27,947,224 |

Nature of operations and going concern (note 1)
Subsequent event (note 16)

See accompanying notes to the condensed consolidated interim financial statements.

On behalf of the Board:

*/s/ "Adrian T. Hickey"*
Adrian T. Hickey
Director

*/s/ "William L. Price"*
William L. Price
Director

# Namibia Critical Metals Inc.

## Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

*For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)*

| | Three months ended August 31 | | Nine months ended August 31 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$** | $ | **$** | $ |
| **Expenses** | | | | |
| Salaries and benefits | **23,733** | 23,643 | **73,782** | 70,536 |
| Office and administration | **19,889** | 19,589 | **63,179** | 55,970 |
| Consulting fees (note 8) | **20,164** | 23,494 | **65,643** | 79,338 |
| Professional fees | **23,337** | 27,091 | **75,362** | 69,131 |
| Travel | **14,536** | - | **25,449** | - |
| Listing and filing fees | **2,704** | 3,887 | **34,200** | 27,319 |
| Shareholder communications | **9,666** | 59,153 | **83,190** | 187,935 |
| Share-based payments | **-** | - | **-** | 56,700 |
| Foreign currency exchange loss (gain) | **14,263** | 25,210 | **(2,307)** | 2,108 |
| Write-down of exploration and evaluation asset | **(9,471)** | 541 | **560,778** | 107,172 |
| | **118,821** | 182,608 | **979,276** | 656,209 |
| Interest income | **(3,308)** | (858) | **(5,557)** | (2,462) |
| Government assistance benefit (note 15) | **-** | - | **-** | (13,000) |
| Gain on disposal of equipment | **-** | - | **-** | (2,750) |
| Other income (note 7) | **(4,708)** | - | **(37,697)** | - |
| **Net loss and comprehensive loss for the period** | **110,805** | 181,750 | **936,022** | 637,997 |
| **Net loss and comprehensive loss attributable to:** | | | | |
| Shareholders of the Company | **110,320** | 181,098 | **921,396** | 636,621 |
| Non-controlling interest | **485** | 652 | **14,626** | 1,376 |
| | **110,805** | 181,750 | **936,022** | 637,997 |
| **Loss per share - Basic and diluted** | **(0.00)** | (0.00) | **(0.00)** | (0.00) |
| **Weighted average number of shares outstanding – Basic and diluted** | **196,634,399** | 188,517,786 | **194,912,136** | 187,393,856 |

See accompanying notes to the condensed consolidated interim financial statements.

# Namibia Critical Metals Inc.

## Unaudited Condensed Consolidated Interim Statements of Changes in Equity

*For the nine months ended August 31, 2022 and 2021 (in Canadian dollars)*

| | Common Shares Without Par Value | | Share-based Payments | Contributed | | Total Shareholders' | Non-controlling | Total |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Reserve | Surplus | Deficit | Equity | interests | Equity |
| | # | $ | $ | $ | $ | $ | $ | $ |
| **Balance, Nov 30, 2021** | **192,734,399** | **46,375,904** | **2,472,617** | **5,792,503** | **(28,725,353)** | **25,915,671** | **(162,910)** | **25,752,761** |
| Issuance of shares per private placement | **3,750,000** | **750,000** | | | | **750,000** | | **750,000** |
| Options exercised | **150,000** | **23,800** | **(11,800)** | | | **12,000** | | **12,000** |
| Options expired | | | **(177,089)** | **177,089** | | **-** | | **-** |
| Share issue cost | | **(25,362)** | | | | **(25,362)** | **-** | **(25,362)** |
| Net and comprehensive loss | | | | | **(921,396)** | **(921,396)** | **(14,626)** | **(936,022)** |
| **Balance, August 31, 2022** | **196,634,399** | **47,124,342** | **2,283,728** | **5,969,592** | **(29,646,749)** | **25,730,913** | **(177,536)** | **25,553,377** |
| Balance, November 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 placement | 3,101,977 | 743,551 | - | - | - | 743,551 | - | 743,551 |
| Warrants exercised | 125,000 | 22,500 | | | | 22,500 | | 22,500 |
| Share-based payments | - | - | 422,500 | - | | 422,500 | - | 422,500 |
| Write-down of exploration and evaluation asset | - | - | - | - | - | - | (2,901) | (2,901) |
| Net and comprehensive loss | - | - | - | - | (636,621) | (636,621) | (1,376) | (637,997) |
| Balance, August 31, 2021 | 188,532,732 | 45,753,624 | 2,521,897 | 5,792,503 | (24,194,845) | 29,873,179 | 139,657 | 30,012,836 |

See accompanying notes to the condensed consolidated interim financial statements.

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

*For the nine months ended August 31, 2022 and 2021 (in Canadian dollars)*

| | Nine months ended August 31 | |
|---|---|---|
| | **2022** | 2021 |
| | **$** | $ |
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Net loss for the period | **(936,022)** | (637,997) |
| Adjustments for: | | |
| Share-based payments | **-** | 56,700 |
| Unrealized foreign currency exchange loss (gain) | **(2,307)** | 2,108 |
| Interest income recognized in net loss | **(5,557)** | (2,462) |
| Addition to unearned revenue (note 16) | **923,733** | - |
| Non-cash interest on loan payable | **3,474** | - |
| Write-down of exploration and evaluation assets | **560,778** | 107,172 |
| Gain on disposal of equipment | **-** | (2,750) |
| | **544,099** | (477,229) |
| Net change in non-cash working capital balances related to operations | | |
| Increase (decrease) in amounts receivable, deposits and prepaids | **320,546** | (251,530) |
| Increase (decrease) in accounts payable and accrued liabilities | **(1,270,197)** | 797,958 |
| Advances received for future exploration work, net of expenditures (note 7) | **(358,896)** | 526,413 |
| | **(764,448)** | 595,612 |
| **Investing activities** | | |
| Interest income received | **5,557** | 2,462 |
| Proceeds on disposition of equipment | **-** | 2,750 |
| Purchase of equipment | **(23,716)** | - |
| Expenditures on exploration and evaluation assets, net of recoveries (note 12) | **(204,902)** | (785,991) |
| | **(223,061)** | (780,779) |
| **Financing activities** | | |
| Loan proceeds, net of government assistance (note 15) | **-** | 7,000 |
| Proceeds from issuance of options | **12,000** | 22,500 |
| Issuance of share capital, net of costs | **724,638** | 743,551 |
| | **736,638** | 773,051 |
| **Effect of exchange rate changes on cash** | **1,744** | (6,471) |
| **Net change in cash during the period** | **(249,127)** | 581,413 |
| **Cash and short-term deposits – Beginning of period** | **1,163,035** | 593,696 |
| **Cash and short-term deposits – End of period** | **913,908** | 1,175,109 |

**Supplemental cash flow information** (note 12)

See accompanying notes to the condensed consolidated interim financial statements.

## 1. Nature of operations and going concern

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

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

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

The Company has reported losses to date and at August 31, 2022 has an accumulated deficit of $29,646,749 (2021 - $24,194,845) and working capital, as defined by the excess (deficiency) of current assets over current liabilities, of $600,889 (2021 - $(220,049)). The Company does not generate income or cash flows from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its exploration and evaluation assets and to fund its exploration and development activities and its general and administration costs.

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. During the nine months ended August 31, 2022, the Company issued 3,750,000 common shares (2021 – 3,226,977), raising $750,000 cash proceeds (2021 - $766,051).

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## 2. Basis of preparation

a) Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on July 21, 2022.

b) Basis of Measurement

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

For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)

c) Basis of Consolidation

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

| Subsidiary | Jurisdiction | Nature of business | Direct or Indirect ownership |
|---|---|---|---|
| Cayman Namibia Rare Earths Ltd. | Cayman Islands | Asset holding company | 100% |
| Namibia Rare Earths (Pty) Ltd. | Namibia | Asset holding company | 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% |
| Kunene Resources Namibia (Pty) Ltd.* | Namibia | Asset holding company | 95% |
| Solarwind Investments (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% |

*Subsidiary sold in September 2022

d) Critical Accounting Estimates and Judgments

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

Critical accounting estimates

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

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

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 period.

For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)

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

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

## 3. Significant accounting policies

These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes for the year ended November 30, 2021. These condensed consolidated interim financial statements have been prepared using the same accounting policies and judgments and estimates as described in the Company's November 30, 2021 annual consolidated financial statements.

There were no changes in accounting policies adopted during the period.

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

The following new amendment to standards and interpretations under IFRS, is not yet effective for the period ended August 31, 2022 and has not been applied in preparing these consolidated statements:

IAS 1 – Presentation of Financial Statements
On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

The amendment is effective for annual periods beginning on or after January 1, 2023 and is to be applied retrospectively, with early adoption permitted. The Company is assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

## 5. Taxes and other receivables

| | August 31, 2022 | November 30, 2021 |
|---|---|---|
| | $ | $ |
| HST receivable – Canada | 6,165 | 11,927 |
| VAT receivable | 821,028 | 639,000 |
| Other receivables | 724 | 2,267 |
| Total taxes and receivables | 827,917 | 653,194 |
| Less: VAT receivable – long-term | - | 251,615 |
| Less: VAT receivable – exploration and evaluation assets | 109,315 | - |
| Less: VAT receivable – advance received for future exploration work | 344,679 | - |
| Taxes and other receivables - current | 373,923 | 401,579 |

For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)

There is doubt of the collectability of a portion of Namibian VAT refund claims totaling $821,028 (November 30, 2021 -$639,000) 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 $367,035 (November 30, 2021 - $387,385), generated from Namibia expenditures related to the Lofdal property, has been presented as current due to actual refunds in the period related to the Mining Licence received in May 2021. The Company expects the amount of $344,679 (2021 - $nil) will be recovered through the Company's agreement with JOGMEC (note 7). The remaining VAT receivable of $109,315 (November 30, 2021 -$251,615) has been reclassified to exploration and evaluations assets (note 7).

## 6. Equipment

| Cost | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|
| November 30, 2021 | 90,428 | 127,090 | 217,518 |
| Purchases | - | 23,716 | 23,716 |
| **August 31, 2022** | **90,428** | **150,806** | **241,234** |

| Accumulated Depreciation | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|
| November 30, 2021 | 72,371 | 101,866 | 174,237 |
| Depreciation | 4,865 | 10,251 | 15,116 |
| **August 31, 2022** | **77,236** | **112,117** | **189,353** |

| Net book value | Exploration equipment | Motor vehicles | Total equipment |
|---|---|---|---|
| November 30, 2021 | 18,057 | 25,224 | 43,281 |
| **August 31, 2022** | **13,192** | **38,689** | **51,881** |

Depreciation charged on exploration equipment of $15,116 (2021 - $13,969) has been capitalized to exploration and evaluation assets.

## 7. Exploration and evaluation assets

| | November 30, 2021 $ | Acquisitions and Expenditures $ | Disposals and write-downs $ | August 31, 2022 $ |
|---|---|---|---|---|
| Lofdal Rare Earths property | 23,693,664 | 26,263 | - | **23,719,927** |
| Kunene Cobalt-Copper | 339,337 | 33,149 | (183,392) | **189,094** |
| Kunene Gold | 1,308,939 | 16,725 | - | **1,325,664** |
| Epembe Tantalum-Niobium | 455,292 | 2,105 | (376,098) | **81,299** |
| Other | 234,380 | 204,073 | (1,288) | **437,165** |
| | 26,031,612 | 282,315 | (560,778) | **25,753,149** |
| Reclassification of VAT (note 5) | - | 109,315 | - | **109,315** |
| | 26,031,612 | 391,630 | (560,778) | **25,862,464** |

**Lofdal rare earths property**

The Lofdal rare earths property comprises an exclusive prospecting license ("EPL 3400") located approximately 450 kilometers northwest of the capital city of Windhoek and 25 kilometers northwest of the town of Khorixas in the Kunene Region of north-western Namibia. 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 May 2021, the Company was awarded a Mining Licence ("ML200") for the Lofdal Heavy Rare Earth Dysprosium-Terbium Project 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 property is subject to a 2% net smelter revenue royalty.

**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 from JOGMEC for exploration expenditures on the Lofdal property. As of November 30, 2021, $5,263,368 in exploration expenditures have been incurred. The Company has recorded $836,632 as a liability for advances received for future exploration work. As of August 31, 2022, JOGMEC has advanced $7,600,000 of the $10,000,000 commitment for Terms 1 and 2.

During the nine-month period ended August 31, 2022, the Company received $1,500,000 (2021 -$2,566,545) for a total of $7,600,000 (2021 -$5,870,000) from JOGMEC for exploration expenditures on the Lofdal property. As of August 31, 2022, $6,777,585 (2021 - $4,729,802) in exploration expenditures have been incurred. The reclassification of VAT (note 5) in the period increases the expenditures to $7,122,264. The Company has recorded the remaining $477,736 (2021 - $1,140,198) as a liability for advances received for future exploration work.

For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)

The expenditures incurred related to the JOGMEC Agreement for the period ended August 31, 2022 are summarized in the following table:

| | November 30, 2021 $ | Acquisitions and Expenditures $ | August 31, 2022 $ |
|---|---|---|---|
| Project Management | 199,730 | 90,546 | **290,276** |
| Geology, Drilling, Sample Analysis | 3,266,652 | 646,767 | **3,913,419** |
| 43-101 Resource and Mine Model Update | 506,415 | 228,876 | **735,291** |
| Metallurgy | 874,090 | 371,189 | **1,245,279** |
| Mine planning | 288,858 | 70,992 | **359,850** |
| Operator's Fee | 95,545 | 93,251 | **188,796** |
| Other | 32,078 | 12,596 | **44,674** |
| Reclassification of VAT (note 5) | - | 344,679 | **344,679** |
| | 5,263,368 | 1,858,896 | **7,122,264** |

**Property Acquisitions**

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 nine months ended August 31, 2022 amounted to $25,500 (2021 - $nil).

**Other properties**

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

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

For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)

## 8. Related party transactions

Transactions with key management personnel for the three and nine months ended August 31, 2022 are as follows:

| | Three months ended August 31 | | Nine months ended August 31 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$** | $ | **$** | $ |
| Consulting fees | **20,125** | 23,402 | **64,844** | 67,746 |
| Share-based payments | **-** | - | **-** | 56,700 |
| Total charged to net and comprehensive loss | **20,125** | 23,402 | **64,844** | 124,446 |
| Share-based payments charged to exploration and evaluation assets | **-** | - | **-** | 365,800 |
| Payments to a shareholder | **23,361** | 234,472 | **131,569** | 239,658 |
| Total charged to exploration and evaluation assets | **23,361** | 234,472 | **131,569** | 605,458 |
| Total | **43,486** | 257,874 | **196,413** | 729,904 |

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

During the nine months ended August 31, 2022, related party transactions charged to JOGMEC in respect of the Lofdal project, included consulting fees of $112,500 and payments to a shareholder of $361,229.

Included in accounts payable and accrued liabilities are amounts owing to related parties of $4,744 (2021 - $388,746). Included in deposits and prepaid expenses is an amount of $7,000 (2021 - $7,000) 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.

## 9. Capital stock

### Authorized capital stock

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

Issued common shares are as follows:

| | **Number of Shares** | **Value $** |
|---|---|---|
| Balance, November 30, 2021 | 192,734,399 | 46,375,904 |
| Shares issued by private placement | 3,750,000 | 750,000 |
| Options exercised | 150,000 | 23,800 |
| Share issuance costs | - | (25,362) |
| **Balance, August 31, 2022** | **196,634,399** | **47,124,342** |

On March 31, 2022, the Company closed a private placement for $750,000 gross proceeds consisting of 3,750,000 units at a price of $0.20 per unit. Each unit consists of one common share and one warrant and subject to a four-month hold period, expiring August 1, 2022. Each whole warrant is exercisable for one common share at a price of $0.35 until March 31, 2024. The Company also extended 2,650,000 warrants previously due to expire March 12, 2022 by another year to March 12, 2023.

On March 31, 2022, 150,000 options were exercised for one common share at $.08, increasing common shares by the fair value of the options and cash proceeds of $12,000, or a total of $23,800.

For the three and nine months ended August 31, 2022 and 2021 (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. There were no options issued during the period.

As of August 31, 2022 there were 11,225,000 options outstanding (2021 – 13,685,000) with a weighted average exercise price of $0.24 (2021 -$0.22). The change in stock options during the period ended August 31, 2022 is as follows:

| | Number | Weighted average exercise price $ |
|---|---|---|
| At November 30, 2021 | 12,275,000 | 0.24 |
| Exercised | (150,000) | (0.20) |
| Expired | (900,000) | (0.23) |
| At August 31, 2022 | 11,225,000 | 0.24 |

The following table summarizes information about options outstanding at August 31, 2022:

| Expiration Date | Exercise price $ | Options outstanding and exercisable | Remaining contractual life (in years) |
|---|---|---|---|
| September 19, 2023 | 0.21 | 4,850,000 | 1.05 |
| September 28, 2025 | 0.26 | 4,550,000 | 3.08 |
| April 5, 2026 | 0.26 | 1,825,000 | 3.60 |
| **Total outstanding** | | **11,225,000** | **2.29** |

**Warrants**

As of August 31, 2022 there were 6,625,989 warrants outstanding (2021 – 5,945,433) with a weighted average exercise price of $0.35 (2021 -$0.27). The change in warrants during the nine months ended August 31, 2022 is as follows:

| | Number | Weighted average exercise price $ |
|---|---|---|
| At November 30, 2021 | 3,153,766 | 0.35 |
| Issued | 3,750,000 | 0.35 |
| Expired | (277,777) | (0.34) |
| At August 31, 2022 | 6,625,989 | 0.35 |

The following table summarizes information about the Company's warrants outstanding as at August 31, 2022:

| Expiration Date | Exercise Price | Warrants outstanding | Remaining contractual life (in years) |
|---|---|---|---|
| January 8, 2023 | $0.413 | 225,989 | 0.36 |
| March 12, 2023 | $0.350 | 2,650,000 | 0.53 |
| March 31, 2024 | $0.350 | 3,750,000 | 1.58 |
| **Total outstanding** | | 6,625,989 | 1.12 |

In March 2022, as part of a private placement, the expiration date of the 2,650,000 warrants due to expire on March 12, 2022 was extended for 12 months to March 12, 2023.

For the three and nine months ended August 31, 2022 and 2021 (in Canadian dollars)

## 10. Capital disclosures

The Company manages its capital to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and to maintain the necessary corporate and administrative functions to facilitate these activities. The capital structure consists of working capital and equity. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. The Company invests all capital that is surplus to its immediate operational needs in highly liquid financial instruments such as high interest cash accounts. There were no changes to the Company's approach to capital management during the nine months ended August 31, 2021. Total managed capital was as follows:

| | August 31, 2022<br>$ | November 30, 2021<br>$ |
|---|---|---|
| Working capital (deficit) | 600,889 | (539,097) |
| Equity | 25,730,913 | 25,915,671 |

There are no externally imposed capital requirements.

## 11. Financial Instruments and risk management

The Company's financial instruments consist of cash and short-term deposits, amounts receivable, accounts payable and accrued liabilities, and deferred amounts payable. All of the Company's financial instruments are recognized at fair value and are subsequently measured at their amortized cost. The recorded values of all financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

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

*Credit risk*

The Company's credit risk is primarily attributable to cash and VAT receivable. 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. The VAT receivable that has been subject to delays has been reclassified to the resource property to which the VAT paid is related (note 5). The Company is still pursuing collection whereas the timing and amount of the VAT reclassified could be materially different than the amount recorded.

*Liquidity risk*

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

*Market risk*

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

*Foreign exchange risk*

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

On August 31, 2022, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: $514,115 in cash, $8,364 in deposits and prepaids, $438,316 in amounts receivable, and $245,825 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 | 32,155 |
| All other currencies | 915 |

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.

## 12. Supplemental cash flow information

During the nine months ended August 31, 2022, the Company made expenditures on exploration and evaluation assets of $280,927 which were recorded as a decrease in accounts payable (2021 - $170,223) and $15,116 in amortization of equipment which was recorded to exploration and evaluation assets (2021 - $13,969). These items are non-cash transactions and have been excluded from the consolidated statements of cash flows

## 13. Commitments

The Company has no commitments.

## 14. 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.

## 15. Loan payable

On October 8, 2020, the Company received a $40,000 emergency business loan under the federal government Canada Emergency Business Account ("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, 2023, 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, 2024, the loan will be renewed for a 3-year term with an annual fixed rate of interest of 5%. The Company plans to repay $40,000 before December 31, 2023. A government assistance benefit of $13,000 was recognized during the nine months ended August 31, 2021.

## 16. Subsequent event

Subsequent to August 31, 2022, the Company sold its equity interest in two of its subsidiaries, Kunene Resources Holdings (Pty) Ltd. and Kunene Resources Namibia (Pty) Ltd. (the "Subsidiaries"), to a third party for $923,733. The Subsidiaries held EPL 5885, which had a carrying amount of $167,041 as at August 31, 2022. The funds received in anticipation of the completion of the sale have been reclassified from accounts payable to unearned revenue in the period.