

Namibia Critical Metals Inc.

(formerly Namibia Rare Earths Inc.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED August 31, 2019 AND 2018

NOTICE TO READER

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

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

Namibia Critical Metals Inc.

Unaudited Condensed Consolidated Interim Statements of Financial Position

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

	August 31, 2019 \$	November 30, 2018 \$
Assets		
Current assets		
Cash and short-term deposits	450,525	2,343,394
Taxes and other receivables	90,760	156,042
Deposits and prepaid expenses	20,859	31,652
	<u>562,144</u>	<u>2,531,088</u>
Equipment (note 4)	84,414	95,211
Exploration and evaluation assets (note 5)	28,962,976	27,712,355
	<u>29,609,524</u>	<u>30,338,654</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 1 and 6)	198,793	505,551
Deferred amounts payable	136,260	-
	<u>335,053</u>	<u>505,551</u>
Shareholders' Equity		
Equity attributable to the shareholders of the Company	29,122,290	29,679,800
Non-controlling interest	152,181	153,303
	<u>29,274,471</u>	<u>29,833,103</u>
	<u>29,609,524</u>	<u>20,338,654</u>
Nature of operations and going concern (Note 1)		
Commitments (Note 11)		

See accompanying notes to the consolidated financial statements

Namibia Critical Metals Inc.
Unaudited Condensed Consolidated Interim Statements of Income (Loss) and
Comprehensive Income (Loss)

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

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

See accompanying notes to the consolidated financial statements.

Namibia Critical Metals Inc.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

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

	Common Shares		Share-based Payments	Contributed	Deficit	Total		Total Equity
	Without Par Value					Shareholders' Equity	Non-controlling interests	
	Shares #	Amount \$	Reserve \$	Surplus \$	Equity \$			interests \$
Balance, Nov 30, 2018	180,325,121	44,249,508	1,664,086	5,209,814	(21,443,608)	29,679,800	153,303	29,833,103
Issuance of shares								
Share-based payments								
Expiry of options			(58,409)	58,409				-
Net and comprehensive (loss) income					(557,510)	(557,510)	(1,122)	(558,632)
Balance, August 31, 2019	180,325,121	44,249,508	1,605,676	5,268,223	(22,001,118)	29,122,290	152,181	29,274,471

	Common Shares		Share-based Payments	Contributed	Deficit	Total		Total Equity
	Without Par Value					Shareholders' Equity	Non-controlling interests	
	Shares #	Amount \$	Reserve \$	Surplus \$	Equity \$			interests \$
Balance, Nov 30, 2017	83,703,500	36,538,008	546,939	5,113,161	(19,750,133)	22,447,975		22,447,975
Issuance of shares by private placement	32,621,621	4,511,500				4,511,500		4,511,500
Issuance of shares for mineral properties	64,000,000	3,200,000				3,200,000		3,200,000
Issuance of options								
Expiry of options			(96,653)	96,653		-		-
Non-controlling interests on acquisition of subsidiaries							160,000	160,000
Net and comprehensive (loss) income					(651,812)	(651,812)		(651,812)
Balance, August 31, 2018	180,325,121	44,249,508	450,286	5,209,814	(20,401,945)	29,507,663	160,000	29,667,663

See accompanying notes to the consolidated financial statements

Namibia Critical Metals Inc.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

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

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

Supplemental cash flow information (note 8)

See accompanying notes to the consolidated financial statements.

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

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

1. Nature of operations and going concern

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

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

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

The Company has reported losses to date and at August 31, 2019 has an accumulated deficit of \$22,001,118 and working capital of \$227,091. The Company has no cash income or cash flows from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its exploration and evaluation assets and to fund its exploration and development activities and its general and administration costs. These circumstances cast significant doubt upon the Company’s ability to continue as a going concern. Management continues to evaluate alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient.

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

2. Basis of Preparation

a) Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on October 28, 2019.

b) Basis of Measurement

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

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

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c) Basis of Consolidation

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

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

d) Critical Accounting Estimates and Judgments

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

Critical accounting estimates

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

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

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

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

Critical accounting judgments

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

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

3. Significant Accounting Policies

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

Accounting Standards Adopted in the Current Year

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

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

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

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

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management and it was determined to have no significant impact on the Company's consolidated financial statements, other than the classification of financial instruments described below.

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

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

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

Accounting Standards Issued But Not Yet Effective

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

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

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4. Equipment

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

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

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

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

5. Exploration and evaluation assets

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

Lofdal rare earths property

The Lofdal rare earths property comprises an exclusive prospecting license ("EPL 3400") located approximately 450 kilometres northwest of the capital city of Windhoek and 25 kilometres northwest of the town of Khorixas in the Kunene Region of north-western Namibia. EPL 3400, which provides for mineral rights to base and rare metals, and precious metals, was originally granted in 2005. It was renewed by the Government of Namibia in February 2017 for a further two-year period to November 16, 2018 and again on May 14, 2019 for a

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two-year period to May 14, 2021. In November 2016, the Company submitted an application to the Ministry of Mines and Energy for a Mining License. The property is subject to a 2% net smelter revenue royalty.

Property Acquisitions

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

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

Kunene Cobalt-Copper property

Consists of 7 EPL's covering approximately 2859 square kilometres

Grootfontein Nickel-PGE property

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

Otjiwarongo Carbonatite property

Consists of 1 EPL covering approximately 92 square kilometres

Warmbad Lithium property

Consists of 1 EPL covering approximately 604 square kilometres

Erongo Gold property

Consists of 1 EPL covering approximately 606 square kilometres

Epembe Tantalum-Niobium property

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

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

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6. Related party transactions

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

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

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

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

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

7. Capital stock

Authorized capital stock

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

Issued and outstanding

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

Stock option plan

The Company has a stock option plan providing for the issuance of options equal to up to 10% of the outstanding shares. The Company may grant options to its directors, officers, employees, consultants and management company employees. The exercise price of each option cannot be lower than the market price of the shares at the date of grant of the option. The number of shares optioned to insiders may not exceed 10% of the issued and outstanding shares at the date of grant. The options are generally exercisable immediately for up to a five-year period from the date of grant.

For the nine months ended August 31, 2019, share-based payments expense of \$Nil (2018: \$Nil) was charged to the statement of income (loss) and comprehensive income (loss) and \$Nil (2018 - \$Nil) was charged to exploration and evaluation assets. The assumptions used to fair value the options were a risk-free rate of 0.5%, expected volatility of 139% (based on actual historical volatility), expected life of 5 years, and a dividend yield of 0%.

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

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

8. Capital Disclosures

The Company manages its capital to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and to maintain the necessary corporate and administrative functions to facilitate these activities. The capital structure consists of working capital and equity. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. The Company invests all capital that is surplus to its immediate operational needs in highly liquid financial instruments such as high interest cash accounts. There were no changes to the Company's approach to capital management during the nine months ended August 31, 2019. Total managed capital was as follows:

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

There are no externally imposed capital requirements.

9. Financial Instruments

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

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages this risk through regular monitoring and adjustment of its cash flow requirements to support ongoing operations and to ensure, to the extent possible, that there is sufficient cash on hand to meet its liabilities when due. In the event the Company obtains the permits and necessary approvals to proceed with the development of the

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Lofdal property, it will require substantial additional capital resources and there can be no assurance that funding will be available to the Company in the future on acceptable terms (Note 1). Financial liabilities are due within one year.

Market risk

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

Foreign exchange risk

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

At August 31, 2019, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: \$169,669 in cash, \$671 in deposits, \$82,864 in amounts receivable, and \$82,864 in accounts payable. A ten percent change in the exchange rates would impact the Company's working capital as follows:

	\$
Namibia dollars and South African rand	7,314
All other currencies	1,455

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

Interest rate risk

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

Commodity price risk

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

10. Supplemental cash flow information

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

11. Commitments

The Company has no commitments.

12. Segmented Reporting

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