



NAMIBIA CRITICAL METALS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2021 AND 2020

(CANADIAN DOLLARS)

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, 2021 and November 30, 2020 (audited), the unaudited condensed consolidated interim statements of net and comprehensive loss, changes in equity and cash flows for the nine months ended August 31, 2021 and 2020. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the August 31, 2021 and 2020 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, 2021 (in Canadian dollars)

	August 31, 2021 \$	November 30, 2020 \$
Assets		
Current assets		
Cash and short-term deposits	1,175,109	593,696
Taxes and other receivables	596,359	404,496
Deposits and prepaid expenses	99,701	27,956
	<u>1,871,169</u>	<u>1,026,148</u>
Equipment (note 4)	47,826	61,795
Exploration and evaluation assets (note 5)	<u>30,218,591</u>	<u>29,394,331</u>
	<u>32,137,586</u>	<u>30,482,274</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 1 and 6)	951,020	379,899
Advance received for future exploration work (note 5)	1,140,198	613,785
	<u>2,091,218</u>	<u>993,684</u>
Loan payable (note 13)	<u>33,532</u>	<u>23,407</u>
	<u>2,124,750</u>	<u>1,017,091</u>
Shareholders' Equity		
Equity attributable to the shareholders of the Company (note 7)	29,873,179	29,321,249
Non-controlling interest	139,657	143,934
	<u>30,012,836</u>	<u>29,465,183</u>
	<u>32,137,586</u>	<u>30,482,274</u>

Nature of operations and going concern (note 1)

See accompanying notes to the condensed consolidated interim financial statements.

Approved on behalf of the Board

/s/ "Steve E. Kapp"
Director

/s/ "William 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, 2021 and 2020 (in Canadian dollars)

	Three months ended August 31		Nine months ended August 31	
	2021	2020	2021	2020
	\$	\$	\$	\$
Expenses				
Salaries and benefits (note 6)	23,643	23,634	70,536	71,055
Office and administration	19,589	14,479	55,970	55,727
Consulting fees (note 6)	23,494	42,250	79,338	141,611
Professional fees	27,091	14,494	69,131	58,165
Travel	-	-	-	6,648
Listing and filing fees	3,887	3,045	27,319	26,947
Shareholder communications	59,153	12,816	187,935	34,493
Share-based payments (notes 6 and 7)	-	-	56,700	-
Foreign currency exchange loss (gain)	25,210	(17,273)	2,108	(44,139)
Write-down of exploration and evaluation asset	541	107,656	107,172	107,656
	182,608	201,101	656,209	458,163
Interest income	(858)	(108)	(2,462)	(2,973)
Government assistance benefit (note 13)	-	-	(13,000)	-
Gain on disposal of equipment	-	-	(2,750)	-
Gain on debt settlement	-	(75,421)	-	(75,421)
Other income	-	-	-	(2,530)
Net loss and comprehensive loss for the period	181,750	125,572	637,997	377,239
Net loss and comprehensive loss attributable to:				
Shareholders of the Company	181,098	125,979	636,621	377,048
Non-controlling interest	652	(407)	1,376	191
	181,750	125,572	637,997	377,239
Loss per share – Basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding – Basic and diluted	188,517,786	184,792,470	187,393,856	182,180,258

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, 2021 and 2020 (in Canadian dollars)

	Common Shares Without Par Value		Share-based Payments	Contributed	Deficit	Total Shareholders'	Non-controlling interests	Total Equity
	Shares	Amount	Reserve	Surplus		Equity		
	#	\$	\$	\$		\$	\$	\$
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

	Common Shares Without Par Value		Share-based Payments	Contributed	Deficit	Total Shareholders'	Non-controlling interests	Total Equity
	Shares	Amount	Reserve	Surplus		Equity		
	#	\$	\$	\$		\$	\$	\$
Balance, November 30, 2019	180,325,121	44,249,508	1,601,344	5,272,556	(22,150,104)	28,973,304	150,871	29,124,175
Issuance of shares per private placement	3,472,222	436,443	-	-	-	436,443	-	436,443
Issuance of shares per debt settlement	1,508,412	301,682	-	-	-	301,682	-	301,682
Expiry of options	-	-	(519,947)	519,947	-	-	-	-
Net and comprehensive loss	-	-	-	-	(377,048)	(377,048)	(6,591)	(383,669)
Balance, August 31, 2020	185,305,755	44,987,633	1,081,396	5,792,503	(22,527,152)	29,334,381	144,280	29,478,661

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, 2021 and 2020 (in Canadian dollars)

	August 31, 2021 \$	August 31, 2020 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(637,997)	(377,239)
Adjustments for:		
Share-based payments	56,700	-
Unrealized foreign currency exchange loss(gain)	2,108	(44,117)
Interest income recognized in net loss	(2,462)	(2,973)
Write-down of exploration and evaluation assets	107,172	107,656
Gain on disposal of equipment	(2,750)	(75,421)
	<u>(477,229)</u>	<u>(392,094)</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable, deposits and prepaids	(251,530)	(161,118)
(Decrease) increase in accounts payable and accrued liabilities and deferred amounts payable	797,958	532,712
Advance for exploration work, net of expenditures	<u>526,413</u>	<u>2,362,849</u>
	<u>595,612</u>	<u>2,342,349</u>
Investing activities		
Interest income received	2,462	2,973
Proceeds on disposition of equipment	2,750	26,771
Expenditures on exploration and evaluation assets, net of recoveries (note 10)	<u>(785,991)</u>	<u>(1,861,463)</u>
	<u>(780,779)</u>	<u>(1,831,719)</u>
Financing activities		
Loan proceeds, net of government assistance (note 13)	7,000	-
Proceeds on exercise of warrants	22,500	-
Issuance of share capital, net of costs	<u>743,551</u>	<u>436,443</u>
	<u>773,051</u>	<u>436,443</u>
Effect of exchange rate changes on cash	<u>(6,471)</u>	<u>(67,517)</u>
Net change in cash during the period	581,413	879,556
Cash and short-term deposits – Beginning of period	<u>593,696</u>	<u>183,602</u>
Cash and short-term deposits – End of period	<u>1,175,109</u>	<u>1,063,158</u>

Supplemental cash flow information (note 10)

See accompanying notes to the condensed consolidated interim financial statements.

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (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 as at August 31, 2021 has an accumulated deficit of \$24,194,845 (2020 - \$22,527,152) and working capital deficit of \$220,049 (2020 - \$136,754). The Company does not generate income or cash flows from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its exploration and evaluation assets and to fund its exploration and development activities and its general and administration costs. These circumstances cast significant doubt upon the Company’s ability to continue as a going concern. Management continues to evaluate alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements, and eventually to generate positive cash flows, either from operations or sale of its properties. On January 27, 2020 the Company entered into an agreement (“Lofdal JV Agreement” or “Agreement”) with Japan Oil, Gas and Metals National Corporation (“JOGMEC”), which provides JOGMEC with the right to earn a 50% interest in the Lofdal rare earths property by funding \$20 million (note 5). As of April 1, 2021, JOGMEC elected to move to Term 2 of the Agreement.

During the year ended November 30, 2020, the Company secured a \$5 million drawdown Equity Facility with Alumina Partners (Ontario) Ltd. (“Equity Facility”), an affiliate of New York-based private equity firm Alumina Partners, LLC., on August 24, 2020 that is structured to provide the Company with timely access to private placement financing as and when required. Under the terms of the Equity Facility agreement, the Company has the right to draw down on the \$5,000,000 facility, for a two-year period ending August 24, 2022, at its sole discretion, through equity private placement tranches of up to \$250,000 each. On August 24, 2020 and January 8, 2021, the Company drew down tranches of \$100,000 each.

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.

During the first quarter of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian and Namibian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions and staff shortages, all of which may negatively impact the Company's business and financial condition. Exploration operations, including our site camps, were minimally impacted during the nine months ended August 31, 2021.

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (in Canadian dollars)

2. Basis of preparation

a) Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on October 21, 2021.

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.

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%

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:

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (in Canadian dollars)

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.

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, 2020. 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, 2020 annual consolidated financial statements.

Accounting Standards Adopted in the Current Year

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

Future Changes in Accounting Policies

The following new amendment to standards and interpretations under IFRS, is not yet effective for the period ended August 31, 2021 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.

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (in Canadian dollars)

4. Equipment

Cost	Exploration equipment	Motor vehicles	Total equipment
November 30, 2020	90,428	149,038	239,466
Disposals	-	(21,948)	(21,948)
August 31, 2021	90,428	127,090	217,518

Accumulated Depreciation	Exploration equipment	Motor vehicles	Total equipment
November 30, 2020	65,551	112,120	177,671
Depreciation	5,145	8,824	13,969
Disposals	-	(21,948)	(21,948)
August 31, 2021	70,696	98,996	169,692

Net book value	Exploration equipment	Motor vehicles	Total equipment
November 30, 2020	24,877	36,918	61,795
August 31, 2021	19,732	28,094	47,826

Depreciation charged on exploration equipment and motor vehicles of \$13,969 (2020 – recovery (\$6,474)) has been capitalized to exploration and evaluation assets.

5. Exploration and evaluation assets

	November 30, 2020	Acquisitions and Expenditures	Disposals and write-downs	August 31, 2021
	\$	\$	\$	\$
Lofdal Rare Earths property	23,271,106	199,691		23,470,797
Kunene Cobalt-Copper	4,922,790	693,105	(50,439)	5,565,456
Epembe Tantalum-Niobium	951,893	26,428		978,321
Other	248,542	15,146	(59,671)	204,017
	29,394,331	934,370	(110,110)	30,218,591

Lofdal rare earths property

The Lofdal rare earths property (“Lofdal”) 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 November 2016, the Company submitted an application to the Republic of Namibia Ministry of Mines and Energy for a Mining License that was issued effective May 11, 2021 (ML200). The property is subject to a 2% net smelter revenue royalty.

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (in Canadian dollars)

Partnership with JOGMEC on Lofdal

On January 27, 2020, the Company announced that it had signed an agreement with JOGMEC to jointly explore, develop, exploit, refine and/or distribute mineral products from Lofdal. The Agreement provides JOGMEC with the right to earn a 50% interest in the project by funding a total of \$20,000,000 in exploration and development expenditures under the following terms:

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

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

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

Once JOGMEC has completed and exercised its 50% earn-in and a feasibility study has been completed on the project, JOGMEC has the right to purchase an additional 1% interest in the project from the Company for \$5,000,000 and thereafter to exclusively provide funding to develop the project subject to the Company's interest in the Project not being diluted below 26%.

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

During the year ended November 30, 2020, the Company received \$3,303,455 from JOGMEC for exploration expenditures on the Lofdal property. As of November 30, 2020, \$2,689,670 in exploration expenditures have been incurred. The Company has recorded \$613,785 as a liability for advances received for future exploration work. During the nine-month period ended August 31, 2021, the Company received an additional \$2,566,545 from JOGMEC for exploration expenditures on the Lofdal property. As of August 31, 2021, \$4,729,802 in exploration expenditures have been incurred. The Company has recorded the remaining \$1,140,198 as an advance received for future exploration work. Amounts received in excess of the Term 1 amount of \$3 million are non-refundable and will be credited to Term 2 expenditures.

The expenditures incurred related to the JOGMEC Agreement for the period ended August 31, 2021 are summarized in the following table:

	November 30, 2020 \$	Acquisitions and Expenditures \$	August 31, 2021 \$
Project Management	81,756	87,199	168,955
Geology, Drilling, Sample Analysis	2,132,324	994,436	3,126,760
43-101 Resource and Mine Model Update	63,394	336,637	400,031
Metallurgy	255,381	496,278	751,659
Operator's Fee	139,374	113,542	252,916
Other	17,441	12,040	29,481
	2,689,670	2,040,132	4,729,802

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (in Canadian dollars)

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, 2021 amounted to \$nil (2020 - \$nil).

Other properties

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

Licence	Subsidiary Company	Project
EPL3400	Namibia Rare Earths (Pty) Ltd.	Lofdal
EPL3825	Solarwind Investments (Pty) Ltd.	Kunene
EPL4347	Kunene Resources Namibia (Pty) Ltd.	Kunene
EPL5601	Kunene Resources Namibia (Pty) Ltd.	Kunene
EPL5773	Kunene Resources Namibia (Pty) Ltd.	Kunene
EPL5847	Kunene Resources Namibia (Pty) Ltd.	Otjitazu
EPL5885	Kunene Resources Namibia (Pty) Ltd.	Kunene
EPL5992	Kunene Resources Namibia (Pty) Ltd.	Grootfontein
EPL6440	Gecko Gold Mining (Pty) Ltd.	Erongo
EPL6561	Kunene Resources Namibia (Pty) Ltd.	Grootfontein
EPL7115	Philco One Hundred Eighty (Pty) Ltd.	Marienfluss
MDRL3299	Epembe Mining (Pty) Ltd.	Epembe
ML200	Namibia Rare Earths (Pty) Ltd.	Lofdal

During the nine months ended August 31, 2021, the Company reduced its non-core portfolio by licences EPL6903 and EPL4136.

6. Related party transactions

Transactions with key management personnel for the three and nine months ended August 31, 2021 and 2020 are as follows:

	Three months ended August 31 2021 \$	Three months ended August 31 2020 \$	Nine months ended August 31 2021 \$	Nine months ended August 31 2020 \$
Consulting fees	23,402	32,250	67,746	101,611
Share-based payments	-	-	56,700	-
Total charged to net and comprehensive loss	23,402	32,250	124,446	101,611
Charged to exploration and evaluation assets:				
Share-based payments	-	-	365,800	-
Consulting fees	37,500	38,775	108,350	213,750
Payments to a shareholder	280,762	208,832	598,987	486,531
Total	341,664	279,857	1,197,583	801,892

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

Included in accounts payable and accrued liabilities and deferred amounts payables are amounts owing to related parties of \$388,746 (2020 - \$151,108). Included in deposits and prepaid expenses is an amount of \$7,000 (2020 - \$3,500) representing retainers on services contracts with officers of the Company.

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

Namibia Critical Metals Inc.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

For the three months and nine months ended August 31, 2021 and 2020 (in Canadian dollars)

7. 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, 2020	185,305,755	44,987,573
Shares issued by private placement (i)	451,977	100,000
Shares issued by private placement (ii)	2,650,000	662,500
Shares issued by warrant exercise (iii)	125,000	22,500
Share issuance costs	-	(18,949)
Balance, August 31, 2021	188,532,732	45,753,624

- (i) On January 8, 2021, pursuant to the Equity Facility (note 1), the Company issued 451,977 units at a price of \$0.22125 per unit for gross proceeds of \$100,000. Each unit in the second tranche consists of one common share and one-half warrant. Each whole warrant is exercisable for one common share at a price of \$0.413 until January 7, 2023. The value of the warrants was estimated at nil using the residual method.
- (ii) On March 12, 2021, the Company issued 2,650,000 units at a price of \$0.25 per unit for gross proceeds of \$662,500. Each unit consists of one common share and one warrant, subject to a four-month hold period, expiring July 13, 2021. Each whole warrant is exercisable for one common share at a price of \$0.35 until March 12, 2022. The value of the warrants was estimated at nil using the residual method.
- (iii) On June 11, 2021, the Company issued 125,000 shares through the exercise of 125,000 warrants at a price of \$0.18 per warrant on a one for one basis for gross proceeds of \$22,500.

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, 2021, share-based payments expense of \$56,700 (2020 - \$Nil) was charged to the consolidated statement of loss and comprehensive loss and \$365,800 (2020 - \$Nil) was charged to exploration and evaluation assets. The assumptions used to fair value the options were a risk-free rate of 0.94%, expected volatility of 142% (based on actual historical volatility), expected life of 5 years, and a dividend yield of 0%.

The balance of stock options outstanding at August 31, 2021 was 13,685,000 at a weighted average exercise price of \$.22.

The following table summarizes information about options outstanding at August 31, 2021:

Exercise price \$	Options outstanding and exercisable	Expiry date	Remaining contractual life (in years)
0.05	1,410,000	November 28, 2021	.24
0.08	150,000	April 7, 2022	.60
0.21	5,350,000	September 19, 2023	2.05
.0.26	4,950,000	September 28, 2025	4.08
0.26	1,825,000	April 5, 2026	4.60
	13,685,000		2.92

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Warrants

As of August 31, 2021 there were 5,945,433 warrants outstanding (2020 – 3,194,444) with a weighted average exercise price of \$0.27 (2020 – \$0.19).

The following table summarizes information about the Company's warrants outstanding as at August 31, 2021 and November 30, 2020:

Grant Date	Expiration Date	Exercise Price	August 31, 2021	November 30, 2020
April 28, 2020	October 28, 2021	\$0.180	2,791,667	2,916,667
August 24, 2020	August 24, 2022	\$0.336	277,777	277,777
January 8, 2021	January 8, 2023	\$0.413	225,989	-
March 12, 2021	March 12, 2022	\$0.350	2,650,000	-
Total outstanding			5,945,433	3,194,444

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, 2021.

Total managed capital was as follows:

	August 31, 2021	November 30, 2020
	\$	\$
Working capital (deficit)	(220,049)	32,464
Equity	29,873,179	29,321,249

There are no externally imposed capital requirements.

9. Financial Instruments and risk management

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

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages this risk through regular monitoring and adjustment of its cash flow requirements to support ongoing operations and to ensure, to the extent possible, that there is sufficient cash on hand to meet its liabilities when due. 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 (note 1). Financial liabilities are due within one year.

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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, 2021, the Company had the following amounts denominated in the above currencies and converted to Canadian dollars: \$933,917 in cash, \$66,918 in deposits and prepaids, \$585,008 in amounts receivable, and \$786,590 in accounts payable and accrued liabilities. A 10% change in the exchange rates would impact the Company's working capital as follows:

<u>Currency</u>	<u>\$</u>
Namibia dollars and South African rand	69,993
All other currencies	2,666

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

Interest rate risk

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

Commodity price risk

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

10. Supplemental cash flow information

During the nine months ended August 31, 2021, the Company made expenditures on exploration and evaluation assets of \$170,223 which were recorded as a increase in accounts payable (2020 - \$200,063) and \$13,969 in amortization of equipment which was recorded to exploration and evaluation assets (2020 - \$13,385). These items are non-cash transactions and have been excluded from the consolidated 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.

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13. 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, 2022, there will be no interest payable on the loan and the remaining \$20,000 will be forgiven. In the event there is a loan balance outstanding on January 1, 2023, the loan will be renewed for a 3-year term with an annual fixed rate of interest of 5%. The Company plans to repay \$40,000 before December 31, 2022. A government assistance benefit of \$13,000 was recognized during the nine months ended August 31, 2021.