NAMIBIA RARE EARTHS (PTY) LTD

BACKGROUND INFORMATION DOCUMENT

LOFDAL MINING PROJECT ENVIRONMENTAL CLEARANCE CERTIFICATE (ECC) AMENDMENT

7 March 2025

1. Introduction

Namibia Rare Earths (Pty) Ltd (NRE), a subsidiary of Namibia Critical Metals Incorporated (NMI), is a Canadian company listed on the Toronto Stock Exchange (TSXV: NMI OTC: NMREF) Venture Exchange with a diverse project portfolio in Namibia. NRE holds Mining Licence (ML) 200 on Farm Lofdal, which falls within the //Huab and Doro !nawas Conservancy Areas in the Kunene Region of Namibia (Refer to Figure 1). In 2016, SLR Environmental Consulting (Namibia) (Pty) Ltd (SLR) undertook three Environmental Impact Assessments (EIAs) in relation to the Lofdal Rare Earths Mining Project, namely:

- An EIA and EMP for the construction and operation of the powerline for the Lofdal Mining Project – approved by NamPower;
- An EIA and EMP for the water pipeline for the Lofdal Mining Project – approved by NamWater; and
- *An EIA and EMP (original 2016 EIA for the Lofdal Mining Project.*

NRE was granted an Environmental Clearance Certificate (ECC) in December 2017 by the Ministry of Environment, Forestry and Tourism (MEFT) to support the ML application submitted in support of the original 2016 EIA for the Lofdal Mining Project. The validity of the ECC was renewed in May 2021 and again in September 2024 and is currently valid until 1 September 2027. A corresponding Mining Licence 200 (ML200) was issued by the Ministry of Mines and Energy (MME) in May 2021. Since the granting of the ECC for the Lofdal Mining Project, subsequent test work undertaken by NRE has indicated that the mine's resources are significantly larger than what was outlined in the original 2016 EIA. It follows that the ECC for the Lofdal Mining Project (specifically the Lofdal Mining Project EIA) needs to be amended to cater for a larger mining operation and additional beneficiation steps **(hereafter referred to as the Project).** Only exploration-related work and pilot-scale mining currently takes place on site and as such, no infrastructure relating to the Lofdal Mining Project has been established.

No amendments to the powerline and water pipeline EIAs will be undertaken as part of this process.

2. Environmental Clearance Certificate Process

Prior to the commencement of the Lofdal Mining Project, an application for an amended ECC will be submitted to the MEFT and MME for a decision in terms of the Environmental Management Act, 2007 (No. 7 of 2007) (EMA). The related EIA process will include an Application phase, a Scoping phase, and an Environmental Impact Assessment phase with an Environmental Management Plan (EMP).

3. Current Status of the Project

An ECC Amendment application was submitted to the MEFT on 19 October 2023 (MEFT Ref: 231019002343), and a Scoping process was undertaken. Interested and Affected Parties (I&APs) were provided with an opportunity to review and comment on the Scoping Report between 7 December 2023 and 10 January 2024. Subsequent to the submission of the ECC amendment application, several specialist studies were undertaken. The specialist studies made recommendations that required revisions to the 2023 mine layout plan (refer to Figure 2).

Purpose Of This Document

This document has been prepared to inform you about:

- The Lofdal Mining Project and changes to the 2023 layout;
- The Lofdal Mining Project alternatives considered;
- The biophysical, cultural, and socio-economic baseline environment of the Lofdal Mining Project area;
- The environmental assessment processes being followed;
- Possible biophysical, cultural, and socio-economic impacts and related specialist input; and
- How you can have input into the environmental assessment process.

Who Are the Consultants?

SLR, an independent firm of environmental consultants, has been appointed by NRE to manage the Lofdal Mining Project ECC amendment process.

Your Role

You have been identified as an I&AP who may want to be informed about the Project and have input into the amendment process.

You have an opportunity to review this document and to provide your comments to SLR for incorporation in the environmental assessment process. You will also be given the opportunity to review and comment on the [revised Scoping Report and EIA & EMP.]

All comments will be recorded and included in the reports submitted for decision-making.

How To Respond

Responses to this document can be submitted using the attached comments sheet, online, and/or through communication with the person listed below.

If you would like to comment on the findings of the EIA Process, please submit them by 8 April 2025.

Who To Contact?

SLR contact: Robyn Christians
Tel: +264 61 231 287
Email: lofdalproject@slrconsulting.com
Webpage: https://www.slrconsulting.com/public-documents/nre-lofdal-mining-project-ecc-amendment/

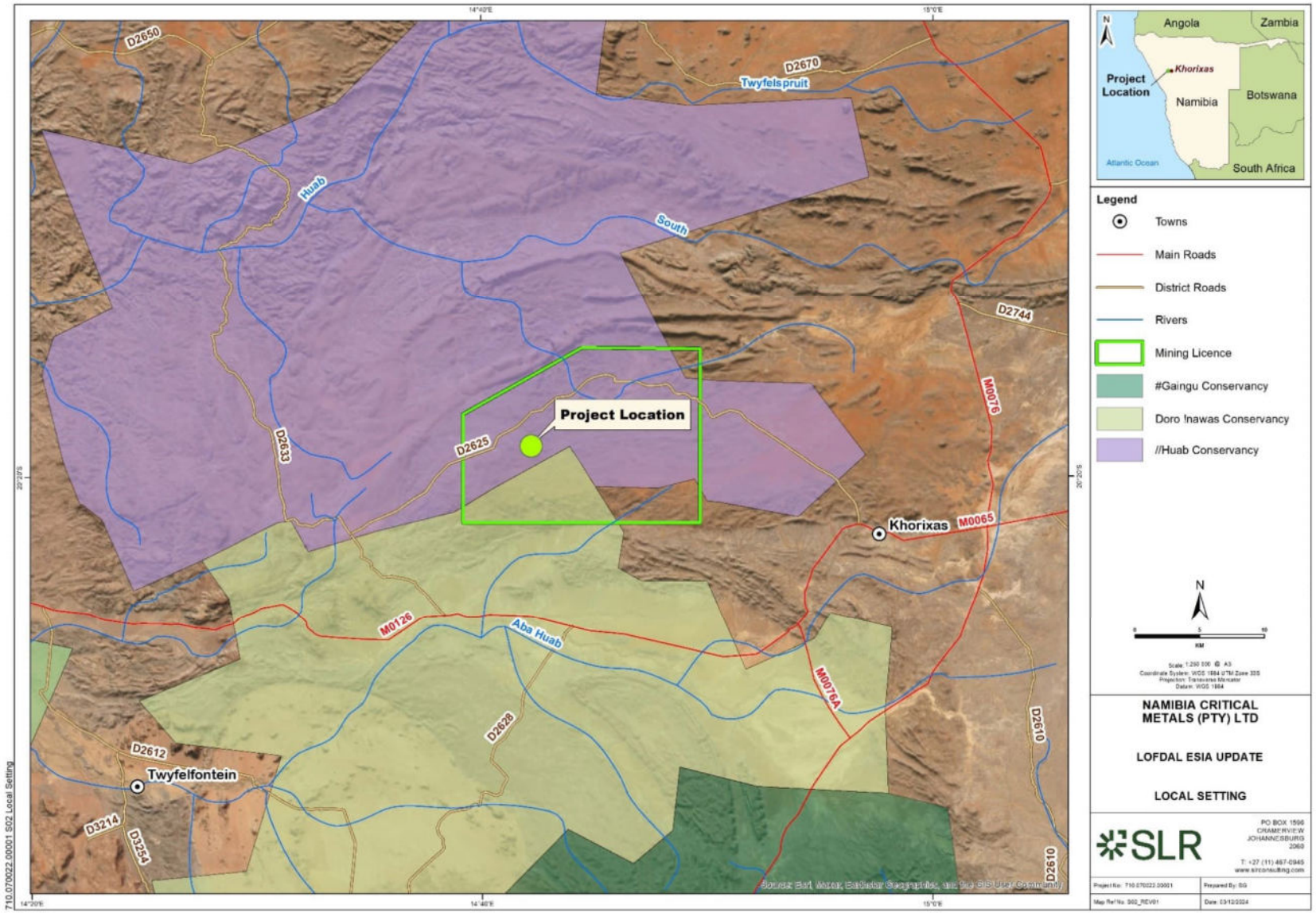


Figure 1: Local Setting

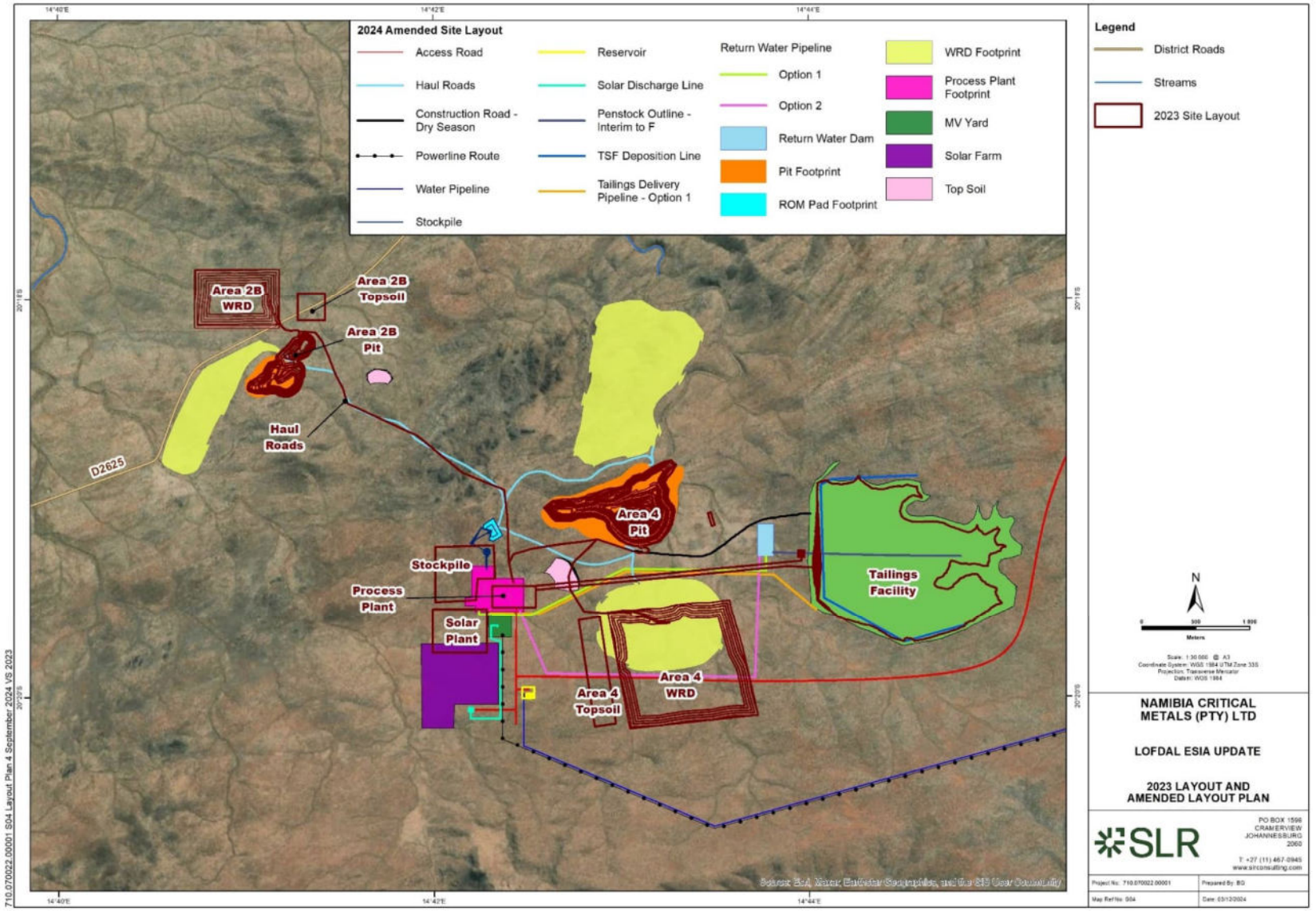


Figure 2: Site layout (2023 layout vs current (2024) layout)

4. Overview of the Project

NRE envisions developing the Lofdal Mining Project within their ML area to produce a concentrate consisting mainly of 'rare earths'.

5. Scope of Activity

Table 1 provides a high-level summary of the changes that will be applied for when compared to the original 2016 EIA for the Lofdal Mining Project. Figure 2, Figure 3 and Figure 4 provide the layout plans.

Table 1: Summary of revisions to the Lofdal Mining project

Group	Specific	2016 Project Details	Project Details (2023)	Amended Project Details (2024)
Mining	Target mineral	Rare Earths	Rare Earths	Rare Earths
	Mineable area	Main pit: 40 hectares Smaller satellite pits up to 10 km away within the ML area may be developed in the future	There will be 2 open pits (A4 and A2B) with a total footprint of 68.38 ha (A4 open pit: 48.87 ha and A2B open Pit: 19.51 ha)	There will be 2 open pits (A4 and A2B) with a total footprint of 78.81 ha (A4 open pit: 65.36 ha and A2B open Pit: 13.45 ha)
	Depth of the minerals below surface	The minerals occur at the surface and will be mined to a depth of 200 m	The minerals occur at surface and will be mined to a depth of 300 m	The minerals occur at the surface and will be mined to a depth of 140 m at Area 2B pit and 330 m at Area 4 pit
	Rate	840 000 tonnes/annum of ore to be sent to the crusher	2 000 000 tonnes/annum of ore to be sent to the crusher	2 160 000 tonnes/annum of ore to be sent to the crusher
	Life of mine	7 years	16 years	16 years
	Extent of areas required for infrastructure	The processing plant, pit, tailings storage facility (TSF), waste rock dump (WRD) and solar plant would cover about 15 km^2 (1 500 ha).	The processing plant, pits, tailings storage facility (TSF), WRDs and solar plant would cover about 20 km^2 (2 000 ha).	The processing plant, pits, tailings storage facility (TSF), WRDs and solar plant would cover about 21 km^2 (2 100 ha).
Mine residues	Waste rock: the. mine material that does not contain rare earths to be processed will be stockpiled	Two alternatives of one large WRD, or two smaller WRDs located to the south of the A4 pit. The WRD (s) would have an end of mine storage capacity of 50 000 000 m^3.	Two WRDs located northwest of the A2B open pit and south of the A4 open pit. The South WRD and A2B WRD WRDs will have an end of mine storage capacity of 43 797 500 m^3 and 11 718 933 m^3, respectively.	Three WRDs located northwest of the A2B open pit and north and south of the A4 open pit. The A4 WRDs (north and south) and A2B WRD will have an end of mine storage capacity of 65 835 203 m^3, 34 321 380 $m^3$and, 10 834 798 m^3 respectively.
Processing	Process Plant	Mill Process Plant	Mill Process Plant, with a hydrometallurgical plant added to the processing plant	Mill Process Plant, with a hydrometallurgical plant added to the processing plant
	Floatation Plant	Floatation Plant with throughput of 0.9 Mt/a	Floatation Plant with throughput of 2.1 Mt/a	Floatation Plant with throughput of 2.16 Mt/a
Product	Final product for export	low-grade mineral concentrates (xenotime concentrate)	99% grade TREO product	99% grade TREO product
Processing residues	Tailings	The TSF had a capacity to store 3.24 million tonnes (Mt), with a maximum footprint of 5.3ha.	The TSF has a capacity to store 26.8 Mt, with a maximum footprint of 137 ha.	The TSF has a capacity to store 26.8 Mt, with a maximum footprint of 227 ha.
Resource use	Water demand	Approximately 1 000 000 m^3 per year	Approximately 1 000 000 m^3 per year	Approximately 1 600 000 m^3 per year
	Power demand	21.1787-million kilowatt hour per annum (kWh/annum)	40.951 million kwh/annum	85.989.979 million kWh/annum
Employment	Staff: Construction	Approximately 300	Approximately 300	Approximately 300
	Staff: operational	Approximately 226	Approximately 243	Approximately 243
	Operating times	24 hours a day, 7 days a week	24 hours a day, 7 days a week	24 hours a day, 7 days a week

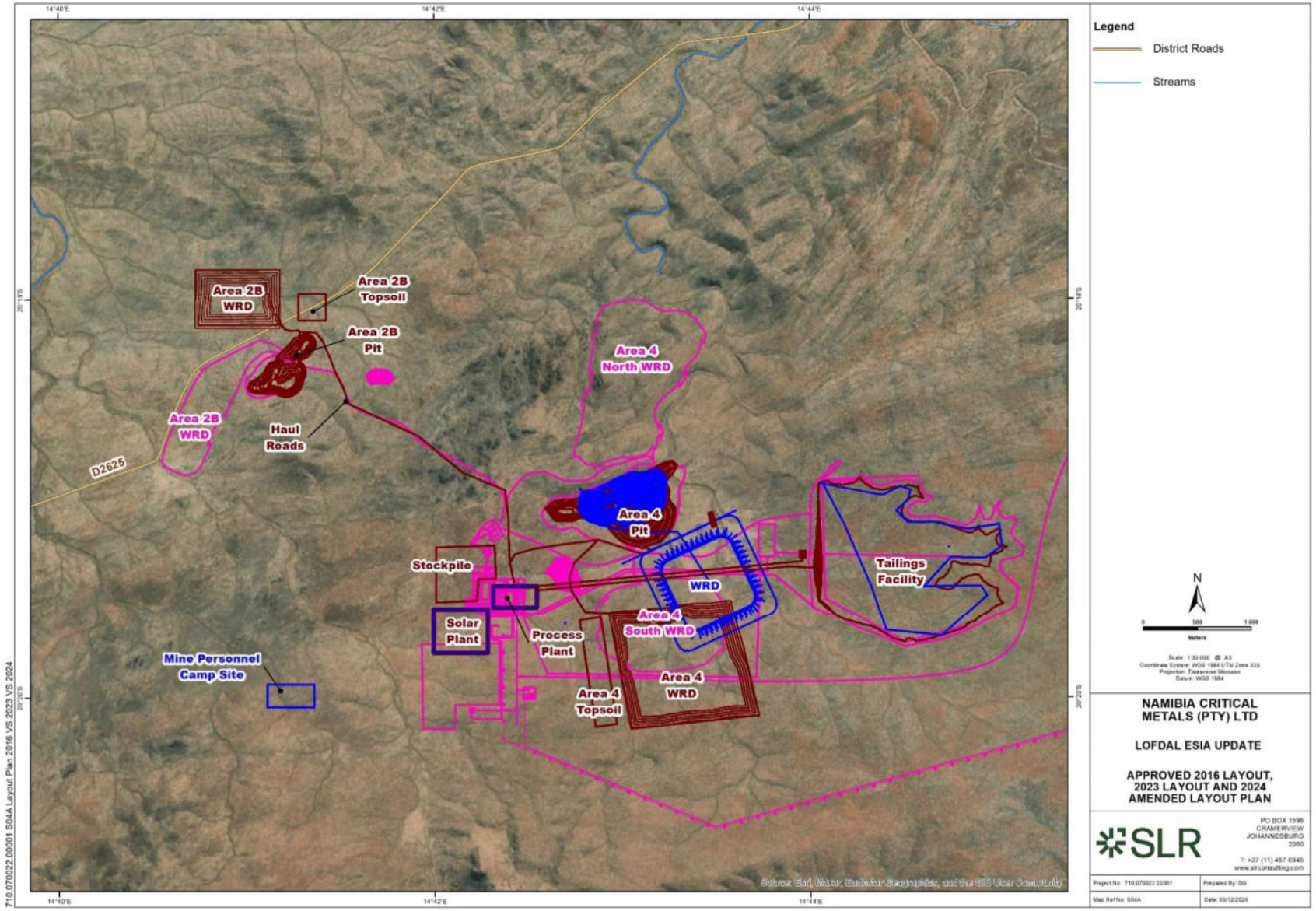


Figure 3: Site layout (Approved 2016 layout, 2023 layout and current (2024) layout)

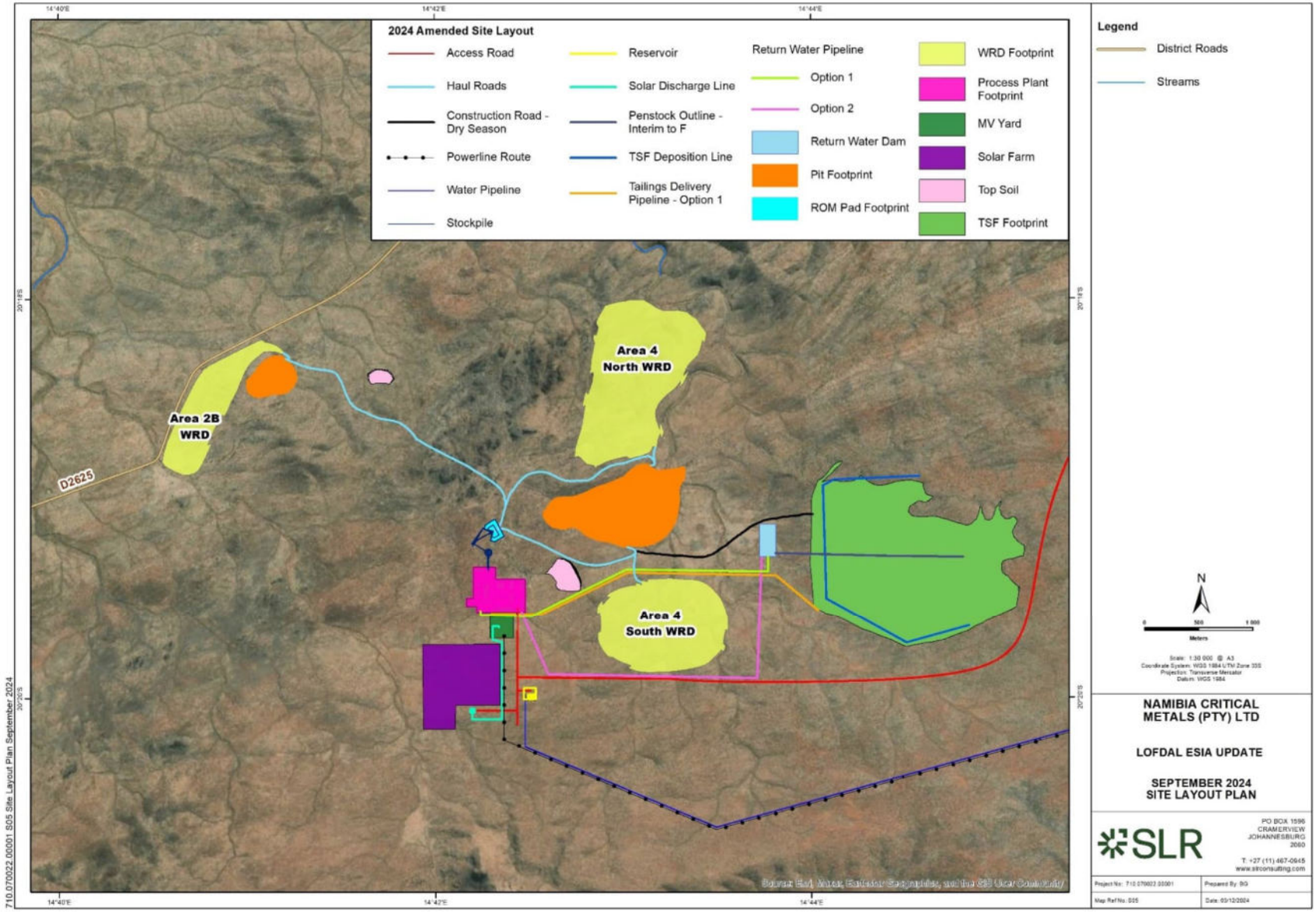


Figure 4: Site layout Plan – Revised 2024 layout plan

6. Project Alternatives

The Lofdal ECC Amendment will include an assessment of:

- Alternative layout plans (2023 vs 2024);
- Alternative land uses; and
- The "no project" option.

7. Need and Desirability

The benefits of the Lofdal Mining Project to Namibia are considered to be economic and strategic in nature. Currently, there are limited rare earth elements (REE) deposits outside of China that are in production. The Lofdal deposit has one of the highest levels of heavy rare earth enrichment in the world, making it an important project for Namibia. The export of the REE will contribute to the Namibian GDP through accrual of foreign currency as well as through taxes and profits. The creation of employment opportunities and an increase in local business activities will also actively contribute to the taxation revenue collected by the Government and Local Authorities. In addition to employment, the Lofdal Mining Project also holds the potential for skills development and transfer. Skills development is a requisite for human resource development and will have a lasting impact on the local economy.

8. Overview of the Baseline Environment

This section provides a general overview of the key biophysical, cultural, and socio-economic attributes of the Lofdal Mining Project area. This information was sourced from the 2016 EIA and will be updated as part of the EIA amendment process to accommodate the amended project layout.

8.1 Biophysical Environment

The overall plant species richness in the area is low to medium. However, the Lofdal Mining Project area is located in the escarpment zone of high diversity and endemism. The area is characterised by high-diversity habitats such as the Rocky Hills (Photo 1), which support a high diversity of biodiversity and are home to specialised rock-dwelling mammals and reptiles (Photo 5 to Photo 8).

1

2

3

Habitats in the area Photo 1: Rocky koppies at the top of the high slopes carry important species, such as *Sterculia africana* and *S. quinqueloba,* which are absent elsewhere, Photo 2: Representative Arid Savanna habitat in the study area and Photo 3: Perennial natural fountain, aquatic habitat in the south of study area.

The Lofdal Mining Project area is located in the catchment of the Huab River. The large watercourses and drainage lines in the Lofdal Mining Project area provide resources and movement corridors for mammals and birds, and the higher elevations and denser and taller trees are attractive to raptors.

8.2 Cultural Environment

The Lofdal Mining Project area is considered to have a low archaeological sensitivity, and according to the archaeological assessment, no known archaeological sites would be affected by the Lofdal Mining Project.

8.3 Socio-Economic Environment

The Khorixas is a region where many households depend on subsistence farming, education levels are low and there are high rates of unemployment and poverty. The land on and around Farm Lofdal is primarily used for subsistence ranching of goats and cattle for communal farmers in the broader area.

9. Specialist Studies to Inform the Environmental Clearance Certificate Process

The following specialist assessments were undertaken as part of the 2016 EIA process and will be updated as part of the Lofdal ECC Amendment process:

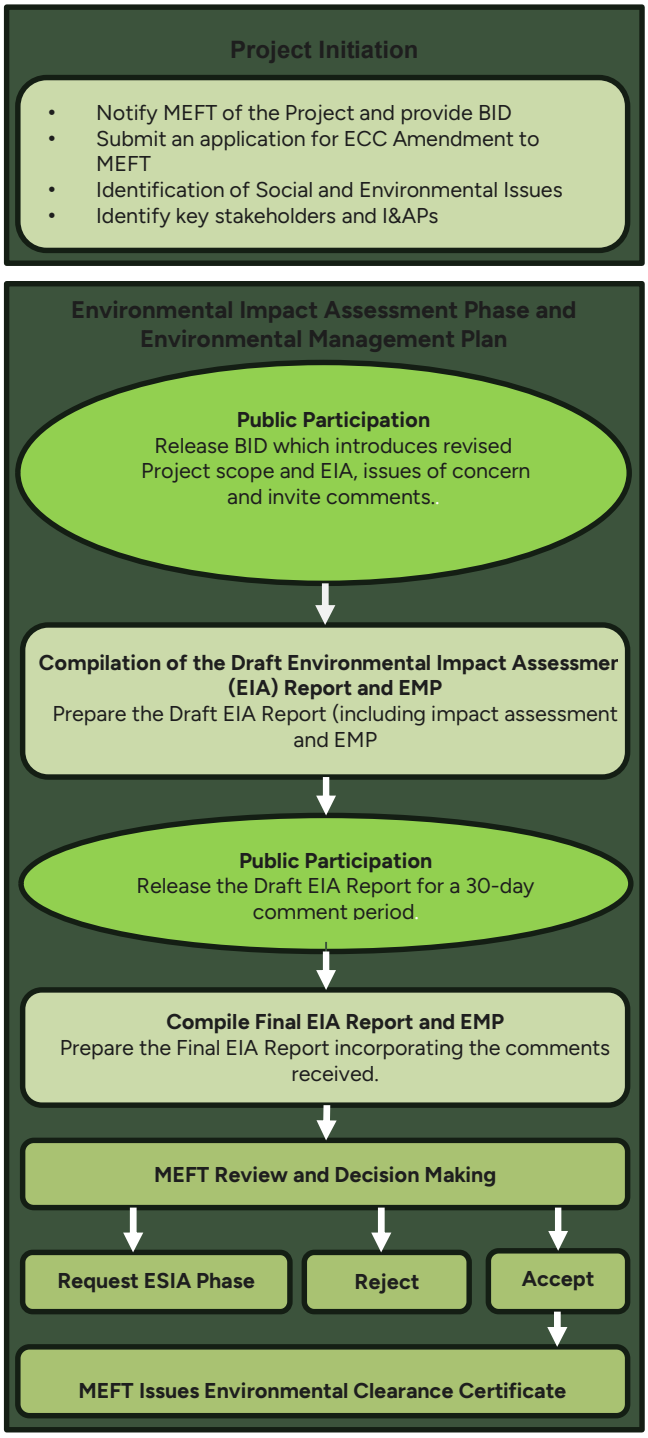
- Noise Impact Assessment
- Air Quality Assessment
- Radiology Assessment

- Biodiversity Assessment
- Surface Water Assessment
- Groundwater Assessment
- Visual Impact Assessment
- Heritage Resources
- Socio-economic Assessment

10. Environmental Clearance Certificate Amendment Process

10.1 Environmental Assessment Process

The EIA process provides information pertaining to procedural components and the environment in which it is being undertaken. It identifies and assesses, in consultation with I&APs, the potential negative and positive biophysical, cultural, and socio-economic impacts. The environmental assessment process also reports on management measures required to mitigate impacts to an acceptable level and incorporates requirements for monitoring plans (where required). The remaining process steps are provided below.



10.2 Public Consultation Process

The public consultation process's purpose is to notify I&APs of the Lofdal Mining Project ECC Amendment and provide them with the opportunity to raise issues or concerns regarding the Lofdal Mining Project. In this regard, I&APs will be notified of the Project through various platforms, including a BID (this document), site notices, advertisements, and email notifications.

Once the reports (Environmental Impact Assessment Report, inclusive of specialist assessments and EMP) are complete, all I&APs will be informed of the availability of the reports for review and comment for a period of 30 days. The reports will be made available in hard copy (printed) and through digital platforms (SLR website). The reports will be updated to include all comments received during the public review period. The updated reports (Environmental Impact Assessment Report), inclusive of all I&AP comments and concerns, and responses provided to I&APs by the EIA team, will be submitted to the MME & MEFT for decision making purposes.

Parties to be involved in the environmental assessment process are identified in the table below.

I&APs Involved in the ECC Amendment Process

Landowners, Land Users, and Other I&APs

- Immediate farm owners and residents
- Residents in the area (i.e., Khorixas and Fransfontein)
- Local businesses
- Lodges and tour operators within the surrounding area
- Conservancies (//Huab and Doro !Nawas)
- Relevant businesses/industries in the region
- Non-Governmental Organisations (NGOs) including Earth Life Namibia, and WWF)
- Media
- Members of the public

Government Ministries

- Ministry of Environment, Forestry, and Tourism (MEFT) - Department of Environmental Affairs
- Ministry of Agriculture, Water, and Land Reform
- Ministry of Mines and Energy
- Ministry of Health and Social Services
- National Heritage Council of Namibia (NHCN)

Parastatals

- NamWater
- NamPower
- Roads Authority

Local and Regional Government (Councillors and Traditional Authorities)

- Khorixas (including Fransfontein) Town Council
- Kunene Regional Council
- //Aodaman Traditional Authority

Swartbooi Traditional Authority

Please let us know if any additional parties should be involved.

Particulars of the Interested and Affected Party		Date	
Name			
Organisation/Company			
Postal Address			
		Postal Code	
Telephone Number			
E-Mail Address			

Please register me as an interested & and affected party (I&AP) so that I may receive further information and notifications during the environmental clearance certificate process	YES ☐	NO ☐

How would you like to receive your notifications?	
E-mail:	
Post:	
SMS:	

Please write your comments and questions here (please use separate sheets if you wish)

Please include the following of my colleagues/friends/neighbours as I&APs for this project:

Please return completed forms to:	
SLR contact:	
Tel:	
Email:	

If you register and supply your contact details as an I&AP for this Project, you will be included in the SLR I&AP database. It is assumed that as an I&AP for this Project, you authorise SLR to retain and use your Personal Information as part of a contact database for this and/or other Environmental and Social Impact Assessments (ESIA) and that you confirm your acceptance for SLR to contact you regarding this and/or other ESIA processes. SLR will not process your Personal Information, other than as permitted or required by ESIA processes, or as required by law or public policy. SLR will use reasonable, appropriate security safeguards in order to protect Personal Information and to reasonably prevent any damage to, loss of, or unauthorised access or disclosure of Personal Information, other than as required for ESIA processes or as required by any Law or public policy. You may request for your Personal Information to be deleted from the I&AP database at any time by contacting SLR.

THANK YOU FOR YOUR CONTRIBUTION!!