

# Update on Strategic Partner, Retention of Financial Advisor and Operational Update

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MONTREAL, QUEBEC--(Marketwired - Dec 20, 2017) - [Critical Elements Corp.](#) (the "Company" or "Critical Elements") VENTURE:CRE)(OTCQX:CRECF)(FRANKFURT:F12) is providing an update on strategic partner discussions, retention of financial advisor and operations.

## Update on Strategic Partner Discussions

As disclosed in the September 9, 2015 press release, in connection with their collaboration agreement (the "Agreement"), Critical Elements and Helm AG ("Helm") had a maximum delay of 60 days from the completion of the Company's feasibility study, ending October 20, 2017, to use their commercially reasonable efforts to finalize and execute a Take or Pay Off-take Agreement. The Take or Pay Off-take Agreement has not been agreed between the parties within this specified timeframe, Critical Elements has elected not to grant any extension in this regard and has notified Helm of its decision to terminate the Agreement.

## Retention of Financial Advisor

Global demand for lithium products has recently intensified with the aggressive launch of OEM Electric Vehicle platforms and government mandates for vehicle electrification. This has been accompanied by significant equity and project financing, strategic investment and merger and acquisition activities in the lithium sector.

Critical Elements' strong feasibility study results, published in September 2017, increased the Company's visibility and credibility within a robust lithium market. The Rose Lithium-Tantalum project (the "Rose Project" or the "Project") is a significant lithium deposit in the stable jurisdiction of Québec, Canada.

The Company has engaged Canaccord Genuity Corp. as its strategic financial advisor to pursue, engage and evaluate strategic partners and investors to advance the Rose Project to production.

## Operational Update

Since the filing of the feasibility study, the Company has put considerable effort into the next steps for the development of the Rose Project including:

- Progressing on several fronts, including expanding the Company's operations team to prepare for the permitting and construction phase of the Rose Project. The team is preparing to commence the definitive feasibility study for the plant in Q1 2018
- Critical Elements is working very closely with the Eastmain community to finalize the Impact and Benefit Agreement in the coming quarter. Also, multiple meetings and discussions have been completed between Eastmain representatives and the Critical Elements team with the objective of implementing a plan and raising awareness within the Eastmain community of the employment opportunities, training programs available, and service contract opportunities that will be generated by the Rose Project
- Meetings have been concluded with Hydro-Québec to advance the hydro power line displacement study. Discussions with Hydro-Québec are progressing well, and we expect to have the new power line in place for our planned start-up in 2019
- Tendered proposals for the detailed engineering phase of the project and expect to award this contract in the first half of 2018

## About Critical Elements Corporation

The Company recently released a financial analysis for Critical Elements' wholly-owned Rose Lithium-Tantalum project (Rose Lithium-Tantalum project feasibility study, WSP, October 20, 2017), which is based on price forecasts of US \$750/tonne for chemical-grade lithium concentrate (5% Li<sub>2</sub>O), US \$1,500/tonne for technical-grade lithium concentrate (6% Li<sub>2</sub>O) and US \$1,000/tonne for Ta<sub>2</sub>O<sub>5</sub> in tantalite concentrate, and an exchange rate of US \$0.75/CA \$. The internal rate of return ("IRR") for the Rose Lithium-Tantalum project is estimated at 34.9% after tax, and net present value ("NPV") is estimated at CA \$726 million at an 8% discount rate. The estimated payback period is 2.8 years. The pre-tax IRR for the Rose Lithium-Tantalum Project is estimated at 48.2% and the pre-tax NPV at CA \$1,257 million at an 8% discount rate (see press release dated September 6, 2017). The financial analysis is based on the Indicated mineral resource. An Indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.

The life-of-mine (LOM) plan provides for the extraction of 26.8 million tonnes of ore, 182.4 million tonnes of waste, and 1.61 million tonnes of overburden for a total of 220.2 million tonnes of material. The average stripping ratio is 7.2 tonnes per tonne of ore. The nominal production rate is estimated at 4,600 tonnes per day, with 350 operating days per year. The open pit mining scheme allows for a 17-year mine life.

The mine will produce a total of 26.8 million tonnes of ore grading an average of 0.85% Li<sub>2</sub>O and 133 ppm Ta<sub>2</sub>O<sub>5</sub>, including dilution. The mill will process 1.61 million tonnes of ore per year to produce an annual average of 236,532 tonnes of technical-grade chemical-grade spodumene concentrate and 429 tonnes of tantalite concentrate.

#### Cautionary Statement Concerning Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of Canadian Securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "scheduled", "anticipated", "expects" or "does not expect", "is expected", "scheduled", "targeted", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information contained herein include, without limitation, statements relating to mineral reserve estimates, mineral resource estimates, realization of mineral reserve and resource estimates, capital and operating costs estimates, the timing and amount of future production, costs of production, success of mining operations, the ranking of the project in terms of capital requirements, permitting, economic return estimates, power and storage facilities, life of mine, social, community and environmental impacts, lithium and tantalum markets and sales prices, off-take agreements and purchasers for the Company's products, environmental assessment and permitting, securing sufficient financing on acceptable terms, opportunities for short and long-term optimization of the Project, and continued positive discussions and relationships with local communities and stakeholders. Forward-looking information is based on assumptions management believes to be reasonable at the time such statements were made. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Although Critical Elements has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking information include, but are not limited to: Critical Elements' ability to secure sufficient financing to advance and complete the Project; uncertainties associated with the Company's resource and reserve estimates, uncertainties regarding global supply and demand for lithium and tantalum and market and sales prices, uncertainties associated with securing off-take agreements and contracts, uncertainties with respect to social, community and environmental impacts, uncertainties with respect to optimization opportunities for the Project, as well as those risk factors set out in the Company's year-end Management Discussion and Analysis dated August 31, 2017 and other disclosure documents available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Forward-looking information contained herein is made as of the date of this news release and Critical Elements disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

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