

# Critical Elements and Primero Announce a Guaranteed Maximum Price for Engineering, Procurement and Construction of the Rose Phase I Spodumene Project

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MONTREAL, Oct. 23, 2019 - [Critical Elements Lithium Corp.](#) (the "Corporation" or "Critical Elements") (TSX-V: CRE) (US OTCQX: CRECF) (FSE: F12) is pleased to announce Primero Group ("Primero") has successfully completed the first phase of its Early Contractor Involvement (ECI) agreement with the Corporation, and that Primero has provided a Guaranteed Maximum Price (GMP) for the engineering, procurement and construction (EPC) of the Rose Lithium-Tantalum project ("Rose" or the "Project") on a lump sum turnkey basis that is in line with the Project's feasibility study published November 29, 2017.

Critical Elements and Primero are in discussions to commence the second phase of the ECI agreement (ECI Phase II – Front End Engineering Design) which will include initial detailed engineering as well as determining fixed prices based on the GMP for Primero to perform all of the work involved in completing the EPC lump sum turnkey proposal. Primero is also offering the Corporation its EPC services as a fully integrated package if the final lump sum is within the GMP, and if technical and commercial parameters are met during the second phase.

A summary of the ECI approach is included below:

- ECI Phase I – Guaranteed Maximum Price (completed):
  - Review and assimilate all of the existing design and data
  - Stress test and optimize the design through reviews, specific value engineering and trade-off studies
  - Reconfirm quantities and pricing
  - Initiate selected engineering deliverables to achieve nominally 25% engineering definition
  - Formulate a GMP for the process plant and associated process supporting infrastructure
  - Submit a proposal and schedule to progress to the next phase
- ECI Phase II – Front End Engineering Design ("FEED"):
  - Progress and finalize a selected set of engineering deliverables to achieve nominally 40% engineering definition
  - Advance long lead and critical equipment packages to "Ready for Award" status
  - Complete the contracting strategy and partnership for construction
  - Optimize and reduce contingency applied to the GMP in order to formulate a Lump Sum (the "LS") cost estimate for the EPC of the process plant and associated process infrastructure
  - Submit a complete and firm proposal with schedule to Critical Elements for the EPC-LS contract (the Corporation expects the lump sum cost estimated to be in line with the feasibility study (Rose Lithium-Tantalum project feasibility study, WSP, November 29, 2017))
  - Execution of the EPC-LS
- Operation and maintenance support throughout scope of services

*"Primero is thrilled to have worked alongside the Critical Elements team. The GMP conclusion underscores the skills and talent the Americas team in Montréal has in cold weather and hard rock lithium projects, coupled with the in-house expertise in Perth, giving us another great rollout. Rose is the latest addition to Primero's Québec lithium portfolio. We couldn't be more pleased",* stated Jacques Parent, General Manager of Primero Group Americas.

Jean-Sébastien Lavallée, Chairman & Chief Executive Officer of Critical Elements stated, *“We are very pleased with Primero’s work and the team. We said it before and continue to believe they are the industry-leader in engineering and construction of spodumene plants.”*

Jean-Sebastien Lavallée (OGQ #773), geologist, shareholder, Chairman & CEO of the Corporation and a Qualified Person under NI 43-101, has reviewed and approved the technical content of this release.

About Critical Elements [Lithium Corp.](#)

The Corporation recently released a financial analysis for Critical Elements’s wholly-owned Rose Lithium Tantalum project (Rose Lithium-Tantalum project feasibility study, WSP, November 29, 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 \$130/kg 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 11.0 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 schedule 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 and chemical grade spodumene concentrate and 429 tonnes of tantalite concentrate.

About Primero Group

Primero provides engineering design, construction and operational services to the minerals, energy and infrastructure sectors. Primero has specialist expertise in project implementation and delivery with a complementary service offering comprising civil, structural, mechanical and electrical solutions. Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy houses.

FOR MORE INFORMATION:

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