

# Critical Elements Lithium moves one step closer to production with Federal environmental approval

Last week Critical Elements Lithium Corporation (TSXV: CRE | OTCQX: CRECF) (“Critical Elements”) announced that they had received a “favorable decision statement” from the Minister of Environment and Climate Change Canada regarding their 100% owned Rose Lithium-Tantalum Mining Project in Canada.

**Federal Environmental approval granted for the Rose Lithium-Tantalum Mining Project – August 10, 2021**

## The Minister of Environment and Climate Change approves the Rose Lithium-Tantalum Mining Project

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From: [Impact Assessment Agency of Canada](#)

### News release

August 10, 2021 — Ottawa — Impact Assessment Agency of Canada

Source: Government of Canada

The final remaining step in the Project’s approval is the completion of the provincial permitting process, which runs parallel to the federal process. This process is already well advanced and is conducted jointly by the Cree Nation Government and the Government of Quebec under the Environmental and Social Impact Review Committee (“COMEX”). Critical Elements stated:

“The Cree Nation of Eastmain, the Grand Council of the Crees (Eeyou Istchee), the Cree Nation Government and Critical Elements signed an impact and benefit agreement, referred to

as the Pikhuutaau Agreement (the “Pikhuutaau Agreement”), in July 2019. The announcement of the favorable Decision Statement will allow the Company to begin in a more concrete manner the implementation of the Pikhuutaau Agreement, which provides for training, employment and business opportunities for the Crees and particularly the Crees of Eastmain at the Project, as well as for the cooperation and involvement of the Cree parties with Critical Elements in the environmental monitoring during all phases of the Project. The Pikhuutaau Agreement also ensures financial benefits for the Cree parties on a long term basis, consistent with the Cree Nation Mining Policy and with Critical Elements’ approach to develop the Project while ensuring the promotion of Cree economic and social development in a mutually beneficial manner.”

In further news, Critical Elements has engaged Goldspot Discoveries to apply AI Exploration Technologies on their extensive 700sq km property package located in James Bay, Quebec, Canada. GoldSpot’s AI technology has the ability to take large land packages and distill all available geological information to identify the most efficient and cost-effective way to explore prospective terrane and to produce high priority targets for field prospecting.

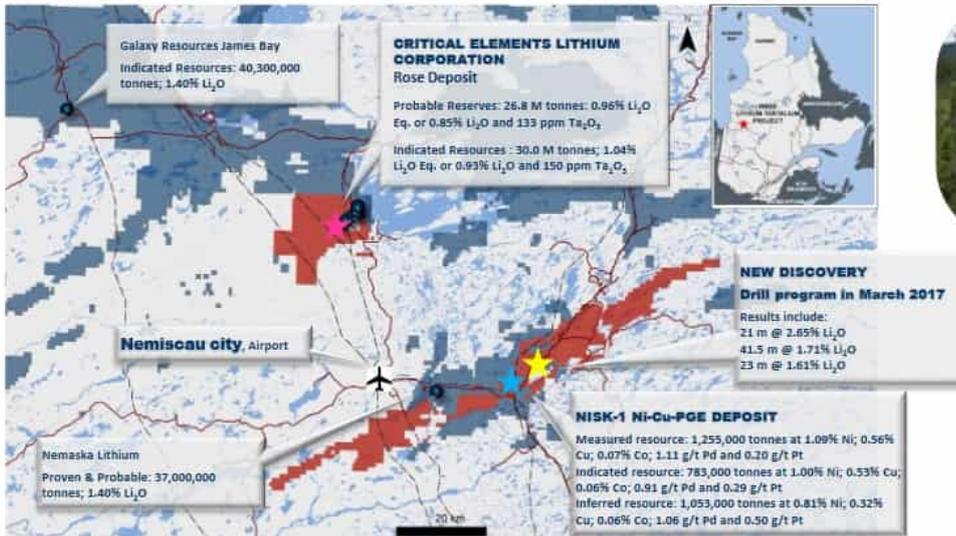
**Critical Elements portfolio of projects in Quebec Canada**

# EXTENSIVE PORTFOLIO OF TARGETS

*A dominant land package with exploration upside*



- Located in a premier mining jurisdiction in Québec, Canada
- Excellent access to infrastructure including roads, low-cost power and skilled labor
  - Camp
  - Power line on site tapping into Quebec's low carbon (93% hydroelectricity), low-cost grid
  - Airport
- Strong relations with First Nations communities and local and provincial governments



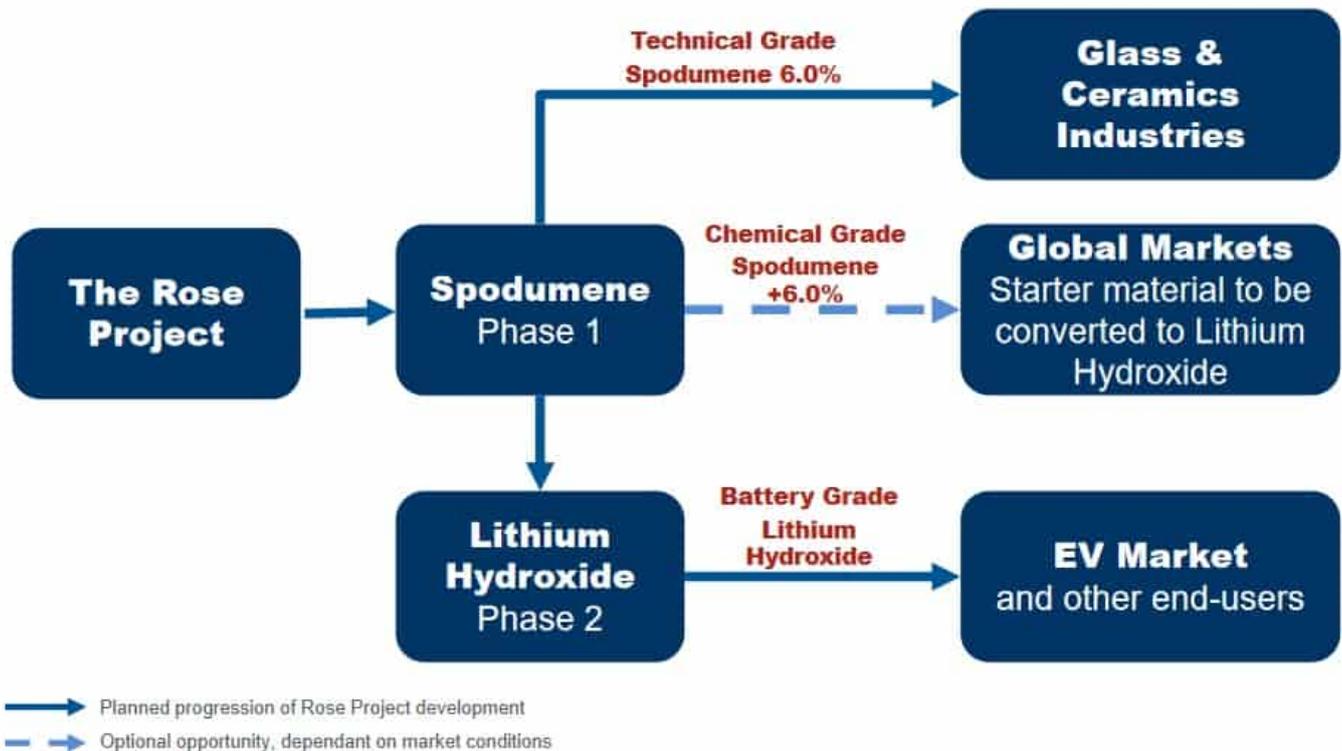
Source: Critical Elements Lithium company presentation

In other key news Critical Elements announced that they have retained Metso Outotec and WSP to prepare a Phase 2 engineering study for a chemical plant to produce high-quality lithium hydroxide. As most lithium investors would be aware if you are able to process your spodumene and sell lithium hydroxide you can capture much more of the product margin. For example, spodumene prices are currently around US\$830/t compared to lithium hydroxide at US\$15,750/t. About 7.5 tonnes of spodumene are required to produce 1 tonne of hydroxide. This means the spodumene required for 1 tonne of hydroxide would be 7.5 x US\$830/t, or US\$6,225/t. Lithium miners can therefore make a lot more by selling hydroxide, albeit with a greater upfront CapEx.

## The Rose Project plan – Phase 1 and 2

# THE ROSE PROJECT: PHASE 1 & 2

A phased approach to supplying the EV market



Source: Critical Elements Lithium company presentation

## Closing remarks

Critical Element 2017 Feasibility Study on their Rose Lithium-Tantalum Project Phase 1, for the production of high quality spodumene concentrate, resulted in a post-tax NPV8% of C\$726 million and an IRR of 34.9%, CapEx of C\$341 million. These are strong numbers but could even be potentially better for a Phase 2 project that produces lithium hydroxide.

Investors can therefore look forward to several potential catalysts over the next year or two including GoldSpot's AI results, provincial Rose Project approval, Phase 2 Engineering Study results (CapEx etc), a probable Phase 2 Feasibility Study to produce hydroxide, any off-take announcements, Stage 1 funding and construction, and ultimately production (ideally by 2023).

Critical Elements still have a few more steps to achieve, however on a market cap of C\$269 million there still looks to

be plenty of potential upsides ahead should they succeed. The Board and management have great experience and include former Rockwood Lithium CEO Steffen Haber and CFO Marcus Brune, and industry veteran CEO Jean-Sébastien Lavallée. And as a final bonus, Critical Elements Lithium also has 8 other critical elements projects.

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## **The Top 5 Lithium Development and Exploration Companies for 2021**

The electric vehicle boom continues to accelerate in 2021. Global electric car sales for May 2021 were up 199% YoY reaching 6.6% share. Europe sales rose 158% YoY reaching 16% share, China sales rose 146% YoY reaching 12% share. Global electric car sales are forecast to grow as much as 10x this decade, a statistic that is been helped by Europe's recent announcement to effectively ban emission producing cars from 2035, and strictly limit the allowable emissions from 2030.

As a result of the EV and energy storage boom, lithium demand is forecast to grow 11x this decade. More recently the International Energy Agency (IEA) forecast lithium demand to increase between 13x (low scenario) and 42x (high scenario) from 2020 to 2040. While existing lithium producers can expand supply new lithium miners will potentially be needed to fill the supply gap, particularly from 2025 onward.

Here are five lithium development and exploration plays to consider buying now and holding this decade.

1. Sigma Lithium Resources Corp. (TSXV: SGMA | OTCQB:

SGMLF)

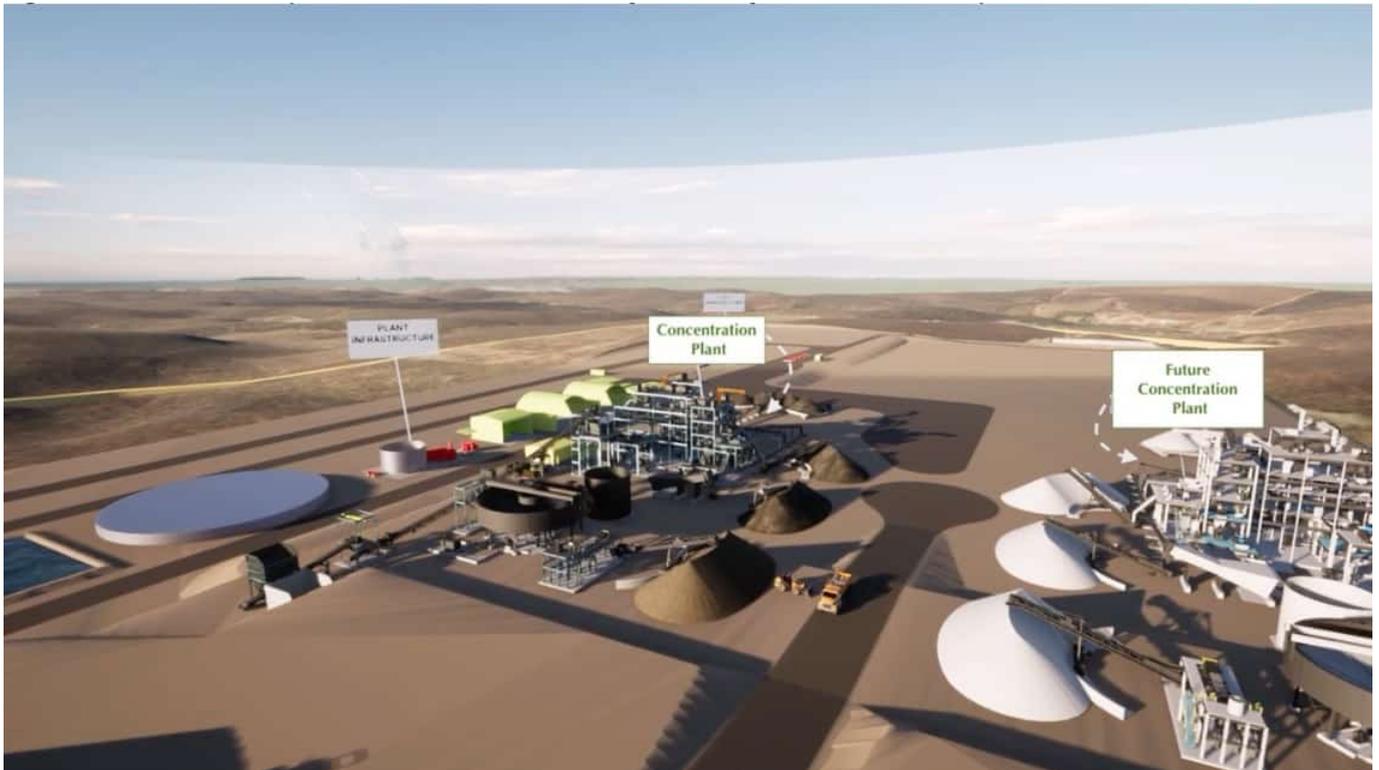
2. Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF)
3. Critical Elements Lithium Corporation (TSXV: CRE | OTCQX: CRECF)
4. Global Lithium Resources Limited (ASX: GL1)
5. Lithium Energy Limited (ASX: LEL)

### **Sigma Lithium Resources Corp.**

Sigma Lithium 100% owns the advanced stage lithium spodumene Grota do Cirilo Project in Brazil. The January 2019 Resource update for the Grota do Cirilo Project resulted in a resource estimate of Measured and Indicated 45.7 million tonnes @ 1.38% Li<sub>2</sub>O and Inferred of 6.6 million tonnes @1.34% Li<sub>2</sub>O. Sigma Lithium's Stage 1 Xuxa deposit (part of Grota do Cirilo Project) has a mining permit, pilot plant, and has sold all Stage 1 off-take (220ktpa) to Mitsui. Sigma Lithium is currently working to finalize the Xuxa production complex design and EPC for construction. Sigma has produced a PEA for both Stage 1 and Stage 2, and when combined resulted in a pre-tax NPV8% of US\$844M. Stage 1 funding has been arranged and is expected to close soon, subject to due diligence.

Stage 1 lithium production is forecast to begin in H2 2022, Stage 2 to follow about 1-2 years thereafter, then potentially a Stage 3 after that. Sigma Lithium trades on a market cap of C\$598 million (~US\$472 million). One of the very best near term lithium producers.

**Sigma Lithium's proposed layout for Stage 1 and 2 mine planned to produce 440,000 tpa spodumene (66,000 LCE)**



Source: Sigma Lithium

### **Neo Lithium Corp.**

Neo Lithium 100% owns the entire salar with their Tres Quebradas (the “3Q Project”) lithium brine project in Argentina, covering 160Km<sup>2</sup>. The 3Q Project has high grade lithium brine (3rd-4th highest globally) with extremely low impurities (lowest globally). The 3Q Project is advanced with pilot ponds already constructed and a lot of infrastructure in place.

The updated PFS resulted in a post-tax NPV8% of US\$1.14 billion and post-tax IRR of 49.9%, with a 35 year mine life. The PFS was based on an initial 20,000t pa lithium carbonate production and has a CapEx of US\$319 million and OpEx of US\$2,914/t lithium carbonate. The EIS is currently under assessment with results due out soon. The FS is underway and is due out in Q3, 2021.

Contemporary Amperex Technology Ltd (CATL) (China’s largest battery manufacturer) is a strategic 8% equity partner with

board representation and pre-emptive rights. This bodes well for funding the project.

Neo Lithium trades on a current market cap of C\$421 million (US\$332 million). I rate them as one of the best lithium near term producers, with a potential 2023 start-up for production. You can read more in my article [here](#).

### **Critical Elements Lithium Corporation**

Critical Elements is developing their 100% owned Rose lithium spodumene project in Quebec, Canada. Critical Elements also own several other projects with potential for lithium, copper, nickel, zinc, lead, gold, silver, rare earths, and platinum group elements (PGE) as you can read [here](#).

The November 2017 Rose Project Stage 1 Phase 1 Feasibility Study (based on an average production of 186,327t pa of chemical grade lithium concentrate and 50,205t pa of technical grade lithium concentrate) resulted in a post-tax NPV8% of C\$726 million with a post-tax IRR of 34.9%, and a CapEx of C\$341 million, over a 17 year mine life. Total operating costs net of tantalum by-product credit are forecast to be US\$337/t spodumene.

All in all, Critical Elements has a great asset at Rose, and just needs to achieve financing. Possible 2023 or 2024 producer. Critical Elements trades on a current market cap of C\$231 million (US\$182 million).

### **Global Lithium Resources Limited**

Global Lithium 100% owns the Marble Bar Lithium Project ("MBLP") in the Pilbara region of Western Australia. Global Lithium is a new ASX listing raising A\$10 million on May 6, 2021 at A\$0.20 per share. The MBLP Archer deposit has a maiden Inferred Mineral Resource of 10.5Mt @ 1.0% Li<sub>2</sub>O. The Archer deposit comprises a swarm of spodumene bearing pegmatites over a 3km by 1km zone.

What's quite interesting is that Global Lithium's MBLP is located in the very same Pilbara region as lithium producer Pilbara Minerals (market cap A\$4.2 billion) and the Wodgina deposit (Mineral Resources (ASX: MIN)/Albemarle (NYSE: ALB) JV).

It is still very early days with a resource update planned for Q4, 2021. Global Lithium trades on a market cap of just A\$35 million (US\$25.5 million). High risk/high reward.

**Global Lithium 100% owns the early stage lithium spodumene exploration project at Marble Bar, Pilbara region, Western Australia**



Source: Company presentation

### **Lithium Energy Limited**

Lithium Energy majority owns two projects – The Solaroz Lithium Project, Argentina (90% owned) and the Burke Graphite

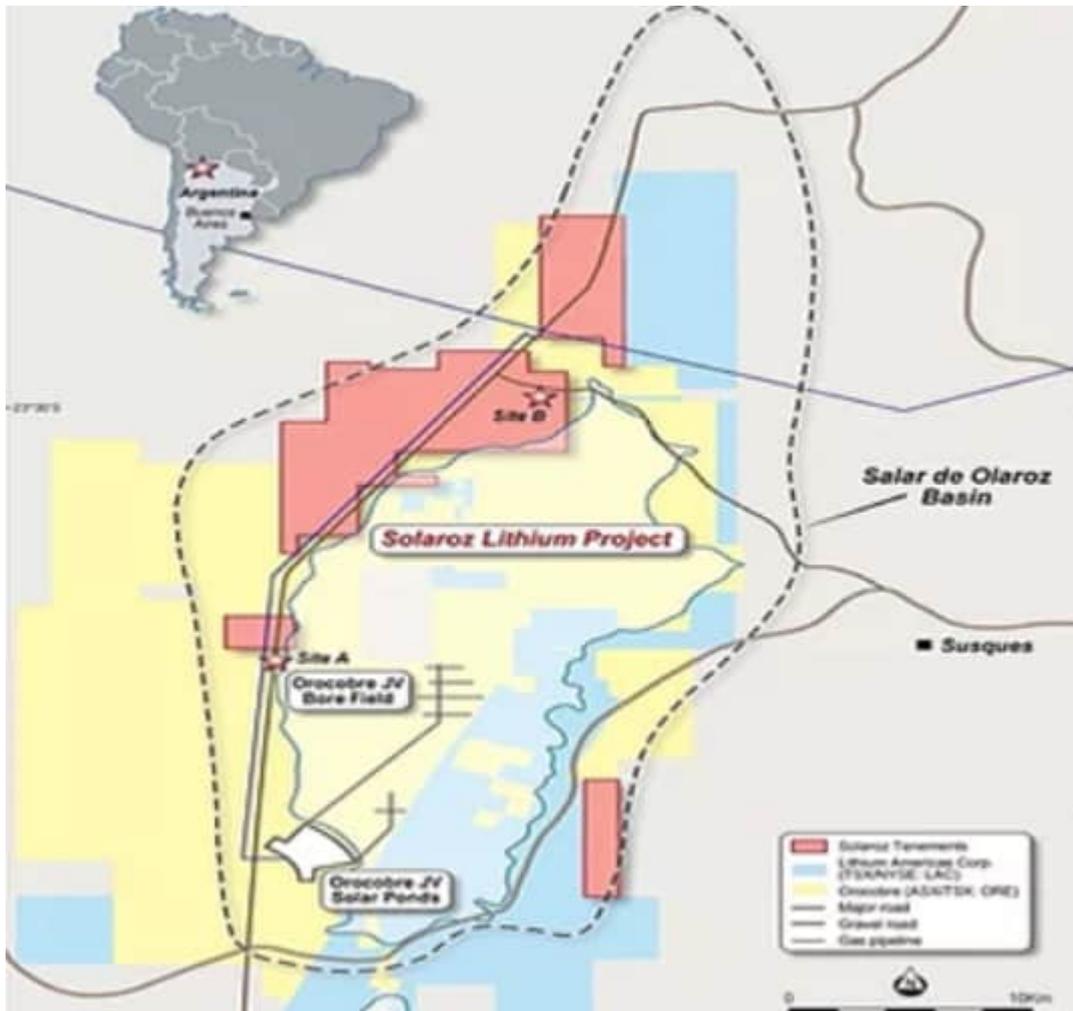
Project, Australia (76.5% owned, potential for 100%).

Lithium Energy is a new ASX listing from May 2021, having been spun out from Strike Resources. The Solaroz Lithium Project is spread over 12,000 hectares of very well located lithium tenements within the Salar de Olaroz Basin in Argentina. The Solaroz Project is directly adjacent to the tenements of both Orocobre's project and Lithium Americas (NYSE: LAC)/ Ganfeng Lithium project. This is prime real estate in Argentina.

Lithium Energy is just at the very beginning of their exploration stage and will spend the next two years (assuming the EIA Report is approved) exploring their tenements.

Lithium Energy trades on a market cap of just A\$30 million (US\$22 million). High risk/high reward. Patience required.

**Lithium Energy tenements [red] adjacent to Orocobre [yellow] and adjacent and near LAC/Ganfeng Lithium [blue]**



Source: Lithium Energy

## Closing remarks

If the forecasts are correct and we see a massive demand wave for lithium the next 10-20 years then there will be a need for a lot more new lithium miners. The five in this article include three potential near term lithium producers (Sigma Lithium, Neo Lithium, Critical Elements Lithium) and two very low market cap early stage lithium explorers (Global Lithium Resources, Lithium Energy Limited).

Be sure to diversify and not to miss one of the biggest trends this decade.

*Disclosure: The author is long Sigma Lithium, Neo Lithium, Global Lithium Resources, Lithium Energy Limited*

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# Market Bullishness on Lithium has eyes on Critical Elements Lithium

The world is going to need a lot of lithium over the next several years if it wants to come anywhere near the goals being set by most G7 governments. The math is staggering as clearly defined by Jack Lifton in this great InvestorIntel article. So today we are going to look at one of the purest lithium deposits globally, the Rose Lithium-Tantalum project in Quebec. The project is owned and operated by Critical Elements Lithium Corporation (TSXV: CRE | OTCQX: CRECF).

## **Rose Lithium-Tantalum Project:**

The Rose Lithium-Tantalum property comprises 473 claims spread over a 24,654 ha area located in northern Québec's administrative region, on the territory of Eeyou Istchee James Bay approximately 40 km north of the Cree village of Nemaska. The property is accessible by road via the Route du Nord, usable all year round and is 80 km south of Goldcorp's Éléonore gold mine, 45 km northwest of Nemaska's Whabouchi lithium project and 20 km south of Hydro Québec's Eastmain 1 hydroelectricity generating plant. In essence, excellent access to infrastructure including roads, low-costs (low carbon – 93% hydroelectricity) power and skilled labor.

On November 27, 2017, the Company filed a National Instrument 43-101 technical report for the feasibility study of the Rose Lithium-Tantalum project.

Highlights are as follows:

- Average annual production of 186,327 tonnes of chemical grade lithium concentrate
- Average annual production of 50,205 tonnes of technical grade lithium concentrate
- Average annual production of 429 tonnes of tantalum concentrate
- Expected life of mine of 17 years
- Average operating costs of \$66.56 per tonne milled, \$458 (US\$344) per tonne of concentrate (all concentrate production combined)
- Estimated initial capital cost \$341.2 million before working capital
- Average gross margin 63.6%
- After-tax NPV of \$726 million (at 8% discount rate), after-tax IRR of 34.9% and price assumption of US\$1,500 per tonne technical grade lithium concentrate, US\$750 per tonne chemical grade lithium concentrate, US\$130 per kg tantalum pentoxide

To summarize, the deposit is a hard rock resource that hosts high purity lithium material with low iron and low mica content with full support and cooperation from the Québec government, First Nations and local communities. The economics and quality of this project have been proven to be very lucrative.

With a market cap of roughly \$305.6 million, based on 183 million shares outstanding at yesterday's three year high close of \$1.67, CRE is not an inexpensive, undiscovered micro-cap. However, you are getting a project that is on track to be fully permitted and start construction in 2021 with first production in 2023. It is located in a politically safe and supportive jurisdiction and with the increasing emphasis on supply chain certainty there is a lot of potential value simply as a result of the location of the Rose project. Not to take anything away from the quality or robust economics surrounding Rose as well.

Looking at the chart, CRE appears to be breaking out from a five month sideways channel ranging from approximately \$1.20 to \$1.55. It has traded above \$1.60 for the last five days on above average volume, closing above the \$1.60 level twice in that span. Whether this is being driven by their recent news that the company had received UL ECOLOGO® Certification for Mineral Exploration, anticipation of the decision statement on the environmental assessment from the Impact Assessment Agency, which is due imminently, or simply a result of general bullishness surrounding lithium, the chart looks very constructive from a technical perspective.



All in all, Critical Elements Lithium represents a potential world class lithium mine (and a meaningful rerating opportunity that goes with that) plus speculative upside from the companies eight other projects. Would it have been nice to discover this gem a year ago when it was trading closer to \$0.30 yet still had far less risk than a pure exploration play? Absolutely, and congratulations if you are a long term holder of CRE shares. However, if you are as bullish on lithium as Jack Lifton is you may want to take a closer look at Critical Elements Lithium Corporation.

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# **It's all in the name – Critical Elements Lithium**

There has been a lot of talk about Lithium (Li) over the last several months. We are all familiar with Lithium-Ion batteries in our laptops, cell phones, tablets, power tools and of course electric cars. But have you ever wondered why that is or are you like me (until now) and just took it for granted. Turns out Lithium has the highest electric output per unit weight of any battery material which is why it is the standard material for lithium-ion (high energy-density rechargeable) batteries. It also happens to be the lightest of all metals making for a pretty good one-two punch to be used in battery technology. The point is, until there is a material technological breakthrough, Lithium will be leading the charge towards electrification of our society.

To that end, the demand side for Lithium looks to be skyrocketing over the next several years/decades. Here's some great information on this courtesy of InvestorIntel's own Jack Lifton in this article. As well there is a whole lot of supply chain questions that have been raised by both the pandemic and Chinese dominance of many of the critical battery materials leading to a noticeable shift towards "home grown" supply. Jack Lifton covers this issue in a video that's also worth a view [here](#), where he discusses how the policy of the US government is to prioritize the production of critical materials either in the United States or in friendly countries that are allied with the US. Additionally, at this year's virtual PDAC Canada announced its own list of minerals (including Lithium) considered critical for the sustainable economic success of Canada and our allies. Canada's Minister of Natural Resources is quoted as saying "Canada's list

signals to investors where Canada will focus and where Canada will lead. Critical minerals will get us to net-zero.”

Needless to say, there should be a bit of a premium to North American BEV (battery-powered electric vehicle) manufacturers to have a convenient and stable source of this important material. Perhaps even more importantly, critical minerals and their development has the support of the Federal government. Enter Critical Elements Lithium Corporation (TSXV: CRE | OTCQX: CRECF). A Quebec based junior mining company with its flagship Rose Lithium-Tantalum project located in James-Bay, Quebec. The company has one of the most advanced Lithium projects in Canada and one of the purest lithium deposits globally. The company recently announced an update to its draft environmental impact assessment report in which the Committee concludes that the project is not likely to cause significant adverse environmental effects. This moves the Rose project one step closer to obtaining the final authorization and keeping Critical Elements on pace to start mine construction in 2021 and see first production by late 2022/early 2023.

In 2017, Critical Elements completed a feasibility study on Rose Phase 1 for the production of high quality spodumene concentrate with an internal rate of return for the project estimated at 35% after tax, a net present value estimated at C\$726 million (8% discount rate) and a three year payback. Those are some robust numbers but it's going to be expensive to bring this project into production. The initial capital cost is estimated at C\$341 million including all infrastructure with a 10% contingency. Correspondingly, in January 2021, the company announced it has engaged Cantor Fitzgerald Canada Corporation to pursue, engage and evaluate global strategic partners and investors to advance the Rose Project to production. Given the outlook for Lithium, it's plausible to conceive that Critical Elements will be able to pick and choose the best deal for themselves to get the

project financed (has anyone put a call into Elon Musk?).

In addition to the appeal of owning a company that could have a world class Lithium mine in full production by 2023 (and a meaningful rerating opportunity that goes with that), there is still some speculative upside from the companies 8 other projects. Even better, Critical Elements just announced an option agreement that gives Lomiko the right to acquire up to a 70% interest in the Bourier project. This agreement will allow the Bourier property to be explored in detail for battery minerals discoveries, such as Lithium, Nickel, Copper and Zinc while Critical Elements stays focused on goal #1 – the Rose Lithium-Tantalum project. However, with roughly \$8 million dollars in cash, a financing decision has to be made to continue moving this exciting North American Lithium mine moving forward.

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## **Critical Elements Lithium clear set path to production races alongside the tenfold global demand for lithium this decade**

Lithium demand is set to increase around tenfold this decade, driven by the electric vehicle (EV) boom. This means quality lithium junior miners have a good chance of becoming a market Darkhorse overnight. The trick here is for investors to sort out which lithium juniors are most likely to succeed versus those that are not. So let's start with a review and update on

Critical Elements Lithium Corp. (TSXV: CRE | OTCQX: CRECF) ('Critical Elements') who Frederick Kozak recently described in an InvestorIntel column as having "one of the purest lithium deposits globally" on its way to being completed.

## Lithium demand is set to increase 10x this decade



## Source

Critical Elements owns the advanced exploration stage Rose Lithium-Tantalum Project, located in James Bay, Northern Quebec, Canada.

Key positives for the Rose Lithium-Tantalum Project are:

- Western location – James Bay, Quebec, Canada is an excellent mining jurisdiction with excellent infrastructure.
- Good size lithium-tantalum spodumene (hard rock) resource, with low iron and mica content.
- Strong Phase 1 Feasibility Study result (Nov. 2017) – Based on an average annual production of 186,327 tonnes of chemical grade lithium concentrate and 50,205 tonnes of technical grade lithium concentrate the mine has an

expected life of 17 years. The post-tax NPV8% is C\$726M with a post-tax IRR of 34.9%, and a CapEx of C\$341M. Total operating costs net of tantalum by-product credit are forecast to be US\$337/t spodumene.

- Strong metallurgical test results including very high lithium recoveries (~80%) to produce a high purity 6% lithium spodumene concentrate, that can be converted to battery grade lithium hydroxide.
- Advanced stage project – The Company say that they are on track to have Rose fully permitted and start construction at Rose hopefully in 2021.
- Potential to expand production at Rose in Phase 2 and/or to produce the higher valued end product lithium hydroxide.

All of the above are very strong results. The CapEx is reasonable and should be achievable especially given Canada's recent focus on promoting and supporting critical materials production, the post-tax NPV is good, the IRR is excellent, and the forecast operating costs are low.

**Critical Elements Lithium Corp. forecast development timeline to production**

# DEVELOPMENT TIMELINE

*Approaching next steps...*

## Clear Path to Construction and Commissioning

- The Company's near-term focus is on securing final permits and project financing with first production targeted for 2022
- Rose is on track to be fully permitted in H1 2021



Source

## Rose Project update

The final stages of Phase 1 permitting is continuing both at the Provincial and Federal levels. At the Provincial level Critical Elements stated on March 8, 2021 that: "The environmental and social impact assessment and review procedure will conclude shortly, to be followed by a recommendation in respect of the authorization of the Project." The Federal level result is slightly delayed due to COVID-19 with Critical Elements reporting in March 2021: "The Impact Assessment Agency of Canada and the Cree Nation Government (the "Committee") needs more time to consult with local communities in order to complete the environmental assessment process."

As shown on the development timeline above, project financing usually follows permitting, then mine construction, and finally, production can begin to ramp. All going well the target for initial production is later in 2022 or early 2023, commercial production in 2023, and full production (28.9 Kt LCE) in 2025.

## **Other projects and valuable metals/materials**

Critical Elements also has several other exploration stage projects with potential for lithium, copper, nickel, zinc, lead, gold, silver, rare earths, and platinum group elements (PGE). A brief summary of their projects is shown below.

- **Nisk** – The property is prospective for lithium, copper, nickel, PGE and gold.
- **Arques** – Prospective for lithium, rare earth element, niobium, and tantalum.
- **Bourier** – Prospective for lithium, copper, zinc, gold, and silver.
- **Caumont** – Prospective for lithium, copper, nickel, PGE and gold.
- **Dumulon** – Prospective for zinc, lead and gold.
- **Duval** – Prospective for gold, copper, nickel, and PGE.
- **Lemare** – Prospective for gold, copper, nickel and PGE.
- **Valiquette** – Prospective for copper, nickel, PGE and gold.

## **Closing remarks**

Critical Elements trades on a market cap of only C\$246M. Investors are certainly getting a lot when you consider the late stage Rose Lithium-Tantalum Project's Phase 1 post-tax NPV8% of C\$726M. All going well there is further exploration potential at Rose, the Phase 2 potential (lithium hydroxide production) and the 8 other projects listed above. The stock has rallied 365% in the past year but this was from a ridiculously low point back at the March 2020 COVID-19 lows. One thing for sure, the world is moving now rapidly to EVs and lithium demand will be through the roof.

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# The Environmental Assessment of “one of the purest lithium deposits globally” is on its way to being completed

*“The economy of tomorrow will be driven by strategic sectors, like the electric vehicles and batteries sectors. This vision aligns perfectly with our vision to become a large responsible supplier of lithium to the flourishing electric vehicle and energy storage systems industries.” Jean-Sébastien Lavallée, CEO, Critical Elements Lithium Corp. – excerpt from January 20, 2021 News Release*

Critical Elements Lithium Corp. (TSXV: CRE | OTCQX: CRECF) is a junior mining company in the advanced exploration stage with their flagship project, the Rose Lithium-Tantalum project, located in James Bay, Northern Quebec, Canada. The Company also has several other projects with exploration potential for copper, nickel, zinc, lead, gold, silver, rare earths, and platinum group metals.

The company is continuing to make progress in 2021 with the 100%-owned Rose Lithium-Tantalum project which, according to the company is one of the highest purity undeveloped lithium projects in the world. The company’s near-term focus is on securing final permits and project financing with first production targeted for 2022 and expects that the Rose project is on track to be fully permitted in 2021.

Early in January, the company announced that it had engaged Cantor Fitzgerald Canada Corporation to pursue, engage and evaluate global strategic partners and investors to advance

the Rose Project to production. The company announced on January 18, 2021 that it was informed that the public hearings for the Rose Project would be held in February, 2021 via webcast meetings. This is a significant step towards obtaining the governmental authorizations for the go ahead of the Rose project.

Continuing with a busy month, on January 20, 2021, the company also announced that the environmental assessment of the Rose project is on its way to being completed. The Joint Assessment Committee established by the Impact Assessment Agency of Canada and the Cree Nation Government confirmed on January 14, 2021, have received all information required to allow the completion of the environmental assessment of the Rose Lithium-Tantalum project and prepare the draft environmental assessment report.

According to the company, this is a significant step in the federal process of obtaining the authorization for the project, which runs parallel to the provincial process updated in the news release of January 18, 2021.

Recall that the Rose Lithium-Tantalum project in northern Quebec, Canada is a highly prospective discovery. The NI 43-101 report issued in 2017 provided mineral resource estimates and a mineral reserve estimate that were used in a Phase 1 Feasibility Study that estimated an after-tax internal rate of return of 34.9% and a net present value of \$CAD 726 million at 8%, a payback of 2.8 years and a mine life of approximately 17 years.

These are very robust economics. Recall that the deposit is highlighted by excellent ore characteristics and the deposit is a hard rock resource that hosts high purity lithium material with low iron and low mica content. This is important as new sources of high quality grade lithium material are urgently needed as the demand for lithium hydroxide is growing and current inventories are reaching their production limits.

The fact that the Rose project hosts high purity material which is required by the electric vehicle industry translates to a very attractive project in terms of mining costs, profitability and desirability by end-users. The company intends to become a major player in the future world of lithium supply.

Equally important is that the Rose Project, located in Quebec, is in an excellent jurisdiction for mining. The company has great access to infrastructure, including roads, low-cost power and skilled labour. The company has been very diligent in their interactions with the local communities and notwithstanding the upcoming public hearings, notes their strong relations with First Nations communities and local and provincial governments.

The flurry of news early in 2021 has not gone unnoticed by the capital markets. The company has seen a near-doubling in its share price in 2021 as they are now approaching a CAD\$ 225 million market capitalization.

While mining projects always take time, the team is well-experienced and has a very well defined plan and timeline for execution. The company also has a guaranteed maximum price for the engineering, procurement and construction of the Rose Lithium-Tantalum project on a lump sum turnkey basis that is in line with the Project's feasibility study from 2017.

Expect further news flow in 2021, as it a pivotal year towards planned commercial production from the Rose project in 2022.

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# Drolet Stock Notes on Critical Elements Lithium: One of the Highest Purity, Undeveloped Lithium Projects in the World

Mario Drolet, President of MI3 Communications Financières Inc. (MI3), released his Drolet Stock Notes on Critical Elements Lithium Corporation (TSXV: CRE | OTCQX: CRECF) on November 11, 2020 for exclusive distribution on InvestorIntel. Highlights include:

- Critical Elements is a junior mining company in advance exploration stage. The company's flagship project is the Rose Lithium-Tantalum project located in James-Bay.
- Rose Project is the only new source of technical grade lithium globally.
- The Rose Lithium-Tantalum Project currently contains reserves of 26,8 million tonnes of Probable Reserves at a grade of 0.96% Li<sub>2</sub>O Eq. or 0.85% Li<sub>2</sub>O and 133 ppm Ta<sub>2</sub>O<sub>5</sub>.
- Feasibility study complete for a Spodumene production – Final stage of permitting
- CRE surge following a \$3.0M PP ...
- Support: S2; \$0.80 – S1; \$0.93 Resistance: R1; \$1.01 – R2; \$1.10



## About Critical Elements Lithium Corporation

Critical Elements Lithium Corporation is a junior mining company in advance exploration stage. The company's flagship project is the Rose Lithium-Tantalum project located in James-Bay, Quebec with a good geographic location, on-site access to infrastructures like: **powerline, roads, airport, railway access and camp**. Primero Group recently completed the first phase of its Early Contractor Involvement agreement with the Corporation and provided a Guaranteed Maximum Price for the engineering, procurement and construction of the wholly-owned Rose Lithium-Tantalum project on a lump sum turnkey basis that is in line with the Project's feasibility study published November 29, 2017. The project feasibility study 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.

## **PLEASE DO YOUR DUE DILIGENCE**

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