CRITICAL ELEMENTS CORPORATION

(an exploration company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended November 30, 2015

(First quarter)

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis (”MD&A”) of Critical Elements Corporation (“Critical Elements” or the “Company”) complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of Critical Elements, of how the Company performed during the three-month period ended November 30, 2015, and of the Company financial condition and future prospects. This discussion and analysis complements the unaudited condensed interim financial statements for the three-month period ended November 30, 2015 but does not form part of them.

The audited financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS").

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of Critical Elements are listed on the TSX Venture Exchange under the symbol CRE, on the American Over-The-Counter QX stock exchange (OTCQX) under the symbol CFECF and on the Frankfurt Exchange under the symbol F12.

DATE

The MD&A was prepared on the basis of information available as at January 12, 2016.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; changes in government regulations and policies, including laws and policies; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

NATURE OF ACTIVITIES

Critical Elements is incorporated under the Canada Business Corporations Act. The Company is involved in the acquisition, exploration and development of mining properties. The Company is active in Canada.

OVERALL PERFORMANCE

RESULTS OF OPERATIONS

ROSE LITHIUM-TANTALUM – LITHIUM, TANTALUM PROJECT

Property Description

The Rose Lithium-Tantalum property consists of 336 claims covering a total area of 173.93 km². It lies in the northeastern part of Superior Province, within the Eastmain greenstone belt (NTS 33C/1). Boisvert (1989) described a variety of regional lithologies, including biotite schists, gneiss, basalts, dacites, quartzites, conglomerates, gabbros, granites and pegmatites. The lithologies are generally well foliated and strike southeast, except for the massive, unfoliated pegmatites and granites. The Lac Pivert and Rose properties host pegmatites that occur as irregular but generally continuous lenses within the biotite schists. The pegmatite lenses can be up to 60 metres thick and 100 metres long. Collectively, they form an assembly several kilometres long and up to 300 metres thick.

Carlson (1962; MRNFQ report RP 483) identified pegmatites enriched in rare metals in the area. In 1961, additional work by Quebec's Ministry of Natural Resources and Wildlife (the "MRNFQ") identified the Rose and Lac Pivert mineralized showings, which exhibited a metallogenic setting similar to Lithium One's Cyr Lithium discovery.

The Lac Pivert showing (MRNFQ Deposit Sheet 33C/01-0005) hosts a pegmatite containing 20% spodumene (an aluminum/lithium silicate), beryl (an aluminum/beryllium silicate) and trace molybdenite (a molybdenum sulphide). Grab samples returned up to 1.16% Li (2.5% Li_2O) and 74 ppm Be (MRNFQ, 2001).

The Rose showing consists of en-echelon and individual pegmatite dikes up to 15 metres thick, cut by centimetric quartz veins. The spodumene and lepidolite (a potassium, aluminum and lithium silicate) can form centimetric lenses representing up to 40% of the pegmatites locally (MRNFQ, 2001). Grab samples returned grades of up to 0.21% Li (0.452% Li_2O) and 129 ppm Be.

Historical regional work on the Rose and Lac Pivert properties (Carlson, 1962) returned rare earth grades of up to 2.5% Li_2O, 1,300 ppm rubidium, 130 ppm beryllium, 70 ppm niobium and 50 ppm tantalum, which is typical of albite-spodumene pegmatites (Cerny, 1991). This type of pegmatite is also associated with the Preissac-Lacorne batholith in the southern Abitibi region near Val-d'Or, where it was the source of production from the Québec Lithium mine (Boily, 1995; Mulja et al., 1995; Ste-Croix and Doucet, 2001).

Work done during a brief 15-day prospecting program identified at least five new zones that returned grades of up to 806 ppm Ta_2O_5 and 2.27% Li_2O in grab samples. All samples were taken from an area of approximately 10 square kilometres, separate by a few metres to a few kilometres. (Grab samples are selective by nature and are unlikely to represent average grades of the deposits). All the results can be found in the news release dated October 27, 2011

The Company has also awarded a contract to GENIVAR Inc. (GENIVAR) of Montreal, Quebec, to carry out an Environmental Impact Assessment (EIA) for the Rose Lithium-Tantalum project (Rose project). The study, which is expected to be completed in 2016 (provided Critical succeeds in raising the required funds), will cover all the environmental concerns and constraints associated with the Rose project, as well as the proposed mitigation measures.

The EIA will cover the following aspects:

- Climate and Air Quality
- Noise and Vibrations
- Geology and Geomorphology

- Hydrogeology
- Hydrology and Hydraulic Conditions
- Water, Sediments and Benthos
- Soil Quality
- Vegetation
- Wildlife and bird inventories
- Wildlife and habitat
- Fish and Semi-Aquatic Populations and Habitat
- Land Use by Indigenous Peoples
- Economic and Social Environment
- Archaeology and Heritage
- Landscape

In keeping with its local approach, GENIVAR intends to involve the local Cree community in its field activities.

On November 21, 2011, the Company received the positive results of a Preliminary Economic Assessment ("PEA") for its Rose project in the James Bay Area of northern Quebec. Critical Elements is the sole owner of the Rose project. The PEA was conducted by GENIVAR in conjunction with BUMIGEME and InnovExplo.

HIGHLIGHTS OF THE PRELIMINARY ECONOMIC ASSESSMENT:

The financial analysis of the Rose Project was based of price forecasts of US $260/kg ($118/lb) for Ta_2O_5 contained in a tantalite concentrate and US $6,000/t for lithium carbonate (Li_2CO_3).

The after-tax internal rate of return (IRR) for the Rose project is estimated at 25%, with a net present value (NPV) of CA $279 million at an 8% discount rate. The payback period is estimated at 4.1 years. The pre-tax IRR is estimated at 33% and the NPV at $488 million at a discount rate of 8%.

AS A FUNCTION OF DISCOUNT RATE
Critical Elements Corporation - Rose Project

DISCOUNT RATE	NPV (pre-tax)	NPV (after-tax)
0%	CA $1,078,611,885	CA $665,122,755
5.0%	CA $651,789,479	CA $387,145,131
8.0%	CA $488,360,406	CA $279,358,227
10.0%	CA $403,744,658	CA $223,097,949
12.0%	CA $333,626,451	CA $176,175,210

The economic analysis is based on a mine life of 17 years, estimated capital costs of CA $268.6 million and operating costs of CA $67.65/tonne of ore milled. Sustaining capital was estimated at CA $36.8 million. Calculations include a 10% contingency and assumed parity between the Canadian and American dollars.

MINERAL RESOURCE ESTIMATE

Based on an extensive drilling campaign (181 holes) carried out on the Rose property in 2010-2011, InnovExplo updated the mineral resource estimate using a cut-off grade of $66/t. The mineral resource estimate took into consideration Li and Ta recovery and current market prices. A summary of the National Instrument 43-101-compliant mineral resources for the Rose Lithium-Tantalum deposit is as follows:

MINERAL RESOURCES ESTIMATE - July 20, 2011
Critical Elements Corporation - Rose Project

Mineral Resource	Tonnes (x 1,000)	Li_2O equivalent (%)	Li_2O (%)	Ta_2O_5 (ppm)	Rb (ppm)	Cs (ppm)	Be (ppm)	Ga (ppm)
Indicated Mineral Resource	**26,500**	**1.30%**	**0.98%**	**163**	**2 343**	**92**	**128**	**66**
Inferred Mineral Resource	**10,700**	**1.14%**	**0.86%**	**145**	**1 418**	**74**	**121**	**61**

PEA

The parameters used for the PEA include:

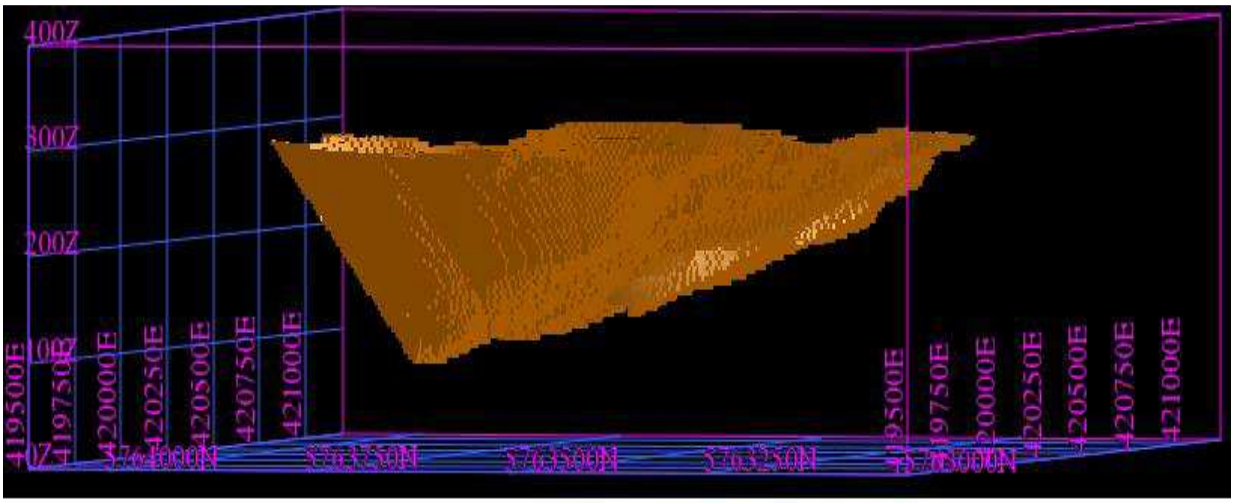
- A 1,500,000 tpy open-pit mine using diesel hydraulic equipment
- A concentrator at the Rose site (crushing, grinding, flotation circuits) with a nominal capacity of 4,600 tpd of ore at 90% availability
- A lithium carbonate plant at the Rose site to convert the lithium oxide ore (Li_2O) to lithium carbonate (Li_2CO_3).

MINING

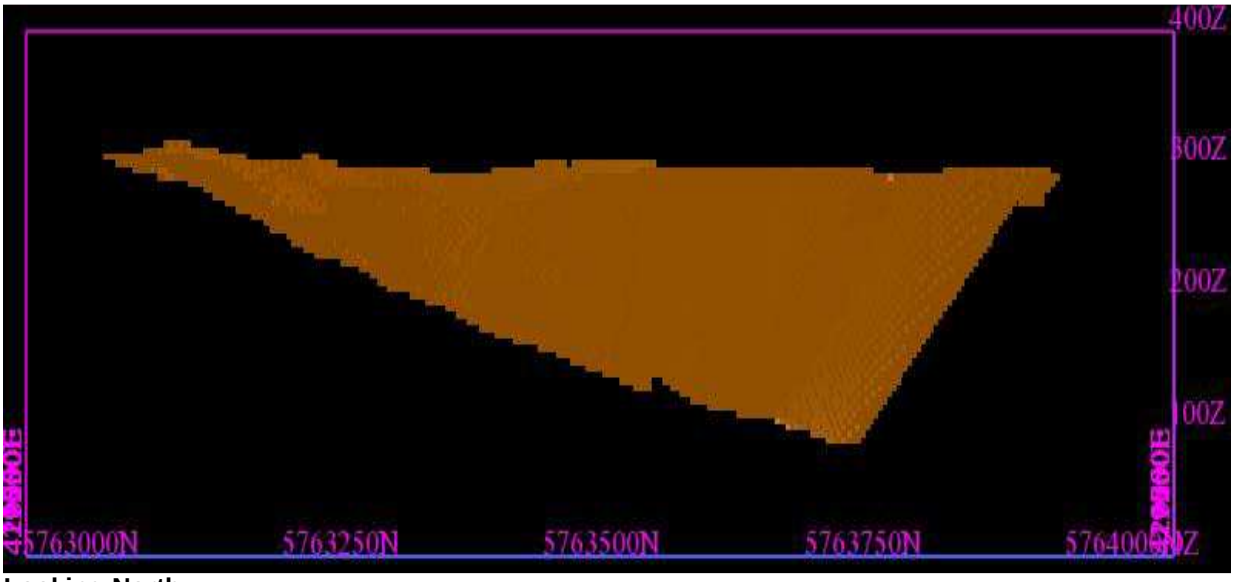
The Rose deposit is a thick, flat-lying multi structure located near surface. The ore will be mined using a conventional open-pit approach to a depth of 200 m. Whittle software, a numerical 3D mine optimization tool, was used to assess numerous scenarios. Parameters used to optimize the pit geometry and maximize profitability included a bench face angle of 50°, a triple benching arrangement, and an overall slope angle of 50°. The proposed open-pit design did not include geotechnical test results.

The following figure shows an isometric view of the open-pit outline retained for the PEA. The total amount of material to be mined is estimated at 193 Mt, consisting of 24 Mt of ore and 169 Mt of waste, for a stripping ratio of 7:1. Mining equipment will include down-the-hole ("DTH") drill rigs well suited to large-scale production work and capable of drilling holes ranging from 110 to 203 mm in diameter. 33-tonne hydraulic shovels and 27-tonne backhoes will be used to load ore and waste into 150-tonne trucks. The proposed pit will be approximately 1.8 km long by 0.8 km wide.

OPEN-PIT OUTLINE FOR THE ROSE LITHIUM-TANTALUM PROJECT



Looking South



Looking North

The facilities to be built on the Rose property include ore, waste and overburden stockpiles, a tailings pond, an explosives mixing plant, administrative offices, telecommunications facilities, mechanical shops, haulage and access roads and a water management system.

Based on a preliminary rock mass characterization that indicates that the ground is competent, and on preliminary overburden test results, a positive approach was adopted in the design of the various stockpiles, the tailings management facility and the mine closure plan.

The proposed mining plan includes drainage of two small lakes and the construction of a retaining dyke across a third lake.

MINERAL PROCESSING

A standard flotation process will be used to concentrate the lithium and tantalum ores into a high-grade mixed concentrate. The tantalite will be separated from this concentrate by high gradient magnetic separation. The non-magnetic fraction containing the lithium ore (spodumene) will be treated to produce pure lithium carbonate (99.5% Li_2CO_3) using the same industrial process employed at the Quebec Lithium mine while it was part of the Sullivan Mining Group in the 1960s, and later refined by the Quebec Ministry of Natural Resources and Wildlife's Centre de Recherches Minérales (CRM).

ENVIRONMENTAL IMPACT ASSESSMENT

Initial site characterization programs have already been done at the Rose project site. A number of meetings have also been held with the local communities, and further discussions are planned.

Unusually, preliminary results from the environmental impact study were available while the PEA was being carried out. This information was used to minimize the ecological footprint of the project infrastructure.

CAPITAL COSTS

Capital and operating costs were estimated in Canadian dollars. An economic analysis was carried out by means of an undiscounted cash flow analysis expressed in constant dollars on a pre-tax and after-tax basis. Pre-production costs for the Rose project are estimated at CA $268.6 million and include all the facilities listed under the Mining and Mineral Processing sections of this MD&A.

The total quantity of payable commodities is estimated at 1.6 Mkg Ta_2O_5 (1.3 Mkg of tantalum) and 452 Mkg Li_2CO_3 (85 Mkg of lithium). The following table presents a summary of the major criteria applicable to the Rose project.

ROSE PROJECT CRITERIA

Item	Unit	Quantity
Production including dilution		
Ta-Li bearing ore (pit only)	tonnes	24,260,534
Diluted metal grades		
Tantalum	ppm	108
Lithium	ppm	4,131
Ta_2O_5	ppm	132
Li_2O	%	0.89
Plant overall recoveries		
Tantalum	%	50
Lithium	%	84.8
Total payable commodities produced		
Ta_2O_5	'000 kg	1,597
Li_2CO_3	'000 kg	452,306
Tantalum	'000 kg	1,308
Lithium	'000 kg	84,981
Preproduction capital costs (contingencies included)		
Site preparation	CA$ '000	22,102
Mining equipment and development	CA$ '000	55,312
Power and indirect costs	CA$ '000	62,590
Surface facilities	CA$ '000	128,581
Total preproduction costs	CA$ '000	**268,584**
Sustaining capital over 17 years	CA$ '000	**36,818**

Revenues generated by the recovery of rubidium (Rb), cesium (Cs), beryllium (Be) and gallium (Ga) were not factored into the estimated revenues stream for the Rose project considered in the PEA.

OPERATING COSTS

Operating costs are estimated at CA $67.65 per tonne of ore milled and comprises:

- CA $24.25 per tonne of ore milled for mining cost;
- CA $7.17 per tonne of ore milled for general and administrative expenses;
- CA $36.23 per tonne of ore milled for mineral processing (concentrator and lithium carbonate plant).

A sensitivity analysis was done on the Rose project cash flow using a ± 15% variance on commodities prices, capital expenditures, operating costs and US$/CA$ exchange rate. It demonstrates that the Rose project is highly sensitive to changes in lithium carbonate price and has a low sensitivity to fluctuations in the tantalite concentrate price, operating costs and the US$/CA$ exchange rate.

On November 12, 2012, the Company announced the signing in Val-d'Or (Québec) of a pre-development agreement ("PDA") with the Grand Council of the Crees (Eeyou Istchee), the Cree Regional Authority and the Cree First Nation of Eastmain regarding the Company's development activities on its Rose Lithium-Tantalum deposit, located in James Bay, Québec.

Through this agreement, the parties have agreed to promote a cooperative and mutually respectful relationship concerning the exploration and pre-development activities of the Company in respect of the project. Critical Elements has undertaken to provide preferential treatment to Cree enterprises in the awarding of certain contracts for the supply of goods. The Crees have agreed to cooperate with the

Company in the preparation of all necessary environmental and social impact assessment studies for all components of the project. The Crees have also committed to use their best efforts to ensure that the project proceeds through the environmental and social assessment process provided for in the *James Bay and Northern Quebec Agreement*, and, if the environmental and social concerns are addressed, to assist Critical Elements Corporation in obtaining the required governmental approvals.

Finally, the parties agreed to pursue discussions to create and sign an impacts and benefits agreement for the Rose Lithium-Tantalum project.

On February 12, 2013, the Company announced the discovery of a new zone that appears to be the extension of the JR zone. The new outcrop was discovered more than 500 metres west of the main JR zone. This extention is substantial, and channel sampling on the new zone returned high lithium and tantalum values. Full results are as follows:

Year	Channel name	Location		Azimuth	Length (m)	Li_2O (%)	Ta_2O_5 ppm (g/t)
		Easting	Northing				
2012	JR ext1	421287	5764652	270	5.00	0.9447	226
2012	JR ext2	421274	5764650	270	10.00	1.0763	215

All samples were sent for analysis in sealed containers to the ALS Chemex laboratory in Val-d'Or by employees of the Company. ALS Chemex is the laboratory used for analysis of all samples from programs on the Rose property. The samples are weighed and identified prior to sample preparation. The samples are crushed to 70% minus 2 mm, then separated and pulverized to 85% passing 75 µm. All samples are analyzed using ICP-MS, with full analysis for 47 elements.

On September 5, 2013, the Company reported the latest results of the optimization metallurgical program underway at SGS Canada Inc. (Lakefield) for its Rose deposit in James Bay, Quebec. Phase 1 of the study was carried out on a representative sample from Rose deposit, as well as samples from across the deposit to test its variability. The goal of Phase 1 was to optimize the process flowsheet for the production of spodumene concentrate with a minimum purity of 6% LiO_2 and about 90% lithium recovery for the hydrometallurgy operation.

The program has resulted in the successful optimization of recovery rates and grades of Li_2O in the concentrate, with an average recovery of 90.88% at 6.20% Li_2O in batch flotation tests (see table below), but most importantly, the flow sheet has been simplified significantly. Moreover, the reagents used in the optimization program are significantly cheaper. This should dramatically reduce the mill construction costs (CAPEX) and the operating costs (OPEX) to produce the Li_2O concentrate.

Test No.	Assay %	Distribution %
	Li_2O	Li
F11	6.06	90.1
F12	6.12	90.7
F13	6.43	91.9
AVERAGE	**6.20**	**90.88**

In addition to recovery and grade testing, the iron content of spodumene grains and the flotation concentrate as a whole have been determined. Analytical results indicated that the average spodumene grain contains 0.13% Fe_2O_3 as solid solution in its crystal structure. To the best of our knowledge, this is the lowest spodumene iron substitution that has been seen in Quebec and Ontario lithium deposits. As a result, the flotation concentrate contained <0.3% Fe_2O_3 as a whole. Due to the low iron content of spodumene as solid solution, the lithium concentrate may also be appropriate for use in the ceramics industry. The roasted concentrate is white as opposed to the light reddish color normally seen with spodumene concentrates containing high iron.

A small batch of flotation concentrate has been collected and roasted and submitted for hydrometallurgical testing to start the carbonation optimization program. Multiple tests have been conducted for tantalite recovery.

The next stage, Phase 2 of the program, was aimed at optimizing the purity of the lithium carbonate produced by bicarbonation to create a final flowsheet. Another objective was to improve the recovery of tantalum as a by-product, currently at about 60%. The final flowsheet will be used to advance the pilot plant for the feasibility study. Some of the Phase 2 results, from the tantalum metallurgical optimization program, carried out by SGS Canada Inc. of Lakefield on the Rose deposit in James Bay, Quebec, were announced on September 23, 2013.

This program has resulted in significant tantalite optimization recoveries, achieving tantalum recoveries of up to 84% with a concentration grade of 11,713 g/t Ta (14,303 g/t Ta_2O_5) in laboratory batch tests using wet high intensity magnetic separation (WHIMS). The average Ta recovery rate for the program stands at 77.6**%** with a concentration grade of 10,700 g/t Ta (13,066 g/t Ta_2O_5) in batch magnetic separation tests (see table below).

The Corporation expects these results to dramatically increase the projected amount of tantalite (Ta_2O_5) produced from the Rose project, although additional testing is needed to confirm this with greater certainty. The initial economic numbers from the December 2011 PEA analysis were based on a tantalum recovery of 50%. The latest results indicate a **27.6%** increase in average recovery compared to the PEA figures, which could potentially mean more than **100,000** additional pounds of tantalite (Ta_2O_5) produced per year. The estimated final recovery rate and quantity of tantalite to be produced will be better defined by pilot plant testing, as well as in the upcoming feasibility study.

Results of Batch Magnetic Separation Tests to Recover Ta Concentrate

Test No.	Assay	Assay	Distribution %
	Ta g/t	Ta_2O_5 g/t	Ta
F10	11,713	14,303	80.3
F11	10,388	12,685	84.0
F12	11,200	13,676	73.9
F13	10,200	12,455	77.6
F14	10,000	12,211	72.2
AVERAGE	**10,700**	**13,066**	**77.6**

The tests were carried out on a representative sample from the Rose deposit, which lies on surface.

The recent results from the optimization program are very positive and will be used to finalize the flow sheet for the pilot plant program. The pilot plant program will produce enough material to proceed with flotation or another suitable beneficiation method aimed at increasing the grade of the tantalite concentrate.

On May 14, 2014, the Company announced that it had started shipping samples of lithium concentrate to a number of users for analysis and validation of the product specifications. The concentrate samples have a low iron content, which is specifically required by certain users. Validation of the Rose project

material by some of the largest consumers of lithium concentrate with low iron content was part of the process of setting up long-term off-take contracts.

In October 2014, the Company announced an update on recent testing of mica, one of the by-products at the Rose Lithium-Tantalium project. The results of laboratory-scale metallurgical testing to date indicate the potential for production of around 58,000 tonnes of mica concentrate per year. (This annual mica concentrate production potential has not yet been the subject of a 43-101 report or a 43-101 preliminary economic assessment).

X-ray diffraction (XRD) analysis of a mica concentrate sample shows that it is a potassic mica containing over 80% muscovite. Some additional processing of the concentrate would be needed to give it the qualities of the best muscovite concentrates on the market, including grinding the coarse fraction to reduce it to -100 mesh (-150 microns) and additional cleaning to minimize impurities. This would not only increase the muscovite grade to over 85%, it would also improve the colour of the concentrate, which is currently off-white.

Muscovite and phlogopite micas have unique characteristics and are highly valued for their mechanical, electrical and thermal properties, which include high dielectric strength, low expansion coefficients, heat and cold resistance, and high tensile strength. These properties make such micas an excellent raw material for electrical insulators and coating, strengthening and sealing materials, as well as for high-temperature applications.

Given its many qualities, the mica (muscovite-type) recovered in the context of the beneficiation of by-products from the Rose lithium-tantalum project therefore has strong potential for penetration of the (wet) ground mica market, where the biggest demand is in the paint industry, especially automotive paints. When mica is used as a mastic in coating applications, its platy structure lends positive rheological properties that strengthen the paint film during the drying process and reduce the effects of oxidation and of thermal expansion and contraction. Adding this type of mica to paints also enhances flexibility, reduces cracking, and improves adhesion. This type of mica is also compatible with all pigments and is easily wetted with oils, thinners, water or emulsions, thus ensuring uniform dispersion in the paint film. In outdoor paint and roofing applications, mica offers UV protection by limiting light penetration and enhances weather resistance by controlling moisture and gas permeability.

The Company is also pleased to announce that it has started shipping samples of mica concentrate to a number of users for analysis, specification recommendation and validation of the product specifications. Validation of the Rose project material by some of the largest consumers of mica concentrate is part of the process of setting up long-term off-take contracts.

In September 2015, the Company signed a strategic collaboration agreement with a Leading Chemical Company (the “Strategic Partner”), that includes take or pay off-take Agreement for all products produced from the Rose Lithium-Tantalum project, to be executed. The feasibility study will be completed in collaboration with the Strategic technical and commercial Partner. Finally, should the feasibility study support the technical feasibility and economic viability of the project the Strategic Partner will also have the option of participating in the project by providing equity in the project financing for an interest of up to 25%.

Work done during the period

General administrative expenses of $3,375 were incurred during the period ended November 30, 2015.

AMIRAL – GOLD PROJECT

Property Description

The Amiral property is composed of one block of 8 claims covering an area of 424 hectares. The project is located 80 km NE of Nemiscau airport and can only be accessed by helicopter.

The Amiral property mainly covers the Beryl south pluton, a tonalitic intrusion with pegmatites of tonalitic to granodioritic composition. The western part of the property is in contact with the Auclair Formation, which is included in the Eastmain Group. This group is composed of volcanic and sedimentary rocks.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

ARQUES – RARE EARTH, NIOBIUM AND TANTALUM PROJECT

Property Description

The Arques property is composed of one block totalling 132 claims covering an area of 6,571 hectares and a distance of some 18 kilometres in a SW-NE direction. It is contiguous to the Lemare property on its southeast border. The property is traversed in a NE direction by a Hydro-Québec power line and a permanent gravel road that heads north to the Eastmain River and beyond to the La Grande River area. Secondary roads branching off from these also provide access to the property.

The Lac des Montagnes volcano-sedimentary formation runs just inside the southeast border of the Arques property. The primary observed geology is mainly composed of orthogneisses made up of metamorphosed felsic intrusives. In the winter of 2011, a major alkaline intrusion, the Arques Complex, was identified by diamond drilling.

The recently identified Arques Alkaline Complex shows similar characteristics to other deposits known for Rare Earth Elements (REE), Niobium (Nb) and Tantalum (Ta) mineralization.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

BOURIER – COPPER, ZINC, GOLD AND SILVER PROJECT

Property Description

The Bourier property is composed of one block totaling 235 claims covering an area of 11,790 hectares for some 30 kilometres in length. It is located just along the east side of the new Rupert hydroelectric complex.

The Lac des Montagnes volcano-sedimentary formation crosses the Bourier property in a NE direction. It is composed of paragneiss, amphibolites and granitic intrusions. To the north of the Lac des Montagnes Formation, mainly orthogneiss formed of metamorphosed granite has been observed, while the south area of this formation is composed mainly of paragneiss, also intruded by granites.

In the Bourier Lake area, what has been identified as an exhalative massive sulphide horizon in felsic rocks was discovered during fieldwork conducted north of Bourier Lake in the summers of 2010 and 2011. Soil samples taken over an 8-km strike length of this horizon returned anomalous values for Ni, Cu, Zn and Pb. Some channel samples and other grab samples returned anomalous values for Au, As, Ni and Cu. This exhalative horizon in felsic rocks is now known to extend more than 25 km over the property.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

CAUMONT – COPPER, NICKEL, PGE AND GOLD PROJECT

Property Description

The Caumont property is made of four non-adjacent claim blocks totalling 94 claims spread over 40 kilometres in the eastern part of the Lac des Montagnes volcano-sedimentary formation. These blocks are identified as Nemiscau Lake, Kename, Caumont West and Caumont East and cover an area of 5,024 ha. A Hydro-Quebec power line crosses the southern part of the Nemiscau Lake block in a NW/SE direction. This block can easily be accessed by road up to Lac Nemiscau, located close to the west boundary of the block, and then by boat. The Kename block is located East of Lac Kanamakuskacik and South West of Lac de la Sicotière. It can also be accessed by road. The Caumont West block can be accessed by plane, landing on Lac Caumont, or directly by helicopter. The Caumont East block can be accessed by helicopter.

The four blocks forming the property are located in the eastern part of the Lac des Montagnes volcano-sedimentary formation. The formation is locally composed of amphibolite quartz-rich paragneiss, biotite and sillimanite-bearing schist, pegmatite, basalt and ultramafic intrusives.

The property is currently recognized for its magmatic nickel (Ni), copper (Cu) and platinum group elements (PGE) potential. Geophysical surveys show the signature and extent of ultramafic intrusions and iron formations, with some of them confirmed by historic geological reports. In addition, some areas of the property show potential for gold mineralization associated with shear zone:

- Associated with the Tent showing, aplitic dykes overlapping the mafic and ultramafic rocks show gold potential. The best values were 4.29% Cu, 4.34 g/t Au, 16.65 g/t Ag and 1.74 g/t Pd. Mineralization could be due to remobilization of the host rock mineralization.
- 100 metres east of the Tent showing, grab sample L943057, collected in a muscovite-rich metasediment with 15% arsenopyrite and quartz veins, returned 1.6 g/t Au.
- 10 meters from this sample, grab sample L943077, collected in a metasediment with 20% garnet porphyry, 5% arsenopyrite and 5% pyrite, returned 0.219 g/t Au.
- At the west end of the Caumont West block, a metasediment with mineral segregation (alternating silicified bands with chloritic bands) with traces of sulphides was sampled. Grab samples L943046 and L943418 returned 0.239 g/t and 0.167 g/t Au, respectively.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

DUMULON – ZINC, LEAD AND GOLD PROJECT

Property Description

The Dumulon property consists of 31 contiguous cells covering a total area of 1,615 hectares. The project is located 20 km south of the Nemiscau airport and can be accessed by helicopter.

The property is located in the central part of the Lac des Montagnes volcano-sedimentary formation. The geology covered by the property is mainly composed of paragneiss with local granitic intrusions. South of Indian Lake, discontinuous lenses of metabasalts and amphibolites were mapped. Strong EM anomalies are associated with plurikilometric magnetic bands oriented NW70°.

The property is currently known for its SEDEX-type deposits and disseminated and replacement gold deposits potential. All conductive anomalies appear to be caused by a graphitic shear zone mineralized in pyrite and pyrrhotite. The Dumulon showing is associated with a carbonate dyke, 60 cm wide, embedded in an outcrop of metasediments. The sphalerite and galena mineralization returned four grab samples with values of between 1.2 and 4.6% Zn, associated with Pb levels between 0.4 and 3.0%. In addition, three grab samples returned gold values of 0.19 g/t, 0.25 g/t and 0.29 g/t Au.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

DUVAL – GOLD, COPPER, NICKEL AND PGE PROJECT

Property Description

The Duval property is composed of two blocks totaling 35 claims covering a total area of 1,870.70 hectares and covers a distance of about 7 kilometres along a SW-NE axis. The Duval main block is contiguous to the Valiquette main block to the northeast. It lies about two kilometres south of the Route du Nord and is served by a Hydro Quebec power line and a gravel road, which cross the southern half of the block in a southeasterly direction. The Duval main block can be accessed by the road leading to Lac des Montagnes and then by boat. An old winter road along the SE shore of Lac des Montagnes has been refurbished and can be used for winter drilling on the main block.

The property is located in the middle part of the Lac des Montagnes volcano-sedimentary formation. In the vicinity of the Duval block, the formation is about 8 km wide and is oriented NE. It is locally composed of amphibolite quartz-rich paragneiss, biotite and sillimanite-bearing schist, pegmatite, basalt and ultramafic intrusives. Geophysical surveys show the signature and extent of ultramafic intrusions and iron formations, with some of them confirmed by historical drilling.

As the Duval property is located in the same geological environment as the Valiquette property, it is currently recognized for its magmatic nickel (Ni), copper (Cu) and platinum group elements (PGE) potential.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

LEMARE – GOLD, COPPER, NICKEL, PGE AND LITHIUM PROJECT

Property Description

The Lemare property is composed of one block totaling 193 claims covering an area of 8,964.74 hectares for a length of over 20 kilometres in a SW-NE direction. It is contiguous to the Nisk property on its northwest border. Secondary roads running from a Hydro-Québec power line and permanent gravel roads that run along its northwest boundary provide access all through the property.

The Lac des Montagnes volcano-sedimentary formation crosses the Lemare property in a NE direction. It is composed of paragneiss (gneiss formed of metamorphosed sediment), amphibolites and granitic intrusives. The north part of the Lac des Montagnes formation is mainly composed by orthogneisses intruded by granites, while the south is composed principally of paragneisses, also intruded by felsic to intermediate intrusives.

Several areas of the property show potential for gold mineralization. There is substantial evidence of hydrothermal activity, such as the many silicified and oxidized corridors of mineralization associated with pyrite and pyrrhotite, the presence of quartz-tourmaline veins and the arsenopyrite and tourmaline mineralization hosted in shear zones. The showings of the property are summarized below:

- The Lac de la Chlorite showing is hosted in a metabasalt with 10 to 15% arsenopyrite and returned gold values of 1.645 g/t, 0.726 g/t and 0.532 g/t.
- The Lac de la Sillimanite showing, having previously returned 4.7 g/t Au (Raymond, 2009), was resampled, and three grab samples returned 0.877 g/t, 0.368 g/t and 0.125 g/t Au.
- On target NI-8, quartz-tourmaline veins returned values of 0.33 and 0.23 g/t Au.

- SE of target NI-1, an outcrop of metasediment with 5% pyrite as returned 0.15 g/t Au. Two boulders in the area returned grades of 0.17 g/t and 0.09 g/t Au.
- To the east of Post Albanel, at the Ancre showing in the Lac Voirdye area, a grab sample in a mineralized metabasalt with 1% pyrite returned 0.53 g/t Au, 1.55 g/t Ag and 0.12% Cu.

The potential for nickel-copper-PGE mineralization is confirmed by the presence of the Nisk-1 deposit nearby. Several magnetic anomalies are present on the property; these have not been drill tested.

The GRAAB showing, a spodumene pegmatite with an apparent thickness of 5 to 14 metres by 200 metres, has been identified. A total of 43 samples were collected along 62 metres of channels. Eleven of these samples showed a Li2O content superior to 2%. This discovery proves that new lithium pegmatites could still be discovered on the Lemare property.

Work done during the period

No exploration work was carried out on the property during the period. Management also continues its research to find a partner to continue exploration activities.

NISK – COPPER, NICKEL, PGE AND GOLD PROJECT

Property Description

The Nisk property is composed of one block totaling 112 claims covering an area of 5,763.42 hectares and a length of over 20 kilometres. The Route du Nord from Chibougamau runs inside the south border of the property. The property is also traversed in a NE direction by a Hydro-Québec power line and a road that heads north to the Eastmain River and beyond to the La Grande River area.

The Lac des Montagnes volcano-sedimentary formation crosses the property in a NE direction. The geology covered by the property is mainly composed of biotite, sillimanite, staurotide and garnet-bearing gneisses and granites, pegmatites, amphibolites and ultramafic intrusive rocks. Geophysical surveys show the signature and extent of ultramafic intrusions, some of which have been historically confirmed by drilling. The north part of the Lac des Montagnes formation is mainly composed by orthogneisses intruded by granites, while the south is composed principally of paragneisses, also intruded by granites.

The property is currently known for its magmatic nickel-copper sulphide deposits associated with ultramafic intrusion potential. It notably hosts the Nisk-1 Ni-Cu-PGE deposit.

Nisk-1 Ni-Cu-PGE deposit

The Nisk-1 deposit is located at UTM coordinates 459,950 mE / 5,728,500 mN. It is hosted in an elongated body of serpentinized ultramafic rocks that intrude the Lac des Montagnes paragneiss and amphibolite sequence. The ultramafic rock intrusion is a sill bordered by paragneisses and amphibolites. Quite similar on either side of the ultramafic sill, they still can be subdivided into a lower paragneiss sequence (“LPS”) to the NW of the sill (stratigraphically older) and an upper paragneiss sequence (“UPS”) to the SE of the sill (stratigraphically younger).

The ultramafic sill is not a single intrusion. At least two distinct lithological units can be identified. The first, a grey serpentinized peridotite with magnetite veinlets, does not contain any sulphide minerals. The second is a black serpentinized peridotite with chrysotile veinlets. The Ni-Cu-Co-Fe sulphide mineralization is invariably associated with this black serpentinite.

In summary and on average, the sequence intersected by drilling, (striking N164°E with a 50° to 70° plunge to the SE) in the ultramafic body is as follows: (i) 35 meters of unmineralized grey serpentinite; (ii) 4 meters of unmineralized black serpentinite; (iii) 12 meters of massive to disseminated sulphides in black serpentinite; and (iv) 27 meters of unmineralized black serpentinite, sometimes alternating with the grey serpentinite, also unmineralized.

The Nisk-1 deposit is the only mineralized zone with estimated resources on the property. This resource calculation NI43-101 as been performed in 2009 by Pierre Trudel, PH.D., P. Eng. from RSW Inc. The resource stands as follows:

- Measured resource: 1,255,000 tonnes at 1.09% Ni; 0.56% Cu; 0.07% Co; 1.11 g/t Pd and 0.20 g/t Pt;
- Indicated resource: 783,000 tonnes at 1.00% Ni; 0.53% Cu; 0.06% Co; 0.91 g/t Pd and 0.29 g/t Pt;
- Inferred resource: 1,053,000 tonnes at 0.81% Ni; 0.32% Cu; 0.06% Co; 1.06 g/t Pd and 0.50 g/t Pt.

Work done during the period

However, given the fact that the priority is the Rose Lithium-Tantalum project, no exploration work was carried out on the property during the period, it's the intention of the Company to renew its claims to continue exploration activities on its properties when the necessary funds will be available to the Company at a reasonable price and acceptable conditions.

VALIQUETTE – COOPER, NICKEL, PGE AND GOLD PROJECT

Property Description

The Valiquette Property is composed of one block totaling 92 claims covering an area of 4,920.21 hectares. It is measuring about 20 kilometers in a SE-NW direction and is contiguous South West to the Duval main block. The property can be accessed by a Hydro-Quebec gravel road up to the Lac des Montagnes, and then by boat. An old winter road along the SE shore of Lac des Montagnes can be used for works.

The property is located in the middle part of the Lac des Montagnes volcano-sedimentary formation. In the vicinity of the Duval block the formation width is about 8 km and its orientation NE. It is locally composed of amphibolite quartz-rich paragneiss, biotite and sillimanite-bearing schist, pegmatite, basalt and ultramafic intrusives. Geophysical surveys show the signature and extent of ultramafic intrusions and iron formations, with some of them confirmed by historical drilling.

The property is currently recognized for its magmatic nickel (Ni), copper (Cu) and platinum group elements (PGE) potential and host the Valiquette showing. The Valiquette showing is associated with a peridotite intrusions at the contact of the volcanogenic sediment of the Lac des Montagne formation. Historical results of surface sampling returned up to 1.75% Ni and 1.42% Cu (grab samples) and the best intersections returned from the 2011 drilling campaign are 2.66% Ni and 0.71% Cu over 3.2 meters, 0.78% Ni and 0.47% Cu over 4.8 meters, 1.15% Ni and 0.39% Cu over 8.3 meters and 1.47% Ni and 0.26% Cu over 2.5 meters.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

BRITISH COLUMBIA PROPERTIES

Property Description

The British Columbia Rare Earth properties consist of 35 claims covering an area of 163.78 km^2 in the following 4 separate blocks: Trident-Kin and IRC. These properties lie in southeastern British Columbia, along what is known as the Rocky Mountain Rare Metal Belt. The bulk of these properties are composed of nephaline syenite.

During the year ended August 31, 2013 and 2014, the value of Trident-Kin, IRC and Hiren properties were fully impaired based on the Company's decision to focus its capital on most promising properties. The Company nevertheless intends to retain all its rights for this properties.

Durint the period ended November 30, 2015 the Company write-off the Hiren property.

Work done during the period

No exploration work was carried out on the property during the period. Management however continues its research to find a partner to continue exploration activities or to find a potential buyer.

Person In Charge of Technical Disclosure

Jean-Sebastien Lavallee (OGQ #773), geologist, shareholder, President and Chief Executive Officer of the Company and a Qualified Person under *NI 43-101 on standards of disclosure for mineral projects*, has written and approved the technical content of this MD&A for the Rose Lithium-Tantalum, Amiral, Arques, Bourier, Caumont, Dumulon, Duval, Lemare, Nisk, Valiquette and British Columbia properties.

RESULTS OF OPERATIONS

Critical Elements anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The comments below provide an analysis of the operating results for the three-month period ended November 30, 2015. The selected financial information shown below is taken from the unaudited condensed interim financial statements for each of the three-month periods indicated.

FINANCIAL HIGHLIGHTS

	November 30 (3 months)	
	2015	**2014**
Other Revenues	**$ 791**	$ 3,419
General administrative expenses	**$ 77,273**	$ 64,066
Registration, listing fees and shareholders'	**$ 23,398**	$ 17,289
Professionnal and consultant fees	**$ 119,572**	$ 144,813
Stock-based compensation	**$ 22,136**	$ 4,498
Depreciation of property, plant and equipment	**$ 1,199**	$ 1,578
Total comprehensive loss for the period	**$ 242,787**	$ 228,825
Cash & cash equivalents	**$ 159,850**	$ 39,696

Other Revenues

Other Revenues for the three-month period ended November 30, 2015, amounted to $791 ($3,419 - 2014) and consisted of interest revenues and amounts for administrative services rebilled out to other companies. Given its status as a mining exploration company, Critical Elements does not generate any steady income, and must finance its activities by issuing equity.

General Administrative Expenses

General administrative expenses for the three-month period ended November 30, 2015, consisted mainly of general office expenditures, travel expenses, promotional activities and the Company's claim renewal expenses. The change from the previous period was due to an increase in travel, entertainment, claim renewal expenses and a charge for the interest payable to Quebec Government in connection with the tax credit related to resources for the years 2011, 2012 and 2013. This item was also affected by a decrease in promotional activities expenses.

Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the three-month period ended November 30, 2015, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The change from the previous period was primarily due to an increase of publication costs and shareholder information. A decrease in exchange fees also affected this item.

Professional and Consultant Fees

Professional and consulting fees for the three-month ended November 30, 2015, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. The $25,241 decrease from the previous period arose from a decrease in business development, professional fess and investor relation expenses, somewhat offset by an increase by consultant expenses.

Stock-Based Compensation

Share-based payments and compensation for the three-month period ended November 30, 2015, represented the recognition of the charge for the 250,000 options granted to a consultant. A compensation expense of $22,136 ($4,498 in 2014) calculated using the Black-Scholes option pricing model was allocated during that period in relation to the stock options granted.

The selected financial information below was taken from Critical Elements' unaudited financial statements for each of the following quarters:

$000s of $ except for share data	**Nov. 30 2015**	August 31 2015	May 31 2015	Feb. 28 2015	Nov. 30 2014	August 31 2014	May 31 2014	Feb. 28 2014
Revenues	**1**	2	1	5	3	1	1	1
Net profit (loss)	**(243)**	(306)	(204)	(373)	(229)	(913)	(390)	(179)
Basic and diluted net loss per share	**$ 0.00**	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.01)	$ 0.00	$ 0.00

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at November 30, 2015, totalled $159,850, compared to $39,696 as at November 30, 2014. It is management's intention to search further capital funding in the form of equity to support current and future exploration and evaluation assets development.

Date	Financing		Commercial Goals
June 2015	Common shares	$600,300	Working Capital

For the next year, the Company has budgeted $655,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. Advanced exploration of some of the mineral properties would require substantially more financial resources. There is no assurance that such financing will be available when required, or under terms that are favourable to Critical Elements. The Company may also select to advance the exploration and development of exploration and evaluation assets through joint ventures. Management is currently considering opportunities for further financing.

CASH FLOWS

	November 30 (3 months) 2015	2014
Operating activities	**$ (97,935)**	$ (43,927)
Financing activities	**$ -**	$ 75,000
Investing activities	**$ (3,375)**	$ (26,867)
	$ (101,310)	$ 4,206
Cash & cash equivalents	**$ 159,850**	$ 39,696

During the three-month period ended November 30, 2015, funds used for operating activities were spent primarily on improving operations and promotion of the Company.

No financing activities during the three-month period ended November 30, 2015.

During the three-month period ended November 30, 2015, investment activities consisted primarily of exploration to develop the Rose Lithium-Tantalum property.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

Commitments with a Board Member

In May 2015, the Company renewed its Services Agreement with Paradox Public Relations ("Paradox") for investor relations. The agreement covers a 24-month period at a monthly fee of $7,000. Paradox also received 450,000 options to purchase 450,000 common shares of the Company at a price of $0.25 per share for a two-year period.

Other Commitments

In May 2014, the Company signed a lease contract for its Montreal office, expiring in July, 2019. Minimum payments total $200,725 and comprise the following payments over the next 5 years; 2015: $48,174, 2016: $48,174, 2017: $48,174, 2018: $48,174 and 2019: $8,029.

ROYALTIES ON THE MINING PROPERTIES

PROPERTY	ROYALTY		DESCRIPTION
	Name	Percentage	
Rose Lithium-Tantalum	Jean-Sébastien Lavallée	37.5%	2% NSR of which 1% may be purchased for an amount of $1,000,000
	Jean-Raymond Lavallée	37.5%	
	Fiducie familiale St-Georges	25%	
Arques	Alain Champagne	100%	1.4% NSR on some claims
	Golden Goose	100%	2% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
Bourier	Alain Champagne	100%	1,4 % NSR on some claims
Caumont	Golden Goose	100%	2% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
	Jean-Sébastien Lavallée	50%	1% NSR
	Jean-Raymond Lavallée	50%	
	Victor Cantore	100%	1.5% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
	Affinage Tectonic	100%	1% NSR on some claims that may be purchased for an amount of $1,000,000
Duval	Jean-Sébastien Lavallée	50%	1% NSR
	Jean-Raymond Lavallée	50%	
	Golden Goose	100%	2% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
Lemare	Jean-Sébastien Lavallée	50%	1% NSR
	Jean-Raymond Lavallée	50%	
	Alain Champagne	100%	1,4% NSR sur certains claims
	Golden Goose	100%	2% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
Nisk	Jean-Sébastien Lavallée	50%	1% NSR
	Jean-Raymond Lavallée	50%	
	Alain Champagne	100%	1,4 % NSR on some claims
	Golden Goose	100%	2% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
Valiquette	Jean-Sébastien Lavallée	50%	1% NSR
	Jean-Raymond Lavallée	50%	
	Golden Goose	100%	2% NSR on some claims of which 1% may be purchased for an amount of $1,000,000
Kin, Trident and IRC	Zimtu Capital Corp.	50%	2% NSR of which 1% may be purchased for an amount of $1,000,000 and the other 1% may be purchased for an amount of $5,000,000
	Cathro Resources Corp.	25%	
	Cazador Resources Ltd	25%	

RELATED-PARTY TRANSACTIONS

Transactions with key Executives

During the three-month period ended November 30, 2015, the Company incurred $7,499 ($6,611 in 2014) in professional and consultants fees with its chief financial officer. No amounts were payable in relation to these transactions as at November 30, 2015 ($7,601 in 2014).

During the three-month period ended November 30, 2015, the Company incurred $23,650 in professional and consultants fees ($14,650 in 2014), $3,375 ($7,466 in 2014) in exploration and evaluation expenditures and $30,440 ($9,329 in 2014) in general administrative expenses and with Consul-Teck Exploration Minière Inc., a company of which the president and chief executive officer is a

shareholder, and which is controlled by a director of the Company. In relation with these transactions an amount of $45,678 is payable as at August 31, 2015 ($148,356 in 2014).

During the year ended August 31, 2014, the Company acquired from Monarques Resources the Caumont, Duval, Lemare, Nisk and Valiquette properties of which the president of the Company owns 50% of the 1% NSR royalty on some of the claims of these properties.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Transactions with Board members

During the three-month period ended November 30, 2015, the Company incurred $21,000 in professional and consultants fees ($21,000 in 2014) with Paradox Public Relations, a company controlled by a director of the Company. In relation with these transactions an amount of $16,097 is payable as at November 30, 2015 ($24,145 in 2014).

During the year ended August 31, 2014, the Company acquired from Monarques the Caumont, Duval, Lemare, Nisk and Valiquette properties of which a director of the Company owns 50% royalty of the 1% NSR royalty on some claims of the said property.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The financial statements have been prepared on the historical cost basis except for marketable securities which are measured at fair value.

Currency translation

The financial statements of the Company are reported in Canadian dollars, which is the functional currency. Transactions in foreign currencies are translated at the exchange rates prevailing at the time they are made. At each closing date, assets and liabilities denominated in foreign currencies are converted at closing rates. Exchange differences resulting from transactions are recorded in the statement of the net loss for the year.

Cash and Cash Equivalents

The Company's policy is to present cash and temporary investments having a term of three months or less from the acquisition date in cash and cash equivalents.

Refundable credit on mining duties and refundable tax credit related to resources

The Company is eligible for a refundable credit on mining duties under the Québec *Mining Duties Act.* This refundable credit on mining duties is equal to 16% applicable on 50% of the eligible expenses. The accounting treatment for refundable credits on mining duties depends on management's intention to either go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates a deferred tax liability and deferred tax expense since the exploration

and evaluation assets have no tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded against exploration and evaluation assets.

Currently, it is management's intention to have the Company become a producer in the future, as such, credit on mining duties are recorded as an income tax recovery.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources can represent up to 38.75% (up to 31% after June 4, 2014) of the amount of eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits for mining duties recognized against exploration and evaluation expenditures are initially recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

Exploration and Evaluation Assets

All costs associated with property acquisition and exploration and evaluation activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to acquisition and exploration and evaluation activities that can be associated with the discovery of specific mineral resources, and do not include costs related to production (extraction costs), administrative expenses and other general indirect costs. Exploration and evaluation expenditures are capitalized when the following criteria are satisfied:

- are held for use in the production of mineral resources;
- the properties have been acquired and expenses have been incurred with the intention of being used on a continuing basis; and
- they are not intended for sale in the ordinary course of business.

Mining property exchanges for a non-monetary asset or assets, or a combination of monetary and non-monetary assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If a fair value can be measured reliably for either the asset received or the asset given up, then the fair value of the asset given up is used unless the fair value of the asset received is more clearly evident. If the acquired mining property is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

The Company reconsiders periodically facts and circumstances in IFRS 6 that require testing exploration and evaluation assets for impairment. When facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount, the asset is tested for impairment. The recoverable amount is the higher of fair value less costs of disposal and value in use of the asset (present value of the future cash inflows expected). When the recoverable amount of exploration and evaluation assets is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount by recording an impairment loss. The carrying amount of exploration and evaluation assets do not necessarily represents current or future value.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;

- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

Equipment

Equipment is accounted for at cost less any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Amortization of equipment is calculated using declining method and at the following rates:

Computer equipment	40%
Office furniture	20%

Equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of its fair value less costs of disposal and its value in use (present value of the future cash inflows expected). An impairment loss is recognized when their carrying value exceeds the recoverable amount. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Instruments

Financial instruments are classified in the following categories: held-to-maturity investments, available-for-sale, loans and receivables, financial assets and liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

The Company has the following categories of financial instruments:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes or available for sale. These assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Cash and cash equivalents and other receivables are classified as loans and receivables.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs. Thereafter, they are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

Available-for-sale financial assets

Marketable securities are classified as available-for-sale financial assets. They are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are

measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in accumulated other comprehensive income.

When marketable securities are derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Investments in publicly traded companies are recorded at fair value based on quoted closing prices at the statement of financial position date. Unrealized gains and losses are recorded in other comprehensive income.

For an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment. Impairment losses on available-for-sale financial assets are recognized by reclassifying losses accumulated in accumulated other comprehensive income to profit or loss. The cumulative loss that is reclassified from accumulated other comprehensive income is the difference between the acquisition cost and the current fair value, less any impairment losses recognized previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Fair value of financial instruments

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- **Level 1**: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- **Level 2**: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- **Level 3**: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop its own assumptions.

Impairment of financial asset

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share-based Compensation

The Company accounts for share-based compensation over the vesting period of the share options. Share purchase options granted to employees and directors and the cost of services received are evaluated and recognized on fair value basis using the Black-Scholes option pricing model.

For transactions with parties other than employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their fair value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Flow-through Shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liabilities related to flow-through shares using the residual method, deducting the quoted price of common share from the price of the flow-through shares at the date of the financing announcement.

A company may renounce the deductions for tax purposes under either what is referred to as the "general" method or the "look-back" method.

When tax deductions are renounced under the general method, the Company records a deferred tax liability with a corresponding charge to income tax expense when Company has the expectation of renouncing and has capitalized the expenditures. At the same time the liability related to flow-through shares is reduced, with a corresponding increase to other income related to flow-through shares.

When tax deductions are renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are incurred and capitalized. At the same time, the liability related to flow-through shares would be reduced, with a corresponding increase to other income related to flow-through shares.

Share Issuance Expenses

Share issuance expenses are recorded as an increase to the deficit in the year in which they are incurred.

Basic and Diluted Loss per Share

The basic loss per share is calculated using the weighted average number of shares outstanding during the year. The diluted loss per share, which is calculated with the treasury method, is equal to the basic loss per share due to the anti-dilutive effect of share purchase options and warrants.

Other Revenues

Other revenues are recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the stage of completion of the transaction at year-end can be measured reliably and the cost incurred for the transaction can be measured reliably.

Mining Properties Options Agreements

Options on interests in mining properties acquired by the Company are recorded at the fair value of the consideration paid, including other benefits given up but excluding the commitment for future expenditures. Commitment for future expenditures does not meet the definition of a liability and thus are not accounted for. Expenditures are accounted for only when incurred by the Company.

When the Company sells interests in a mining property, it uses the carrying amount of the property of the option as the carrying amount for the portion of the property retained, and credits any cash consideration received and also fair value of other financial assets against the carrying of this portion (any excess is recognized as a gain in profit or loss).

Net Smelter Return ("NSR") Royalties

The NSR royalties are generally not accounted for when acquiring the mining property since they are deemed to be a contingent liability. Royalties are only accounted for when probable and can be measured with sufficient reliability.

Income Taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes except when deferred tax results from an initial recognition of goodwill or from initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they will reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or loss in the year that includes the enactment date.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. At the end of each reporting period of financial information, the Company reassesses the tax deferred asset not recognized. Where appropriate, the Company records a tax deferred asset that had not been recorded previously to the extent it has become probable that future taxable profits will recover the tax deferred asset.

Segment Disclosures

The Company currently operates in a single segment: the acquisition, exploration and development of mining properties. All of the Company's activities are conducted in Canada.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of accounting policies as well as the carrying amount of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Any revision of accounting estimates is recognized in the period during which the estimates are revised and in future periods affected by these revisions.

- Impairment of exploration and evaluation assets (Note 8).
- Income taxes and deferred taxes.
- Going concern (Note 1).
- Tax credits related to resources and mining tax credits.

CERTIFICATION OF INTERIM FILINGS

The President and Chief Executive Officer and Chief Financial Officer have signed the official basic certificates for venture issuers as required by *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, confirming the review, absence of untrue or misleading information and fair presentation of the interim documents filed.

The President and Chief Executive Officer and Chief Financial Officer have confirmed that they have

reviewed the interim financial statements and the interim MD&A (collectively referred to as the "interim filings") of the Company for the three-month period ended November 30, 2015.

The President and Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings

The President and Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings for these periods.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION AND EVALUATION ASSETS

	November 30	
	2015	**2014**
Balance, beginning of period	**$ 12,976,690**	$ 12,946,896
Add:		
Acquisition of exploration and evaluation assets	**-**	5,966
Metallurgical test	**-**	16,401
Analysis	**-**	3,000
General exploration expenses	**3,375**	1,500
	3,375	26,867
Balance, before deduction	**12,980,065**	12,973,763
Tax credit related to resources	**1,046**	4,023
	1,046	4,023
Balance, end of period	**$ 12,979,019**	$ 12,969,740

MATERIAL COMPONENTS

	November 30		
	2015	**2014**	**2013**
Statements of Comprehensive Income			
Professional and consultant fees	**$ 119,572**	$ 144,813	$ 179,442
Stock-based compensation	**$ 22,136**	$ 4,498	$ 181,456

	November 30		
	2015	**2014**	**2013**
Statements of Financial Position			
Exploration and evaluation assets	**$ 12,976,690**	$ 12,969,740	$ 13,601,363

The following selected financial information is derived from the Company's unaudited financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA (as at January 12, 2016)

Common shares outstanding:	125,734,372
Options outstanding:	7,700,000
Average exercise price of:	$ 0.21

Expiry date	Number of shares	Exercise price
		$
March 2016	1,250,000	0.30
April 2016	200,000	0.20
July 2016	450,000	0.26
January 2017	550,000	0.15
March 2017	450,000	0.20
May 2017	450,000	0.25
June 2017	100,000	0.23
November 2017	250,000	0.20
March 2018	450,000	0.20
August 2018	1,600,000	0.15
August 2019	200,000	0.275
January 2020	1,100,000	0.18
June 2020	300,000	0.24
September 2020	100,000	0.215
December 2020	250,000	0.20
	7,700,000	

Warrants outstanding :	6,425,700
Average exercise price of:	0.365 $

Expiry date	Number of shares	Exercise price
		$
February 2016	2,441,500	0.375
March 2016	1,510,000	0.375
June 2017	1,427,400	0.35
December 2017	1,046,800	0.35
	6,425,700	

Risks and Uncertainties. Critical Elements is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

Exploration and mining risks. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time

increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known bodies of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

Titles to property. While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and licenses. The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices. Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition. The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest. Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development. The Company's properties are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return

on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Industry conditions. Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured hazards. Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

Future financing. Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

Key employees. Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency. No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).