



## **PRESS RELEASE**

### **CRITICAL ELEMENTS (TSXV: CRE) AND IONIC TO EXPLORE VALIQUETTE AND AMIRAL LITHIUM PROPERTIES IN QUEBEC**

**JULY 18, 2016** – Montreal, Quebec – Critical Elements Corporation (“Critical Elements” or the “Company”) (TSX-V: CRE) (US OTCQX: CRECF) (FSE: F12) and Ionic Power Corp. (“Ionic”) are pleased to announce that Critical Elements and Ionic have entered into an option agreement (“Agreement”) that gives Ionic the right to acquire up to a 75% interest in the Valiquette and Amiral projects, located south-west to the Nemaska Lithium Whabouchi Deposit.

“The Valiquette and Amiral projects represent a great opportunity for Ionic, Critical Elements and the shareholders of both entities.”

“This option agreement with Ionic will allow the Valiquette and Amiral properties to be explored in detail for a Lithium Pegmatite discovery. Critical Elements is currently focused on the development of its Rose lithium-tantalum project. With Ionic farming into the Valiquette and Amiral projects, shareholders of both companies will be able to benefit from successful exploration of a highly prospective project,” stated Jean-Sébastien Lavallée, President and CEO, Critical Elements.

The Valiquette Property is composed of one block totaling 104 claims covering an area of 5,563.07 ha. It is measuring about 13 kilometers in a SW-NE 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 Valiquette project offers strong lithium potential in a well-established area. The lithium pegmatites tend to occur in swarms in the volcano-sedimentary units.

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

The Valiquette and Amiral properties cover a large part of the regional volcano-sedimentary unit, a favourable unit that hosts Nemaska Lithium's Wabouchi deposit and the Lemarre showing. Located in the northeastern part of the Superior geological province, and more specifically in the northeastern part of the Lac des Montagnes Formation, the Lac des Montagnes volcano-sedimentary belt is a sequence of aluminous metasediments and amphibolites containing basalts and ultramafic sills.

#### **TERMS OF THE TRANSACTION**

Under the Agreement, Ionic will earn its interest in Valiquette and Amiral by way of a farm-in arrangement. The key terms of the Agreement are detailed below:

#### **GRANT OF FIRST OPTION**

Critical Elements hereby grants to Ionic the exclusive right and option to acquire, on or before July 31, 2018 an initial 50% Earned Interest in the Properties (the “First Option”) by issuing to Critical \$180,000 of the common shares, by paying \$37,500 cash and by incurring or funding Exploration Expenditures for a total amount of \$1,000,000 on the Property, as follows:

- a) paying to Critical \$25,000 cash within a delay of five (5) working days following the execution of this Agreement (non-refundable);
- b) paying to Critical \$12,500 cash within a delay of five (5) working days following completion of a Going-Public Event;
- c) by not later than November 30, 2016 or any other later date agreed to by Critical, causing the Resulting Issuer to Critical Resulting Issuer shares having a value equal to \$180,000, at an issue price per share equal to the issue price per share for the financing to be completed by the Resulting Issuer concurrently with the going public event, failing which such amount shall be payable in cash or, at the sole discretion of Critical, in common shares of Ionic at a price per share acceptable to Critical acting reasonably;
- d) incurring or funding Exploration Expenditures aggregating not less than \$1,000,000 on the Property, of which an amount of \$500,000 must be incurred or funded before July 31, 2017 and an amount of \$500,000 before July 31, 2018.

#### **GRANT OF SECOND OPTION**

Subject to Ionic having exercised the First Option in accordance with the Agreement, Critical hereby also grants to Ionic the exclusive right and option to increase its undivided interest in and to the Property from 50% to 75% by paying to Critical an additional amount of \$600,000, incurring or funding additional Exploration Expenditures of \$1,500,000 and by delivering a NI 43-101 compliant resource estimate on the Property prepared by a Qualified Person independent of Ionic and Critical, for the period commencing on the delivery of notice of the exercise of the First Option by Ionic (the "First Option Exercise Notice") and ending July 31, 2020, as follows:

- a) on the date of delivery of the First Option Exercise Notice, paying to Critical an amount of \$600,000, in cash or at the sole discretion of Ionic, causing the Resulting Issuer to issue Resulting Issuer Shares having a value of \$600,000 determined by dividing such amount by the 5 day VWAP of the Resulting Issuer Shares immediately prior to the date of the First Option Exercise Notice;
- b) on or before the expiry of the Second Option Period, incurring additional Exploration Expenditures for an amount of \$1,500,000; and
- c) on or before the expiry of the Second Option Period, delivering the Resource Estimate to Critical.

#### **MILESTONE PAYMENTS**

Subject to Ionic's right to withdraw from and terminate the First Option, Ionic agrees to pay the following milestone payments to Critical, payable at any time following the exercise of the First Option upon the occurrence of the following:

- a) On the estimation of a drilled defined resource (NI 43-101 compliant) of 5,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$500,000, payable in cash or, at the sole discretion of Ionic, causing the Resulting Issuer to issue an aggregate number of Resulting Issuer Shares having a value of \$500,000, such aggregate number of shares to be determined by dividing such amount payable by the 30 day VWAP of the Resulting Issuer Shares immediately prior to the announcement of the resource, to be issued within a delay of 5 days following the occurrence of such event, failing which such amount shall only be payable in cash by Ionic;
- b) On the estimation of a drilled defined resource (NI 43-101 compliant) of 10,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$750,000, payable in cash or, at the sole discretion of Ionic, causing the Resulting Issuer to issue an aggregate number of

Resulting Issuer Shares having a value of \$750,000, such aggregate number of shares to be determined by dividing such amount payable by the 30 day VWAP of the Resulting Issuer Shares immediately prior to the announcement of the resource, to be issued within a delay of 5 days following the occurrence of such event, failing which such amount shall only be payable in cash by Ionic;

- c) On the estimation of a drilled defined resource (Ni 43-101 compliant) of 15,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$1,000,000, payable in cash or, at the sole discretion of Ionic, causing the Resulting Issuer to issue an aggregate number of Resulting Issuer Shares having a value of \$1,000,000, such aggregate number of shares to be determined by dividing such amount payable by the 30 day VWAP of the Resulting Issuer Shares immediately prior to the announcement of the resource, to be issued within a delay of 5 days following the occurrence of such event, failing which such amount shall only be payable in cash by Ionic; and
- d) On the estimation of a drilled defined resource (NI 43-101 compliant) of 20,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$1,500,000, payable in cash or, at the sole discretion of Ionic, causing the Resulting Issuer to issue an aggregate number of Resulting Issuer Shares having a value of \$1,500,000, such aggregate number of shares to be determined by dividing such amount payable by the 30 day VWAP of the Resulting Issuer Shares immediately prior to the announcement of the resource, to be issued within a delay of 5 days following the occurrence of such event, failing which such amount shall only be payable in cash by Ionic.

#### ROYALTY

Following the exercise of the First Option by Ionic and in addition to the obligations of Ionic under the First Option and thereafter under the Second Option, as applicable, Critical shall receive a royalty equal to 2% net smelter returns resulting from the extraction and production of any Minerals on the Properties.

The Royalty, including the right of Ionic to purchase a portion thereof (1%).

#### JAMES BAY LITHIUM RESOURCES

**Table 1. Lithium resources of the James Bay area**

<b>Company</b>	<b>Project</b>	<b>Measured &amp; Indicated</b>	<b>Inferred</b>	<b>Sources</b>
Nemaska Lithium	Whabouchi	13.0Mt measured @ 1.60% Li <sub>2</sub> O and 15.0Mt indicated @ 1.54% Li <sub>2</sub> O	4.7Mt @ 1.51% Li <sub>2</sub> O	NI 43-101 Technical Report - Feasibility Study on the Whabouchi Lithium Deposit and Hydromet Plant (Revised), prepared by Met-Chem Canada inc., revision date January 22nd, 2016

Critical Elements	Rose Lithium-Tantalum	26.5Mt indicated @ 1.30% Li <sub>2</sub> O equivalent	10.7Mt @ 1.14% Li <sub>2</sub> O equivalent	Technical Report and Preliminary economic assessment on the Rose Tantalum- Lithium Project, prepared by Genivar, December 10th 2011
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## **VALIQUETTE AND AMIRAL PROPERTIES**

The Valiquette and Amiral properties are located within the Opinaca Sub-province in Quebec, characterized by metagraywacke, migmatite, and granite. Polydeformed schists occur at the belt margins, whereas the interior portions are metamorphosed to amphibolite and granulite facies. Mineral occurrences within the Opinaca sub-province include rare metals within the peraluminous granites and associated pegmatites.

The properties area is underlain by two dominant rock types: biotitic paragneisses belonging to the North-East-trending Lac des Montagnes metasedimentary belt, and granitoids/orthogneisses of the Champion Lake and Opatica North-East domains. The Lac des Montagnes belt is up to 8 kilometres wide and its northern boundary passes diagonally through the approximate centre of the property. Granitic and pegmatitic bodies of variable sizes and irregular shapes have been reported to intrude the metasedimentary belt and may account for up to 20% of the area by volume.

A 2012 Technical Report on the Valiquette Property, was completed by InnovExplo for Monarques Resources according to Regulation 43- 101 and Form 43-101F1.

Jean-Sébastien Lavallée (OGQ #773), geologist, shareholder and President and Chief Executive Officer of the Company and a Qualified Person under NI 43-101, has reviewed and approved the technical content of this release.

## **ABOUT CRITICAL ELEMENTS CORPORATION**

A recent financial analysis (Technical Report and Preliminary Economic Assessment (PEA) on the Rose lithium-tantalum Project, Genivar, December 2011) of the Rose project based on price forecasts of US\$260/kg (\$118/lb) for Ta<sub>2</sub>O<sub>5</sub> contained in a tantalite concentrate and US\$6,000/t for lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) showed an estimated after-tax Internal Rate of Return (IRR) of 25% for the Rose project, with an estimated 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%. (Mineral resources are not mineral reserves and do not have demonstrated economic viability). (The preliminary economic assessment is preliminary in nature). (See press release dated November 21, 2011.)

The conclusions of the PEA indicate the operation would support a production rate of 26,606 tons of high purity (99.9% battery grade) Li<sub>2</sub>CO<sub>3</sub> and 206,670 pounds of Ta<sub>2</sub>O<sub>5</sub> per year over a 17-year mine life.

The project hosts a current Indicated resource of 26.5 million tonnes of 1.30% Li<sub>2</sub>O Eq. or 0.98% Li<sub>2</sub>O and 163 ppm Ta<sub>2</sub>O<sub>5</sub> and an Inferred resource of 10.7 million tonnes of 1.14% Li<sub>2</sub>O Eq. or 0.86% Li<sub>2</sub>O and 145 ppm Ta<sub>2</sub>O<sub>5</sub>.

### **FOR MORE INFORMATION:**

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