PRESS RELEASE

CRITICAL ELEMENTS: SECOR RECOMMENDS THE ROSE SITE AS THE LOCATION OF THE LITHIUM CARBONATE SECONDARY PROCESSING PLANT

AUGUST 30, 2012 – MONTREAL, QUEBEC – **CRITICAL ELEMENTS CORPORATION** (TSX.V: CRE) (US OTCQX: CRECF) (FSE: F12) is pleased to report on the results of the location study confirming the Rose property as the most favourable site for the construction of its secondary transformation plant to produce lithium carbonate. The full study will be included in the final feasibility report, and will be available once the feasibility study is complete. Critical Elements Corporation is presently conducting a feasibility study on the construction of a mine and a processing plant to feed a secondary transformation plant that will produce lithium carbonate destined primarily for the manufacturing of batteries for electric cars, as well as for the energy storage market (electric, wind, solar and hydraulic power).

SECOR was retained by Critical Elements Corporation to conduct a location study for its future carbonate processing plant for its Rose mining project. More specifically, SECOR was to determine whether there were other possible locations for the lithium carbonate secondary transformation plant than the Rose site.

ABOUT SECOR

Founded in Quebec more than 35 years ago, SECOR is the largest independent strategic consulting firm in Canada. The company's mission is to support management teams making strategic decisions that will have a major impact on success of their organization. With recognition for its unique approach to strategy in both the private and public sectors, SECOR has consistently earned distinction for its concern with and ability to identify the major strategic issues of an organization or industry, while factoring in the organizational, economic and financial impact resulting from the directions chosen.

RECENT LITHIUM MARKET NEWS

Critical Elements also notes that, driven by a significant increase in demand in the past year in the markets for hybrid/electric vehicles, electronics and particularly energy storage as a result of renewable energy policies in China, Japan and the United States, the lithium market has shown considerable strength in terms of price and demand for battery-grade material. The current spot price in China for battery-grade lithium carbonate, as posted on the Asian Metals website (www.asianmetals.com), ranges from RMB 40-42/kg (US $6,290 to US $6,600/tonne at an RMB/US$ exchange rate of 6.35).

Furthermore, on August 23, 2012, Australian hard-rock lithium producer Talison Lithium became the target of a takeover bid by Rockwood Holdings, a major lithium carbonate producer (brine deposit) operating in South America. A consolidation of the lithium market appears to be developing, with takeovers by major lithium carbonate producers, which is a clear indication of the drive to secure high-quality lithium carbonate supply for the emerging battery market.

"The Talison Lithium takeover announced on August 23, 2012, for cash consideration of $6.50 per share. This values the equity of Talison at approximately $724-million on a fully diluted basis shows once again that we are seeing a major industrial revolution, with the adoption of a technology that is increasingly powerful at lower and lower prices. More than ever, the major players in the battery industry are looking to secure long-term supply. With its Rose lithium-tantalum project, Critical Elements Corporation is well positioned to become a major producer of battery-grade lithium carbonate and tantalum. Furthermore, on August 5, 2012, Galaxy Lithium published an increase in the lithium carbonate price in China, which now stand at $7,000 per tonne for battery-grade lithium carbonate, $1,000 higher than the price used in the financial model in the Company's preliminary economic assessment dated November 21, 2011," said Jean-Sébastien Lavallée, President and Chief Executive Officer.

In the past few months, the Critical Elements team entered into discussions with a number of potential lithium carbonate and tantalite buyers. The Company is currently negotiating the terms of long-term sales and risk distribution among the buyers. The Company will be able to use the various buyers' technical specifications to orient pilot plant work. The plant should be ready by the fall to product bulk samples of lithium carbonate and tantalite concentrate. Samples of the finished products are expected to be provided to many of the potential buyers to enable them to build batteries and conduct performance tests on their finished products.

Jean-Sebastien 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

Critical Elements is actively developing its 100%-owned Rose lithium-tantalum flagship project located in Quebec.

A recent financial analysis of the Rose Project based on 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) show an after-tax Internal Rate of Return (IRR) of an estimated 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 that are not mineral reserves do not have demonstrated economic viability).

The project hosts a current NI 43-101-compliant **Indicated resource of 26.5 million tonnes of 1.30% Li_2O Eq. or 0.98% Li_2O and 163 ppm Ta_2O_5 and an Inferred resource of 10.7 million tonnes of 1.14% Li_2O Eq. or 0.86% Li_2O and 145 ppm Ta_2O_5.**

The Company is presently at the feasibility study stage on the Rose project. Genivar is carrying out an environmental study and a feasibility study for the surface installations, Ambuck Associates is leading the feasibility study and doing mine design for the study, AMEC is leading the tailings facility study, Bumigeme is handling the concentration and carbonatization plant study, and Acme Metallurgical Ltd. of Vancouver is responsible for the metallurgical component of the project.

Critical Elements' portfolio also includes rare-earth and tantalum-niobium projects in the Rocky Mountains of British Columbia and in Quebec, as well as a 50% interest in the Croinor project, which is located in Quebec and hosts a current NI 43-101-compliant measured and indicated resource of 506,700 tonnes at 10.66 g/t Au, for 173,700 ounces of gold at a 5 g/t cut-off.

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