



PRESS RELEASE

CRITICAL ELEMENTS ANNOUNCES PRE-DEVELOPMENT AGREEMENT WITH THE GRAND COUNCIL OF THE CREES, CREE REGIONAL AUTHORITY AND THE CREE FIRST NATION OF EASTMAIN

NOVEMBER 12, 2012 – MONTREAL, QUEBEC – **CRITICAL ELEMENTS CORPORATION** (TSX.V: CRE) (US OTCQX: CRECF) (FSE: F12) is pleased to announce the signing today 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 Tantalum-Lithium 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 met, to assist Critical Elements Corporation in obtaining the required governmental approvals.

Finally, the Parties have agreed to continue their discussions to develop and sign an Impacts and Benefits Agreement with respect to the Rose Tantalum-Lithium mining project.

"We are very proud of this agreement as it has always been a high priority of the Company to collaborate with local communities towards the further development of the Rose-Lithium-Tantalum Project. The pre-development agreement is a demonstration of the Company's efforts to meet this objective" said Jean-Sébastien Lavallée, President and Chief Executive Officer.

RECENT LITHIUM MARKET NEWS

Critical Elements Corporation 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, 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 stands at \$7,000 per tonne for battery-grade lithium carbonate, \$1,000 higher than the price used in the Company’s financial model included in its preliminary economic assessment dated November 21, 2011” added 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 potential buyers.

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 Ta₂O₅ contained in a tantalite concentrate and US\$6,000/t for lithium carbonate (Li₂CO₃) 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% Li₂O Eq. or 0.98% Li₂O and 163 ppm Ta₂O₅ and an Inferred resource of 10.7 million tonnes of 1.14% Li₂O Eq. or 0.86% Li₂O and 145 ppm Ta₂O₅.**

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.

ABOUT THE GRAND COUNCIL OF THE CREES (EYYOU ISTCHEE)

The Grand Council of the Crees (Eeyou Istchee) is the political body that represents the approximately 18,000 Crees or “Eeyouch” (“Eenouch” – inland dialect). The Council is constituted of twenty (20) members including: a Grand Chief and Deputy-Grand Chief elected at large by the Eeyouch, the chiefs elected by each of the nine (9) recognized Cree communities, and one (1) other representative elected by each community.

ABOUT THE CREE REGIONAL AUTHORITY

The Cree Regional Authority (CRA) was set up by virtue of the signing of the James Bay and Northern Quebec Agreement as the administrative arm of the Cree Nation Government. It has responsibilities in respect to environmental protection, the hunting, fishing and trapping regime, economic and community development, Cree governance and other matters as decided by the Board of Directors. The Board of

Directors of the CRA is the same joint governing body that manages the Grand Council of the Crees and is referred to as the "Council/Board".

ABOUT THE CREE NATION OF EASTMAIN

The Cree Nation of Eastmain is located on the Eastern shore of James Bay, at the mouth of the Eastmain River, in Eeyou Istchee, Northern Québec. It is responsible for providing municipal type services and programs as well as overseeing contracts providing federal, provincial and regional services within the community. With just over 700 people, it is the smallest of the Cree communities of Eeyou Istchee. With 65% of its population under the age of 30, it is a young and dynamic community. Eastmain is in a period of positive economic change with the construction industry leading the way. New capital facilities are being built and an aggressive housing development campaign is fostering opportunities for community members to prosper economically, socially and culturally.

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