



PRESS RELEASE

CRITICAL ELEMENTS ANNOUNCES STRATEGIC PARTNER HELM AG TO PROVIDE UP TO \$4.5M FUNDING FOR FEASIBILITY STUDY

JUNE 28, 2016 – MONTREAL, QUEBEC – **Critical Elements Corporation** (TSX-V: CRE) (US OTCQX: CRECF) (FSE: F12) (“**Critical**” or the “**Corporation**”) is pleased to announce it has entered into an agreement for a credit facility of up to \$4.5 million (the “**Credit Facility**”) arranged by its strategic partner HELM AG (“**HELM**”). The Credit Facility will allow the Corporation to fund its feasibility study on the Rose lithium-tantalum project. On September 9th 2015, Critical and HELM entered into a collaboration agreement, which is described below.

The material terms of the Collaboration Agreement announced on September 9th, 2015 are as follows:

Take or pay off-take Agreement

Subject to the take or pay off-take agreement to be executed by the parties (the “Take or pay off-take Agreement”), HELM will have the sole and exclusive right to purchase all of the produced products including spodumene concentrate (technical and chemical grade), all lithium chemicals (carbonate, hydroxide, chloride), mica and tantalum concentrate (collectively, the “Products”).

The parties will use their commercially reasonable efforts to finalize and execute the Take or pay off-take Agreement by no later than 60 days following the completion of the feasibility study. Under the Agreement, and subject to certain conditions, notably the exercise of the Financing Option (as defined below), HELM has also been granted a right of first refusal to become the exclusive off-taker for all Products on any of the future projects of Critical Elements (or its affiliates).

Feasibility Study

HELM has agreed to collaborate with, assist and provide technical support to Critical Elements for the preparation and completion of the feasibility study. HELM has further agreed to provide logistical and sales support to Critical Elements in relation to the distribution and sale of all future mineral products to be produced on the Project (the “Mine”).

Project Financing

As consideration for HELM’s covenants and undertakings under the Agreement, Critical Elements has agreed to grant HELM an option to acquire an ownership interest of up to 25% in

the project by committing to pay for a portion of the mine construction costs (the “Financing Option”). HELM may exercise the Financing Option within a period of 60 days after having received written notice from Critical Elements to the effect that it has arranged financing for mine construction. The Financing Option is subject to certain conditions, including the execution of the Take or pay off-take Agreement.

“This financing is a significant step forward for Critical, as we are now fully funded to complete our bankable feasibility study.” said Jean-Sébastien Lavallée, President & CEO of the Corporation. “With this funding committed and the identity of our strategic partner now disclosed, now confirms beyond all doubts the capacity and the quality of its partner.”

Credit Facility terms:

The Credit Facility shall have a term of 5 years and shall bear interest at an annual rate of 12%. On the closing of the transaction, Critical will make an initial draw of \$1.5 million (the “**Initial Drawdown**”) and may, upon mutual agreement of the parties, make two additional draws for an amount of \$1.5 million each. In connection with the Initial Drawdown, HELM shall receive 2,500,000 non-transferable share purchase exercisable entitling it to purchase same number of common shares of the Corporation a price of \$0.77 per share.

HELM shall also receive additional non-transferable warrants in connection with the second and third drawdown. The number of warrants to be issued to HELM at the time of such drawdown shall be determined by dividing the amount drawn by the Corporation under the Credit Facility by the market price of Critical’s common shares on the TSX Venture Exchange (the “**Exchange**”) on the day immediately prior to the drawdown date. Furthermore, the exercise price of such warrants shall be equal to 20% over the 10-day volume weighted average price of Critical’s common shares on the Exchange, calculated immediately prior to the such drawdown date

The total number of warrants which may be issued to HELM under the Credit Facility shall however not exceed 12 million, and will expire on the earlier of (i) 18 months from the date of issuance, (ii) 5 years following the date of the Initial Drawdown, and (iii) any shorter period imposed by the policies of the Exchange in the event of advance repayment of all or any part of the amounts drawn under the Credit Facility. The warrants shall be subject to a 4 month regulatory hold period from their date of issuance.

Closing of the transaction is expected to occur shortly and is subject to the execution of final documentation customary to this type of transaction and the receipt of the required regulatory approvals.

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 Ta₂O₅ contained in a tantalite concentrate and US\$6,000/t for lithium carbonate (Li₂CO₃) 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_2CO_3 and 206,670 pounds of Ta_2O_5 per year over a 17-year mine life.

The project hosts a current 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 .

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