



PRESS RELEASE

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Corporate Update

December 18, 2019 – Montréal, Québec – **Critical Elements Lithium Corporation** (the “Corporation” or “Critical Elements”) (TSX-V: CRE) (US OTCQX: CRECF) (FSE: F12) is pleased to provide an update on its activities. Over the last few months, Critical Elements has been in steady communication with Provincial and Federal regulatory authorities concerning the permitting of the Rose Lithium-Tantalum project (“Rose” or the “Project”). Critical Elements provided Québec’s Ministère de l’Environnement et de la Lutte contre les changements climatiques (the “MELCC”) and the Canadian Environmental Assessment Agency (the “CEAA”) with requested information this week and expects feedback within the next 4-6 weeks.

Strategic Partner & Project Financing Discussions

The Corporation continues to work closely with its financial advisor, Canaccord Genuity Corp., to evaluate ongoing interest from global strategic partners that seek to accelerate Rose Lithium-Tantalum project into production.

As part of the process, Critical Elements and their advisors have been in contact with a number of logical potential strategic parties, including OEMs, cathode manufacturers and battery cell manufacturers. These discussions are expected to continue into next year.

“Potential end-users recognize that our team has the capacity to successfully deliver lithium products and that our development strategy provides the flexibility to meet the current and future needs of major end-users. We remain confident in our ability to achieve a strategic partnership with a large lithium product end-user”, stated Jean-Sébastien Lavallée, Chairman & CEO of Critical Elements.

In parallel, we continue to work with various financial institutions and lenders to explore project debt financing opportunities for the construction of Rose.

Other Key Developments

Critical Elements is also pleased to reiterate some of the progress that has been made in recent months in terms of aligning community interests with those of the Corporation, as well as advancing the project engineering of Rose.

Impact & Benefit Agreement

In July 2019 the Cree Nation of Eastmain, the Grand Council of the Crees (Eeyou Istchee), the Cree Nation Government and the Corporation have signed an impact and benefit agreement, referred to as the Pikhuutaa Agreement (the “Pikhuutaa Agreement”), concerning the development and operation of Rose in Eeyou Istchee.

The Pikhuutaa Agreement is a binding agreement that will govern the long-term working relationship between the parties while respecting Cree traditional activities and ensuring the

promotion of Cree economic and social development based on mutual trust and respect during all phases of the Project through a sustainable development approach. It provides for training, employment and business opportunities for the Crees and particularly the Crees of Eastmain at the Project, as well as for the cooperation and involvement of the Cree parties with Critical Elements in the environmental monitoring during all phases of the Project. The Pikhuutau Agreement also ensures financial benefits for the Cree parties on a long-term basis, consistent with the Cree Nation Mining Policy and with Critical Elements' approach to develop the Project while ensuring the promotion of Cree economic and social development in a mutually beneficial manner.

Project Engineering

In October 2019, Primero Group ("Primero") successfully completed the first phase of its Early Contractor Involvement ("ECI") agreement with the Corporation and provided a Guaranteed Maximum Price ("GMP") for the engineering, procurement and construction ("EPC") of Rose on a lump sum turnkey basis that is in line with the Project's feasibility study published November 29, 2017.

Primero is also offering the Corporation its EPC services as a fully integrated package if the final lump sum is within the GMP, and if technical and commercial parameters are met during the second phase.

A summary of the ECI approach is included below:

- ECI Phase I – Guaranteed Maximum Price (completed):
 - Review and assimilate all of the existing design and data
 - Stress test and optimize the design through reviews, specific value engineering and trade-off studies
 - Reconfirm quantities and pricing
 - Initiate selected engineering deliverables to achieve nominally 25% engineering definition
 - Formulate a GMP for the process plant and associated process supporting infrastructure
 - Submit a proposal and schedule to progress to the next phase
- ECI Phase II – Front End Engineering Design ("FEED"):
 - Progress and finalize a selected set of engineering deliverables to achieve nominally 40% engineering definition
 - Advance long lead and critical equipment packages to "Ready for Award" status
 - Complete the contracting strategy and partnership for construction
 - Optimize and reduce contingency applied to the GMP in order to formulate a Lump Sum (the "LS") cost estimate for the EPC of the process plant and associated process infrastructure
 - Submit a complete and firm proposal with schedule to Critical Elements for the EPC-LS contract (the Corporation expects the lump sum cost estimated to be in line with the feasibility study (Rose Lithium-Tantalum project feasibility study, WSP, November 29, 2017))
 - Execution of the EPC-LS
- Operation and maintenance support throughout scope of services

Jean-Sebastien Lavallée (OGQ #773), geologist, shareholder, Chairman & CEO of the Corporation and a Qualified Person under NI 43-101, has reviewed and approved the technical content of this release.

About Critical Elements Lithium Corporation

The Corporation recently released a financial analysis for Critical Elements' wholly-owned Rose Lithium Tantalum project (Rose Lithium-Tantalum project feasibility study, WSP, November 29, 2017), which is based on price forecasts of US \$750/tonne for chemical-grade lithium concentrate (5% Li₂O), US \$1,500/tonne for technical-grade lithium concentrate (6% Li₂O) and US \$130/kg for Ta₂O₅ in tantalite concentrate, and an exchange rate of US \$0.75/CA \$. The internal rate of return

("IRR") for the Rose Lithium-Tantalum project is estimated at 34.9% after tax, and net present value ("NPV") is estimated at CA \$726 million at an 8% discount rate. The estimated payback period is 2.8 years. The pre-tax IRR for the Rose Lithium-Tantalum Project is estimated at 48.2% and the pre-tax NPV at CA \$1,257 million at an 8% discount rate (see press release dated September 6, 2017). The financial analysis is based on the Indicated mineral resource. An Indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The life-of-mine (LOM) plan provides for the extraction of 26.8 million tonnes of ore, 182.4 million tonnes of waste, and 11.0 million tonnes of overburden for a total of 220.2 million tonnes of material. The average stripping ratio is 7.2 tonnes per tonne of ore. The nominal production rate is estimated at 4,600 tonnes per day, with 350 operating days per year. The open pit mining schedule allows for a 17-year mine life. The mine will produce a total of 26.8 million tonnes of ore grading an average of 0.85% Li₂O and 133 ppm Ta₂O₅, including dilution. The mill will process 1.61 million tonnes of ore per year to produce an annual average of 236,532 tonnes of technical and chemical grade spodumene concentrate and 429 tonnes of tantalite concentrate.

FOR MORE INFORMATION:

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of Canadian Securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "scheduled", "anticipates", "expects" or "does not expect", "is expected", "scheduled", "targeted", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information contained herein include, without limitation, statements relating to mineral reserve estimates, mineral resource estimates, realization of mineral reserve and resource estimates, capital and operating costs estimates, the timing and amount of future production, costs of production, success of mining operations, the ranking of the project in terms of cash cost and production, permitting, economic return estimates, power and storage facilities, life of mine, social, community and environmental impacts, lithium and tantalum markets and sales prices, off-take agreements and purchasers for the Company's products, environmental assessment and permitting, securing sufficient financing on acceptable terms, opportunities for short and long term optimization of the Project, and continued positive discussions and relationships with local communities and stakeholders. Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Although Critical Elements has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking information include, but are not limited to: Critical Elements' ability to secure sufficient financing to advance and complete the Project, uncertainties associated with the Company's resource and reserve estimates, uncertainties regarding global supply and demand for lithium and tantalum and market and sales prices, uncertainties associated with securing off-take agreements and customer contracts, uncertainties with respect to social, community and environmental impacts, uncertainties with respect to optimization opportunities for the Project, as well as those risk factors set out in the Company's year-end Management Discussion and Analysis dated August 31, 2019 and other disclosure documents available under the Company's SEDAR profile. Forward-looking information contained herein is made as of the date of this news release and Critical Elements disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

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