



2024 Annual report on Activities to Prevent and Reduce Risk of Forced Labour or Child Labour in Supply Chain

Critical Elements Lithium Corporation

April 2024

Table of contents

1.	About this Report	2
2.	Preventing And Reducing Risks of Forced Labour and Child Labour	2
3.	About Us & Our Supply Chain	2
4.	Policies and Due Diligence Processes.....	3
5.	Risk Assessment & Remediation Measures.....	3
6.	Training.....	4
7.	Assessing the Effectiveness of Our Approach	4
8.	Attestation	4

1. About this Report

This report relates to the financial year ending August 31, 2024. It is published by Critical Elements Lithium Corporation (“Critical Elements”) in compliance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

This report is the second report for Critical Elements and details the steps taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used in its activities or supply chain.

References in this report to “Corporation”, “we”, “our” and similar terms are to Critical Elements.

2. Preventing And Reducing Risks of Forced Labour and Child Labour

During our last financial year, we have taken the following steps to prevent and reduce the risk that forced labour or child labour be used in our activities and supply chain:

- Mapping activities;
- Conducting an internal assessment of risks; and
- Implementing due diligence policies and processes for identifying addressing and prohibiting the use of forced labour and/or child labour in the organization’s activities and supply chains.

This report describes the above actions.

3. About Us & Our Supply Chain

Critical Elements is established under the Canada Business Corporations Act and listed on the TSX Venture Exchange, on the American Over-The-Counter QX stock Exchange (OTCQX) and on the Frankfurt Exchange. Critical Elements is a mineral exploration company owning several mineral properties in Quebec. The Corporation is focused on lithium. It has achieved its objective with the Rose Lithium-Tantalum project, which is currently at the advanced exploration stage. Based on the work programs developed and positive results, the Corporation is aiming to put the Rose lithium-tantalum project into production. The Corporation flagship project is well located in Quebec with on-site access to infrastructures such as powerline, roads, airport, railway access and camp.

As the project is currently not in the construction phase, activities in the supply chain for goods and services is limited to a few purchases of long-lead items, engineering and exploration contracts.

Critical Elements’ supply chain consists of product suppliers mainly located in Canada, the United States, with limited imports from various European countries.

4. Policies and Due Diligence Processes

Critical Elements has mapped its activities and determined that purchasing and importing goods or raw materials for its future mine could represent a risk that forced labour or child labour be used in its supply chain. This activity was added as a risk in the Corporate Risk Assessment.

To address this risk, policies already in place were reviewed and updated to prohibit the use of forced labour and/or child labour in its activities.

Notably, Critical Elements' Code of Business Conduct and Ethics ([Business-Conduct-and-Ethics-Policy.pdf \(cecorp.ca\)](#)) ensures that all its directors, officers and employees maintain the highest standards, professional conduct and ethics in its business activities including complying with all applicable legal and regulatory requirements. In addition, Critical Elements updated its Environmental and Social Responsibility Policy ([Environmental-and-Social-Responsibility-Policy.pdf \(cecorp.ca\)](#)) to include a clause to the effect that no child labour and any form of forced labour was permitted in the workplace

These measures allowed us to embed responsible business conduct into policies and management systems and to identify and assess adverse impacts in our operations, supply chains and business relationships. Critical Elements has added a clause relating to forced or child labour in its supply chain. This clause is included in Critical Elements' Standard Terms and conditions for purchase of goods and services.

In addition, we are currently in an approval process of our Supplier Code of Conduct, which will be implemented shortly.

5. Risk Assessment & Remediation Measures

Critical Elements started the process of identifying risks, but there are still gaps in our assessments. The Corporation has an exploration project that it proposes to construct and once the project is financed, the activities identified as carrying a risk will be primarily in the supply chains. Although no definitive risk areas have been identified to date, we acknowledge that the following aspects of our supply chain activities may represent a risk:

- ✓ The types of products we source
- ✓ The raw materials or commodities used in our supply chains
- ✓ Tier one (direct) suppliers
- ✓ Tier two suppliers
- ✓ Tier three suppliers

In addition, such risks may be more prevalent in the manufacturing and wholesale trade sectors. Currently, Critical Elements has not procured any materials for its project other than with direct suppliers.

As we have not encountered any instances of forced labour or child labour within our operations and supply chains, there have been no specific actions taken to address or remediate such occurrences, or to compensate the potentially affected vulnerable families for any resulting loss of income.

6. Training

General information on the Act is discussed periodically during the weekly management meeting for the project team to raise awareness that risks need to be identified in the procurement process.

7. Assessing the Effectiveness of Our Approach

The governance policies of Critical Element detail the oversight responsibilities of its Environmental & Social Responsibility Committee. The committee's role is to assess environmental and social policies, strategies, programs and performance and provide recommendations to the Board of Directors, which includes a regular review of the Corporation's policies and procedures related to forced labour and child labour.

8. Attestation

This report was approved by the Board of Directors of Critical Elements Lithium Corporation on April 8, 2025 pursuant to paragraph 11 (4)(a) of the Act and constitutes our report for the financial year ending August 31, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the Corporation. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Critical Elements Lithium Corporation.

(s) Jean-Sébastien Lavallée

Jean-Sébastien Lavallée
Chief Executive Officer

Date: April 9, 2025