



## CODE OF BUSINESS CONDUCT AND ETHICS

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### OBJECTIVE AND SCOPE

This Code of Business Conduct and Ethics (the “Code”) applies to Critical Elements Lithium Corporation (“Critical Elements” or “Corporation”) directors, officers and employees, as well as its subsidiaries, divisions and affiliates (“individuals”) regardless of their position in the organization, at all times and business jurisdictions.

Critical Elements’ core values care, respect, accountability, integrity, and collaboration are of the utmost importance in all business operations. The Corporation is committed to maintaining the highest standards of transparency, professional conduct and ethics in its business activities, accounting standards and disclosures, internal accounting controls and audit practices. It is the policy of Critical Elements to comply with and require its directors, officers, employees, affiliates and contractors to comply with all applicable legal and regulatory requirements relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud. Every individual has the responsibility to assist the Corporation in meeting these requirements.

In accordance with the Corporation's commitment set out above, this Code outlines basic principles and policies with which everyone within the organization is expected to comply. The business reputation for honesty and integrity is important for the business success of Critical Elements. No one at the Corporation will be permitted to achieve results through violations of laws or regulations, or through unscrupulous dealings.

Critical Elements aims its business practices to be compatible with, and sensitive to, the economic and social priorities of each location in which it operates. Although customs vary from country to country and standards of ethics may vary in different business environments, honesty and integrity must always characterize our business activity.

In addition to following this Code, individuals are expected to seek guidance in any case where there is a question about compliance with both the letter and spirit of policies and applicable laws. This Code is not a complete code of conduct. It sets forth general principles that define corporate culture and does not supersede the specific policies and procedures that are in effect.

## **OVERSIGHT**

This Code will be reviewed periodically by the Audit Committee and the Governance and Nominating Committee which will recommend any amendments as required to the Board for approval. The Board of Directors (“Board”) of the Corporation is ultimately responsible for monitoring compliance with this Code.

Waivers of the Code may only be given in exceptional circumstances. Waivers for officers or members of the Board may only be made by the Board on the recommendation of either the Audit Committee or the Governance and Nominating Committee, whichever is applicable. Waivers will be promptly disclosed as required by applicable securities rules and regulations.

Individuals who fail to comply with this Code and applicable laws will be subject to disciplinary measures including demotion, suspension or termination of employment or a civil lawsuit. The violation of laws, rules or regulations, which can subject the Corporation to fines and other penalties, may result in criminal prosecution.

## **RESPONSIBILITIES AND COMMITMENTS**

### **Compliance with Laws, Rules and Regulations**

All individuals have a responsibility to monitor legal obligations and to comply with applicable municipal, provincial, federal and international laws and regulations in all jurisdictions we operate. Compliance with both the letter and spirit of all laws, rules and regulations applicable to Critical Element’s business is important for the corporate reputation and continued success.

Many of the Corporation’s activities are subject to complex and changing laws, rules and regulations, including those relating to workplace safety, the protection of the environment, climate change, engagement with indigenous communities, the prohibition of discrimination, harassment and violence in the workplace, financial reporting and restrictions on the trading of Critical Element’s securities. It is critical that each individual makes every reasonable effort to become familiar with the laws, rules and regulations that affect the activities he/she carries out on behalf of Critical Elements and be diligent in complying with these laws, rules and regulations.

### **Conflicts of Interest**

All individuals should act in the best interests of Critical Elements and put corporate interests ahead of personal ones. A conflict of interest occurs when an individual’s private interest conflicts, or appears to conflict, in any way with the interests of the Corporation. Actions that make it appear that there is a conflict of interest can be just as damaging to the Corporation as a real conflict of interest. A conflict of interest could arise where:

- an individual’s personal interests and activities outside Critical Elements conflict, or *appear* to conflict, in any way, with the interests of the company;
- an individual takes action for his or her direct or indirect benefit or the direct or indirect benefit of a third party that is in conflict with the interests of the Corporation; or

- an individual, or a member of his or her family, receives improper personal benefits as a result of his or her position in the organization.

All apparent, potential, and actual conflicts of interest should be diligently avoided. Unless specific approval is given by the President and Chief Executive Officer or Chair of Critical Element's Board of Directors, individuals are prohibited from engaging in the following activities:

- *Employment/Outside Employment:* Being a director, officer or employee of, or a consultant to, another business that competes with Critical Elements or that supplies products or services to Critical Elements.
- *Business Interests:* Having any financial interest, or having any immediate relatives with any financial interest, including significant share ownership, in any entity with which Critical Elements does business that might create or give the appearance of a conflict of interest.
- *Personal Loans or Services:* Seeking or accepting any personal loan or services from any entity with which Critical Elements does business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses.
- *Transactions with Relatives:* Conducting Critical Elements business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role. Relatives include spouse, sister, brother, daughter, son, mother, father, grandparents, step relationships and in-laws. Significant others include persons living in a spousal or familial fashion with an employee, consultant, officer or director. If such transaction is unavoidable, the nature of the transaction must be fully disclosed to the Corporate Secretary in order to ensure the transaction is implemented in an ethical manner.
- Critical Elements discourages the employment of relatives and significant others in positions or assignments within the same department and prohibits the employment of such individuals in positions that have financial dependence or influence (i.e. auditing or control relationship, or a supervisor/subordinate relationship). If a prohibited relationship exists, the employee in the senior position must bring this to the attention of his/her supervisor.
- *Mineral Properties:* Staking mineral claims or acquiring mineral properties in personal interest or in the interest of any syndicate not owned, controlled or directed by Critical Elements within 15 kilometers of any of Critical Element's mineral properties.

If there is an actual, potential or perceived conflict, individuals must not take part in discussions or decision-making related to the conflict unless allowed by the applicable decision-makers. Where a conflict involves a Board member (i.e. where a Board member has an interest in a material contract or material transaction involving the Corporation), the Board member involved will be required to disclose his or her interest to the Board and refrain from voting at the Board meeting considering such contract or transaction in accordance with applicable law.

Failure to disclose conflict of interests will be in violation of the Code and subject to discipline or even dismissal. Should questions arise, individuals should consult immediate supervisors, Corporate Compliance Officer or legal counsel.

### **Confidentiality**

All individuals must preserve and protect the confidentiality of information entrusted to them by the Corporation or that otherwise comes into their possession in the course of their employment, except when disclosure is expressly authorized or legally mandated. Confidential information includes all non-public information that may be of use to competitors, or harmful to the Corporation or its customers and could impact the market value of the Critical Elements securities, if disclosed. It also includes, without limitation, information that suppliers and customers have entrusted to us.

The obligation to preserve confidential information continues even after individuals leave the company. The Critical Elements' *Disclosure and Confidentiality Policy* sets forth certain specific obligations in respect of confidentiality.

### **Protection and Proper Use of Assets**

All individuals should endeavor to protect the Critical Element's assets and ensure their efficient use. Theft, loss, misuse, damage and waste have a direct impact on the Corporate operations. Any suspected incidents of fraud or theft should be immediately reported to an individual's supervisor or to a member of senior management for investigation.

Company assets, such as mineral reserves and resources, physical property, information systems, financial resources and records, products, samples, memos and other documents and intellectual property may only be used for legitimate business purposes or other purposes approved by management. Company assets may never be used for illegal purposes.

The obligation to protect Critical Elements' assets includes also proprietary information that is not generally known to the public or would be helpful to competitors. Examples of proprietary information are intellectual property, business and marketing plans, mineral exploration results, metallurgical knowhow and employee information. The obligation to preserve proprietary information continues even after individuals leave the Corporation. Unauthorized use or distribution of the intellectual assets of the Corporation is prohibited and could also be illegal and result in civil or criminal penalties.

### **Insider Trading**

Insider trading is unethical and illegal. Canadian and applicable international laws prohibit from trading in securities of any company while in possession of material non-public information regarding that company. This includes the Corporation or any other company. It is also illegal under Canadian and applicable international law to "tip" or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further. The Critical Element's *Insider Trading Policy* sets forth obligations in respect of trading in the Critical Elements' securities.

### **Fair Dealing**

All individuals should deal fairly with the Critical Elements' customers, suppliers, competitors and the other employees of the Corporation. No one should take unfair advantage of anyone through illegal conduct, concealment, manipulation, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice. These obligations are in addition to those set out in the Critical Element's Anti-Bribery and Anti-Corruption Policy

### **Equal Opportunity**

Critical Elements values the diversity of our employees and are committed to providing equal opportunity in all aspects of employment.

### **Treating Each Other with Dignity, Respect and Trust**

Critical Elements values all individuals it employs and engages with and does not tolerate discrimination, harassment and work violence.

The Corporation is committed to establishing and maintaining a work environment that encourages equal opportunity and prohibits discrimination. Discrimination against any individual or group in the workplace or in any aspect of employment relationship with Critical Elements (including recruitment, promotion, training opportunities, salary, benefits and terminations) is not tolerated. This includes discrimination based on race, ancestry, place of origin, colour, political belief, religion, ethnic origin, citizenship, creed, sex, sexual orientation, gender identity, gender expression, age, record of offences, marital status, family status or physical and mental disability or any other personal characteristics protected by law.

Critical Elements does not tolerate intimidation, harassment or bullying of any kind. Harassment is a course of unwelcomed comment or conduct that is known (or should be known) to be unwelcomed or offensive to a reasonable person, including sexual, racial, religious, psychological, physical or verbal or other abuse. A person who is bullying intentionally or unintentionally misuses the power of his or her position, knowledge or personality to domineer, intimidate or humiliate. Harassment and bullying are serious offences and can lead to disciplinary action including loss of employment.

Critical Elements prohibits all acts of physical, verbal or written aggression or violence. This applies whether the aggression is committed against an employee or against anyone else employees come into contact with when carrying out responsibilities on behalf of the Corporation. Individuals must report any act, or threatened act, of violence to a manager or to the security personnel. In situations of imminent danger, call the police or local emergency services and then security personnel. If the danger seems less imminent, take note of the facts and then report the incident to the Corporate security personnel or senior management noting who was involved, where and when the incident took place and whether there were any witnesses.

### **Health and Safety**

All individuals are responsible for maintaining a safe workplace by following safety and health rules and practices. The Corporation is committed to keeping its workplaces free from hazards. Individuals should report any accidents, injuries, unsafe equipment, practices or conditions immediately to a supervisor or other designated person. In order to protect the safety of all employees, employees must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively.

For further information, please consult the *Health and Safety Policy* of the Corporation.

### **Environmental Protection**

Critical Elements is committed to minimizing the environmental and biodiversity impacts from its operations by observing all environmental and climate change related laws and regulations and making commercially reasonable efforts to rehabilitate and minimize the environmental and biodiversity impacts from its operations. All individuals are responsible to comply with the Corporation's *Environmental Policy*.

### **Community Engagement**

Critical Elements is committed to building partnerships and doing business in a way that provides benefits to the local communities affected by its business. In order to build sustainable business, the Corporation needs healthy and sustainable communities around its operations to provide the employees, contractors and services necessary to run a responsible lithium production. All individuals must all do their part to help by:

- Engaging with communities in an open and honest manner and informing people about activities and impacts, both positive and negative;
- Committing to learning about the aspirations of the communities that surround the operations; and
- Using Critical Elements' presence as a catalyst to develop trusted relationships with communities without raising expectations and without assuming the responsibilities of governments.

### **Financial and Business Disclosure and Accuracy of Company Records and Reporting**

Honest and accurate recording and reporting of information is critical to the ability to make responsible business decisions and to meet reporting obligations to all stakeholders. This includes both financial reporting and ongoing disclosure requirements under applicable securities and stock exchange regulations. The Corporation's accounting and other records are relied upon to produce reports for management, shareholders, creditors, governmental agencies and other stakeholders.

Full, fair, accurate, timely and understandable disclosure in the reports and other documents that are filed with, or submit to, securities regulators and stock exchanges and in other public communications is critical for Critical Elements to maintain good reputation, to comply with obligations under the securities laws and to meet the expectations of its stakeholders. In

preparing such reports and documents and other public communications, the following guidelines should be adhered to:

- all accounting records, and the reports produced from such records, must be in accordance with all applicable laws;
- all accounting records must fairly and accurately reflect the transactions or occurrences to which they relate;
- all accounting records must fairly and accurately reflect in reasonable detail the Corporation's assets, liabilities, revenues and expenses;
- no accounting records should contain any false or intentionally misleading entries;
- no transactions should be intentionally misclassified as to accounts, departments or accounting periods;
- all transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period;
- no information should be concealed from the internal auditors or the independent auditors; and
- compliance with the internal controls system is required.

For further information on timely and transparent disclosures, please refer to the Critical Elements' *Disclosure and Confidentiality Policy* and on how to report concerns of compliance, please refer to The Critical Elements' *Whistleblower Policy*.

Business records and communications often become public through legal or regulatory investigations or the media. Individuals should avoid exaggeration, derogatory remarks, legal conclusions or inappropriate characterizations of people and companies. This applies to communications of all kinds, including email and informal notes or interoffice memos. Records should be retained and destroyed in accordance with the Corporation's *Records Retention Policy*.

#### **Use of Communication Platforms and Tools**

Critical Elements is committed to appropriate and respectful use of communication platforms and tools. Communication tools, such as e-mail, telephone, video conferencing, social media, data management systems and Internet services, are provided to help with day-to-day work. Incidental and occasional personal use is permitted, but shall not interfere with an individual's employment duties. Individuals should not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit materials, offensive jokes, ethnic or racial slurs, or messages that could be viewed as harassment.

"Flooding" the Critical Elements' systems with junk mail and trivia hampers the ability of the systems to handle legitimate Corporate business and thus is prohibited. In addition, individuals are prohibited from downloading games and screensavers, as these are common sources of viruses.

Any digital footprint (e-mails, voice mails, recording, commuter generated documents, etc.) is considered the property of the Corporation and individuals should not have any expectation of

privacy. Unless prohibited by law, the Critical Elements reserves the right to access and disclose this information as necessary for business purposes or investigations. Individuals are encouraged to use good judgement, and do not access, send messages or store any information that would jeopardize the reputation of the organization or is not aligned with the corporate values.

**Payments to Domestic and Foreign Officials, Gifts and Entertainment**

Critical Elements is committed to transparent and ethical business practices. All individuals are required to comply with the Critical Element’s *Anti-Bribery and Anti-Corruption Policy* which addresses payments to domestic and foreign officials and governs gifts and entertainment.

**REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR**

Critical Elements has a strong commitment to conduct its business in a lawful and ethical manner. Violation of corporate policies may result in disciplinary actions up to and including discharge from the Corporation. Individuals are encouraged to seek advice from immediate supervisors, human resources, designated Compliance Officer or legal council when need help with interpretation of this Code or uncertain situations and circumstances.

All individuals are expected to report violations of laws, rules, regulations or this Code to their supervisor, member of senior management (Chief Executive Officer, President, Chief Financial Officer or such other senior officer who may be designated from time to time) or through the direct or anonymous channels outlined in the *Whistleblower Policy*.

- To the Chair of the Audit Committee:
- To the Chair of the Governance and Nominating Committee:
- To the CFO, designated as a Compliance Officer:

This Code cannot, and is not intended to, address all of the situations that may be encountered and there may be circumstances not covered by policy or procedure. All individuals are encouraged to make a judgement as to the appropriate course of action based on the core values of Critical Elements Lithium Corporation.

**ACKNOWLEDGEMENT**

I acknowledge that I have read and understand the Critical Elements Code of Business Conduct and Ethics, as well as the Policies referenced in the Code. I confirm that I am presently in compliance and I agree to conduct myself in accordance with the provisions contained in the Code and the Policies. I further understand that failure to do so may result in disciplinary action being taken against me, which may include termination of my employment.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_



Board of Directors Approval Date: June 14, 2021  
Next review: June 14, 2022