



## COMPENSATION COMMITTEE CHARTER

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The board of directors (the “Board”) of Critical Elements Lithium Corporation (“Critical Elements” or “Corporation”) has established a Compensation Committee (the “Committee”) whose membership, authority and responsibilities shall be as set out in this Charter, as it may be amended from time to time by the Board.

### MANDATE AND OBJECTIVES

The mandate of the Compensation Committee is to assist the Board in fulfilling its oversight responsibilities with respect to aligning compensation and incentives with short-term and long-term strategic goals of the Corporation, including:

- compensation of the Corporation’s Chief Executive Officer (“CEO”) and other executive officers (“Senior Officers”);
- develop and oversee the Corporation’s management compensation structure, policies and programs; and
- produce an annual report on executive compensation for public disclosure in the Corporation’s proxy statement or otherwise, as required by applicable securities laws and the rules and regulations promulgated thereunder.

### COMPOSITION

The Committee shall be comprised of at least three (3) directors as determined by the Board annually following the annual meeting of shareholders. All members of the Committee shall be “independent” within the meaning of section 1.4 of Regulation 52-110 Respecting Audit Committees or any other applicable rules of securities regulatory authorities and stock exchanges, and shall appoint one of the members to chair the Committee.

The members of the Committee shall be elected by the Board at its first meeting following each annual shareholder’s meeting. Members shall serve until the next annual meeting of shareholders or until their successors are duly appointed or until such member resigns, retires or is removed from the Committee by the Board. The Board may fill any vacancy in the Committee by appointment from among the independent directors of the Corporation. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by a majority vote of all the Committee members.

The Committee may form and delegate authority to subcommittees when appropriate.

## **MEETINGS AND PROCEDURES**

The Committee shall meet at least two (2) times a year or more frequently, if necessary, to carry out its responsibilities.

At all meetings of the Committee, every resolution shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chair shall not be entitled to a second vote. In the absence of the Committee Chair for any meeting, the Members shall elect a Chair from those in attendance to act as Chair of that meeting.

A quorum for meetings of the Committee shall be a majority of its members. The rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing meetings of the Board, including meeting by teleconference, video conference and similar communications equipment.

Each meeting will include an in-camera session of the Committee without members of management present. At least annually, the Committee shall also hold in camera sessions with external compensation consultants, if such are retained.

The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

## **REPORTING TO THE BOARD**

Following each meeting of the Committee, the Committee Chair shall report to the Board on the issues considered by the Committee, and any recommendations being made by the Committee for approval by the Board and on any actions taken by the Committee.

## **RESPONSIBILITIES, DUTIES AND POWERS**

The Committee's principal responsibility is one of alignment of financial incentives with Corporate goals and strategies.

The following are the general duties and responsibilities of the Committee:

### **Compensation Strategy, Policies and Programs**

In fulfilling its responsibilities, the Committee will, among other things, review and make recommendations to the Board on the Corporation's compensation strategy, policies and programs for directors, officers and employees. In its review, the Committee will ensure that such policies and programs:

- properly reflect the respective risks, duties and responsibilities of positions;
- are competitive in attracting, retaining and motivating people of the highest quality;
- are considered against market compensation data for similar roles and levels of responsibility with the Corporation's peer group;

- align the interests of the CEO and Senior Officers with shareholders; and
- are based on established corporate and individual performance objectives.

The Committee will establish a peer group of comparable companies and a target competitive positioning or range for the Corporation's executive compensation program and individual elements.

### **Executive Performance and Compensation**

The Committee shall review, in consultation with the CEO, and make recommendations to the Board with respect to the corporate and individual goals and objectives relevant to the compensation of the CEO and other Senior Officers; evaluate the performance of the CEO and other Senior Officers in light of those goals and objectives; and recommend to the Board the amount and composition of the compensation of the CEO and other Senior Officers based on this evaluation.

In reviewing annual performance and setting compensation structures, the Committee will consider input and recommendations from other Board Committees, such as Technical Committee and Environmental and Social Responsibility Committee, on such topics of their specific oversight.

In making its determination, the Committee shall consider the degree to which the goals and objectives were met, Critical Elements' performance and shareholder return relative to its peers, the recommendations of the CEO for Senior Officers, the compensation of CEOs and Senior Officers at comparable companies, the awards given to the CEO and Senior Officers in past years, and such other factors as the Committee deems relevant. The CEO shall not be present during voting or deliberations about the CEO's compensation.

### **Executive Agreements**

The Committee shall review and, if appropriate, approve employment agreements, severance arrangements, retirement arrangements, change in control agreements and provisions, and any special or supplemental benefits for each Senior Officer, subject to Board approval.

### **Director Compensation**

The Committee shall review and make recommendations to the Board with respect to the compensation to be paid to directors for service on the Board and Board committees.

### **Equity Based Compensation Plans**

The Committee shall administer any equity-based compensation plan of the Corporation, including reviewing management's recommendations in accordance with its terms. Subject to the terms of any equity-based compensation plan, the Committee will consider and make recommendations to the Board for approval regarding, among other matters, the determination of participants under the Critical Element's equity-based compensation plans, stock option and restricted share unit grants (including performance-based share unit grants), the number of common shares of the Corporation purchasable pursuant to each option grant and the allotment of common shares issuable pursuant thereto, the exercise price, term of exercise, vesting conditions, termination provisions and such other terms and conditions as the Committee may propose in accordance with the terms of the stock option plan and restricted share unit plan.

### **Shareholder Engagement**

The Committee shall manage the Board's relations with shareholders on executive compensation matters.

### **Risk Management**

The Committee shall assist the Board in fulfilling its risk oversight responsibilities by, among other things, ensuring that processes are in place to enable management to identify significant human resources and compensation risks; ensuring that management establishes appropriate action plans to mitigate against such risks; and monitoring management's implementation of such action plans.

### **Public Disclosure**

The Committee shall review and recommend to the Board for approval the Compensation Discussion and Analysis for inclusion in Critical Elements' management information circular as required by applicable rules and regulations. The Committee shall also review and approve (or recommend to the Board for approval) prior to public release, any other public disclosures containing information with respect to the matters set out in this Charter over which the Committee has responsibility.

### **Investigations**

The Committee shall direct and supervise the investigation into any matter brought to its attention within the scope of its duties.

### **Access to Management & Information**

The Committee will have full and free access to officers and employees of the Corporation and the its books and records. Any meetings or contacts that the Committee wishes to initiate may be arranged through the CEO or the Corporate Secretary or directly by the Chair or other member of the Committee. The Committee will use its judgment to ensure that any such contact is not disruptive to the business operations of the Corporation.

### **Advisors**

The Committee has the authority to retain, obtain the advice of, and terminate any consultant, external legal counsel or other advisor, to assist it in the performance of its duties. Critical Elements will provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee. The Committee shall have sole authority to approve such consultants' fees and retention terms, and shall be directly responsible for the selection, compensation and oversight of the advisors it retains.

### **Committee Evaluation**

The Committee shall review, at least once every two years, the Committee's duties, responsibilities and performance and determine if any changes in practices of the Committee or amendments to this Charter are necessary or otherwise deemed appropriate by the Committee.

### **Additional Assignments**

The Committee shall undertake such additional responsibilities as from time to time may be delegated to the Committee by the Board, required by Critical Elements' incorporation documents or bylaws or required by applicable law or stock exchange rules.

Board of Directors Approval Date: June 14, 2021  
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