



INSIDER TRADING AND BLACKOUT POLICY

OBJECTIVE AND SCOPE

This Insider Trading and Blackout Policy (“Policy”) applies to Critical Elements Lithium Corporation (“Critical Elements” or “Corporation”) directors, officers and employees, as well as its subsidiaries, divisions, consultants and affiliates (“individuals”) regardless of their position in the organization, at all times and business jurisdictions and includes any trading by trusts (including RRSPs and TFSAs) and holding companies controlled by an individual. In addition, this Policy applies to an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone else who shares the individual's home (“Immediate Family Members”).

The objective of this Policy is to ensure strict compliance with the prohibition against trading securities of the Corporation while in possession of undisclosed Material Information (as defined herein) relating to the Corporation.

The Corporation is committed to maintaining the highest standards of transparency, accountability, business 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 and affiliates 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 Policy is established to govern the process of trading Critical Elements’ securities. This Policy applies to all transactions in securities of the Corporation, including the acquisition or disposal of, or agreement to acquire or dispose of, any Critical Elements’ securities and the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put, or both) or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities, or any interest in securities of the Corporation. This Policy applies to securities which are owned directly by a director, officer, employee or consultant of Critical Elements (and their Immediate Family Members), as well as to securities which a director, Officer, employee or consultant (and their Immediate Family Members) exercises control or direction over (such as in relation to a trust or in relation to minor children or a spouse) or owns indirectly (such as in RRSPs or through a wholly-owned company).

OVERSIGHT

The Board, or the Governance and Nominating Committee of the Board, shall immediately be informed of any breaches and will review and evaluate this Policy annually to determine if this Policy effectively ensures accurate and timely disclosure in accordance with its disclosure obligations.

DEFINITIONS

“Board” means the Board of Directors of the Corporation;

“Blackout period” means a period of time during which Trading in the Corporation’s securities is prohibited.

“Consultant” means a third party (who is not an employee) engaged by the Corporation in an employee-like capacity; it includes, in the case of a consultant company, directors, officers and employees of the consultant.

“CEO” means the chief executive officer of the Corporation;

“CFO” means the chief financial officer of the Corporation;

“Directors” means any and all members of the Board;

“Insiders” means all directors, Officers and significant shareholders of the Corporation (having beneficial ownership of, or control or direction over, directly or indirectly, 10% or more of the voting securities of the Corporation), as well as the Corporation itself for so long as it holds its own securities, are “Insiders” of the Corporation under Canadian securities laws;

“Material Information” consists of both **“material facts”** and **“material changes”**, as well as **“privileged information”** in Québec. A “material fact” means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Corporation. A “material change” means a change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Corporation and includes a decision to implement such a change if such a decision is made by the Board or by senior management of the Corporation who believe that confirmation of the decision by the Board is probable. “Privileged information” is defined under the Québec *Securities Act*, chapter V-1.1 as any information that has not been disclosed to the public and that could affect the decision of a reasonable investor. Schedule "A" attached hereto, while not intended to be complete or comprehensive, lists examples of Material Information.

“Necessary Course of Business” means so as not to unduly interfere with a Corporation’s ordinary business activities and as more fully described in s. 3.3 of National Policy 51-201 - *Disclosure Standards*.

“Officers” means the Corporation’s Chairman, President, Chief Executive Officer, Corporate Secretary, Chief Financial Officer, Chief Operating Officer, Vice President, and any other individual who performs functions for the Corporation similar to those normally performed by an individual occupying such office;

“Reporting Insiders” means Officers who are obligated to file Insider Trading Reports pursuant to Regulation 55-104 *respecting insider reporting requirements and exemptions*. Significant shareholders and all management companies that provide significant management or administrative services to the Corporation, and their significant shareholders, directors, chief executive officers, chief operating officers and chief financial officers, and any individual performing functions similar to the functions described above or of an Officer, are also considered to be “Reporting Insiders.”

“Special Relationship” means any person or company that is in a “special relationship” with Critical Elements is prohibited under Canadian securities laws from trading securities of the Corporation while in possession of undisclosed Material Information concerning the affairs of the Corporation. The following persons and companies are among those considered to be in a “special relationship” with the Corporation:

- i) Insiders;
- ii) employees of the Corporation;
- iii) any individual or company engaging in or proposing to engage in business or other professional activities with or on behalf of the Corporation, and in the case of a company, each director, officer and employee of such company; and
- iv) “tippees” who learn of Material Information from someone that the tippee knows or should know is in a special relationship with the Corporation.

“Trading” means trading in the securities of the Corporation which includes the exercise of options or warrants, the purchase or the sale of Critical Elements’ shares, and transfers to and from Immediate Family Members of Critical Elements shares and/or bonds, if such are publicly issued in the market.

TRADING RESTRICTIONS AND BLACKOUT PERIODS

One of the principal purposes of securities laws is to prohibit “insider trading” which occurs when a person uses undisclosed Material Information to make decisions to Trade a company’s securities. Securities laws also prohibit the communication of undisclosed Material Information to third parties outside the Necessary Course of Business (known as “tipping”).

This Policy prohibits insider trading and tipping not only with respect to Critical Elements’ securities, but also to securities in companies with which the Corporation does business or may do business when one is in possession of undisclosed Material Information.

Insiders, employees and consultants of the Corporation may Trade in the Corporation's securities, either directly or indirectly, or may exercise direction or control over the Trading of its securities, except as follows:

- **When in possession of undisclosed Material Information:** Under Canadian securities laws, a person or company that is in a special relationship with the Corporation (which includes Insiders, employees and consultants of the Corporation (as well as their Immediate Family Members) is prohibited from entering into a transaction involving a security of the Corporation when the person or company is in possession of Material Information (which may include the Corporation's internal financial statements), which is being kept confidential and/or which has not been generally disclosed to the public. Except in the Necessary Course of Business, it is also illegal for any person or company that is in a special relationship with the Corporation to inform any other person or company of undisclosed Material Information (referred to as "tipping"). Each person or company that is in a special relationship with the Corporation, with knowledge of confidential and/or undisclosed Material Information about the Corporation is prohibited from tipping, and from Trading in the Corporation's securities **until two (2) trading days** following the information has been fully disclosed to the public.
- **During Scheduled and Unscheduled Blackout periods:** The CFO of the Corporation and/or another duly authorized representative shall provide notice by email of the date when a blackout period commenced as well as when it has ended.
 - a) **Scheduled:** Trading by Insiders is prohibited during the period commencing **ten (10) days prior** to the scheduled issuance of the financial statements for the next fiscal quarter or fiscal year (as applicable) and ending **two (2) trading days after** the date of public disclosure of the Corporation's financial results.

The deadline for release of financial results is as follows:

 - Audited annual consolidated financial statements – 120 days after year end;
 - Unaudited interim consolidated financial statements – 60 days after quarter end.
 - b) **Unscheduled:** Blackout periods may also be prescribed from time to time as a result of special circumstances relating to Critical Elements. All directors and officers, as well as other individuals their Immediate Family Members who may, from time to time, have knowledge of such special circumstances, will be covered by the blackout. Notice of any such blackout will be communicated by the CEO or CFO to directors, officers and such other individuals to whom the blackout applies.
- **When in possession of undisclosed Material Information relating to other companies,** including the Corporation's business partners, when that information is obtained in the course of employment with, or other services performed on behalf of the Corporation.

PRE-CLEARING TRADE OF SECURITIES

All individuals who wish to Trade securities of the Corporation must first submit a request to the CFO (the “Trading Officer”) by filling out “Notice of Intention to Trade in Securities” provided in Schedule B and submitting via email for approval. A request should specify the type of transaction (e.g., purchase, sale or exercise of stock options and confirmation on the intention to subsequently hold or sell the underlying shares). No trade may be carried out without the pre-clearance of the Trading Officer.

Individuals are reminded that, notwithstanding the pre-clearance of a trade by the Trading Officer, the ultimate responsibility for complying with the insider Trading restrictions rests with the individual Trading in securities of the Corporation.

Individuals considering Trading in the securities of the Corporation must first:

- Satisfy themselves that they are not in possession of undisclosed Material Information.
- Ensure that any Blackout periods are not in effect; and
- Ensure that a trade is not being initiated at the same time as the release of financial results or other material information.

In Case of Stock Options:

In addition to submitting a “Notice of Intention to Trade in Securities” to the Trading Officer, in order to exercise options, the Insiders must follow the process set out in the Critical Elements Stock Option Plan, as described below:

- Provide duly completed and signed copy of the exercise notice (attached to the Stock Option Certificate) expressing the intention to exercise the option. Specify the number of shares in respect of which the option is exercised. Also, complete the delivery and registration information box;
- Provide the original Stock Option Certificate;
- Provide a cheque, wire transfer or bank draft, representing the full purchase price of the shares in respect of which the option is exercised; and
- Provide a cheque, wire transfer or bank draft, representing all applicable amounts relating to the withholding of tax or other required deductions under applicable laws or regulatory authority rules, regulations or policy.

The CFO will request a share certificate or DRS advice from the Corporation’s transfer agent to be issued to the individual (or individual’s legal representative) based on the instructions provided to the Corporation by the individual.

A share certificate or DRS advice for the purchased shares will be issued to the individual (or individual’s legal representative or stock broker as directed by the individual) by the Corporation’s CFO or transfer agent (dependent on the requirement) at the address specified in writing.

PROHIBITION OF SHORT SELLING

Directors, Officers, employees, and consultants of the Corporation must not, at any time, sell “short” (i.e. sell, directly or indirectly, a security of the Corporation if the individual or company does not own or has not fully paid for the security) or sell a “call option” or purchase a “put option”, or enter into any derivative transaction having a similar effect, with respect to any of Critical Elements’ securities.

PROHIBITION OF HEDGING (ANTI-HEDGING)

No individual or Immediate Family Member may at any time reduce or limit such person’s economic risk with respect to such person’s holdings, ownership or interest in or to the Corporation’s securities. The Corporation’s securities includes, without limitation, outstanding warrants, stock options or other compensation awards, the value of which are derived from, referenced to or based on the value or market price of Critical Elements’ securities.

INSIDER REPORTING REQUIREMENTS

Filing of an Initial Insider Report

Securities regulations stipulate that if a person or company: (a) beneficially owns, or has control or direction over, directly or indirectly, securities of the Corporation; or (b) has an interest in, or right or obligation associated with, a related financial instrument involving a security of Critical Elements (for example, a derivative), at the time the person or company becomes a Reporting Insider, then within **10 calendar days** of becoming a Reporting Insider, the person or company must file an initial Insider Report with the securities commissions in the Corporation’s reporting jurisdictions. Thereafter, the Reporting Insider must file an initial Insider Report within **5 calendar days** of the Reporting Insider’s first transaction involving a security of the Corporation or a related financial instrument.

Filing of a Subsequent Insider Report

Insider reports should be filed for all changes in a Reporting Insider’s beneficial ownership of, or control or direction over, securities of the Corporation (including all purchase and sale transactions of the Corporation’s securities, option grants and exercises of options, and changes in the nature of ownership) or in the Reporting Insider’s interest in, or right or obligation associated with, a related financial instrument involving a security of Critical Elements, within **5 calendar days** of the trade.

Preparation and Filing of Insider Reports

Insider Reports are required to be filed electronically on the “System for Electronic Disclosure by Insiders” or “SEDI”. SEDI is an Internet-based system for reporting trading information for Reporting Insiders and can be located at www.sedi.ca. Insider Reports (excluding certain personal information) that are filed on SEDI are accessible to the public via the Internet.

INSIDER LIABILITY

The *Autorité des marchés financiers* or other securities regulatory authority having jurisdiction will levy fees for late filing of Insider Reports. It is the Reporting Insider's obligation to pay any fees resulting from failure to file Insider Reports within the time limit.

CONSEQUENCES OF NON-COMPLIANCE

Compliance with this Policy is fundamental to the reputation and continued success of Critical Elements. It is the personal responsibility of all individuals to understand and comply with their obligations under this Policy. Failure to observe this Policy may subject Critical Elements personnel to disciplinary action, up to and including termination.

The violation of this Policy may also violate certain Canadian securities laws and if it appears that a person subject to this Policy may have violated such laws, then Critical Elements may refer the matter to the appropriate regulatory authorities. The consequences of engaging in prohibited Trading, tipping or a failure to file an insider report on SEDI where required can be severe and may include dismissal, fines and criminal sanctions. In Canada, penalties for violations of insider trading laws include possible imprisonment for a term of up to five (5) years and fines of up to the greater of \$5,000,000 and three times any profit made or loss avoided.

This Policy should be read in conjunction with Critical Elements' *Code of Business Conduct and Ethics* and its *Whistleblower Policy* which impose reporting obligations on those subject to this Policy to report violations.

COMMUNICATION OF THE POLICY

This Policy will be posted on the Corporation's website at www.cec corp.ca/corporate-profile/governance/.

Each employee, officer and director of Critical Elements will be required to provide certification that they have read, understood and will comply with the Policy and will be informed whenever significant changes are made.

QUERIES

Questions regarding the application of this Policy in any particular circumstance should be directed to the CFO. Reference should also be made to the Critical Elements' *Disclosure and Confidentiality Policy*.

ACKNOWLEDGEMENT

I acknowledge that I have read and understand the Critical Elements Insider Trading and Blackout Policy, as well as the Policies referenced in the Policy. I confirm that I am presently in compliance

and I agree to conduct myself in accordance with the provisions contained in this Policy. 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

Schedule “A” – Examples of Material Information (Based on National Policy 51-201)

Although not intended to be a comprehensive list, the following are examples of information that could be material, depending on scale and magnitude:

Changes in corporate structure

- changes in share ownership that may affect control of the Corporation
- changes in corporate structure such as reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in capital structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a Corporation’s dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

Changes in financial results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Corporation’s assets
- any material changes in the Corporation’s accounting policies

Changes in business and operations

- any development that affects the Corporation’s resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies
- changes to the Board or executive management, including the departure of the Corporation’s Chairman, CEO, CFO, COO or President (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees

- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Corporation's securities or their movement from one quotation system or exchange to another

Acquisitions and dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests, acquisitions of other companies, including a take-over bid for, or merger with, another Corporation

Changes in credit arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Corporation's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

Schedule "B"
Notice of Intention to Trade in Securities

I hereby notify you of my intention (or the intention of my immediate family member) to execute the following transaction in securities of Critical Elements Lithium Corporation ("Critical Elements") and request prior approval of such transaction.

Type of Transaction (check one):

Purchase Sale Exercise of Stock Options Other

If you selected "Other", please explain: _____

Number of shares, options, etc. to be traded / exercised: _____

Exercise Price (if applicable): _____

I confirm that I have read the Critical Elements *Insider Trading and Blackout Policy* and I am aware of the legal and Corporation prohibitions against insider trading. I also confirm that I am not now in possession of any Material Non-Public Information about Critical Elements or its subsidiaries, nor will I be in possession at the time of execution of the transaction in Critical Elements securities to which this Notice relates.

I understand that Critical Elements' *Insider Trading and Blackout Policy* supplements, and does not replace, applicable insider trading laws. I understand that a violation of insider trading or tipping laws and regulations may subject me to civil and criminal penalties, and that violation of the terms of Critical Elements' *Insider Trading and Blackout Policy* may subject me to disciplinary action, including termination.

I understand that, notwithstanding any trading authorization granted upon approval of this Notice, I remain personally responsible for complying with Critical Elements' *Insider Trading and Blackout Policy* and applicable laws and regulations.

Please Submit to:

Critical Elements' Trading Officer: Nathalie Laurin, CFO at nlaurin@cecorp.ca

SUBMITTED BY

Name: _____

Signature: _____

Date: _____

AUTHORIZATION

Name: _____

Signature: _____

Date: _____

**** This authorization is valid for 5 days, unless revoked prior to that time.**