# Critical Elements Closes $15 Million Bought Deal Private Placement of Units

written by Raj Shah | February 12, 2021

February 11, 2021 (Source) – Critical Elements Lithium Corporation (TSXV:CRE)(OTCQX:CRECF)(FSE:F12) ("**Critical Elements**" or the "**Company**") announces that it has closed its previously announced bought deal private placement offering (the "**Offering**") of 13,636,400 units (each, a "**Unit**") of the Company issued at $1.10 per Unit (the "**Issue Price**") for gross proceeds of $15,000,040.

Each Unit of the Company consists of one common share in the capital of the Company (a "**Common Share**") and one-half of one common share purchase warrant (each whole warrant a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one Common Share at a price of $1.75 for a period of two years following the closing of the Offering.

Paradigm Capital Inc. and Cantor Fitzgerald Canada Corporation acted as co-lead underwriters (the "**Co-Lead Underwriters**") in connection with the Offering with a syndicate including Stifel GMP and Raymond James Ltd. (together with the Co-Lead Underwriters, the "**Underwriters**").

As consideration for the services provided by the Underwriters in connection with the Offering, the Underwriters received: (a) a cash commission equal to 6% of the gross proceeds of the Offering (reduced to 3% for certain subscribers on the "**President's List**"); and (b) that number of compensation warrants (the "**Compensation Warrants**") as is equal to 6% of the number of Units issued under the Offering (reduced to 3% with

respect to certain subscribers on the President's List). Each Compensation Warrant is exercisable to acquire one common share of the Company at a price equal to the Issue Price for a period of two years after the closing of the Offering.

Insiders of Critical Elements subscribed for a total of 50,000 Units for total gross proceeds of $55,000 under the Offering. Participation by insiders constitutes a related party transaction as defined under Multilateral Instrument 61-101. The issuance of securities to such related parties is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101 and exempt from the minority shareholder approval requirements of Section 5.6 of MI 61-101 pursuant to Subsection 5.7(b) of MI 61-101 as the purchase of securities does not exceed 25% of the Company's market capitalization. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(1)(a) of Multilateral Instrument 61-101. The Company did not file a material change report 21 days prior to the closing of the Offering as the details of the participation of insiders of the Company had not been confirmed at that time.

The net proceeds from the Offering will be primarily used for exploration and development, and general working capital purposes.

All securities issued in connection with the Offering are subject to a statutory hold period in Canada expiring four months and one day from the closing of the Offering. The Offering remains subject to final acceptance of the TSX Venture Exchange.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"),

and may not be offered or sold in the “United States” or to “U.S. persons” (as such terms are defined in Regulation S under the U.S. Securities Act) absent registration under the U.S. Securities Act and all applicable U.S. state securities laws or in compliance with an applicable exemption therefrom. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

**About Critical Elements Lithium Corporation**

Primero Group recently completed the first phase of its Early Contractor Involvement agreement with the Corporation and provided a Guaranteed Maximum Price for the engineering, procurement and construction of the wholly-owned Rose Lithium-Tantalum project (the “**Project**“) on a lump sum turnkey basis that is in line with the Project’s feasibility study published November 29, 2017. The Project feasibility study 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 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 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.

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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 statements 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 the intended

use of proceeds of the Offering, receipt of final acceptance of the TSX Venture Exchange, 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 Corporation'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 Corporation'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 Corporation’s year-end Management Discussion and Analysis dated August 31, 2020 and other disclosure documents available under the Corporation’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.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is described in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*