Critical Elements Lithium Corporation's Rose Lithium-Tantalum Project: Project Update

written by Raj Shah | May 12, 2020

May 11, 2020 (Source) – **Critical Elements Lithium Corporation** (the "Corporation" or "Critical Elements") (TSX-V: CRE) (US OTCQX: CRECF) (FSE: F12) is pleased to provide an update on recent developments affecting operations on its wholly-owned Rose Lithium-Tantalum project ("Rose" or the "Project") as a result of the COVID-19 global pandemic.

Annual Meeting

Critical Elements has elected to defer its 2020 Annual General Meeting of Shareholders, which is normally held in early June, due to COVID-19 concerns and plans to hold the meeting later in the year. This decision was made at a time when orders from the Government of Québec forbid public gatherings.

Corporate update

The Rose property is located in northern Québec's administrative region, on the territory of Eeyou Istchee James Bay. It is located on Category III land, on the Traditional Lands of the Cree Nation of Eastmain.

The Project proposes the operation of an open pit mine to extract technical grade lithium and tantalum found in the Rose deposit. Lithium and tantalum are used globally in the manufacturing and automotive industrial sectors, including, among others, the market for hybrid and electric vehicles, which

is expected to see significant growth in the coming years due to the increasing focus on energy transition. **Rose, as one of the only new sources of technical grade lithium globally, has the potential to play a significant role in the greening of our future economy**.

Critical Elements is currently engaged in the environmental impact assessment process for Rose. The Environmental Impact Statement for the Project was deemed complete by the Canadian Environmental Assessment Agency (now the Impact Assessment Agency of Canada) (the "CEAA") in March 2019. Consultations and assessments by governmental authorities including the Environmental and Social Impact Review Committee (the "COMEX") are underway.

Critical Elements recently received the second information request from the CEAA and is working diligently towards providing the information to the Agency in the near-term. The Corporation currently awaits a response from the Québec's Ministère de l'Environnement et de la Lutte contre les changements climatiques (the "MELCC") and the COMEX.

Critical Elements continues to progress negotiations concerning the funding of Rose and will continue to provide updates on this front as appropriate. COVID-19 has impacted expected timelines resulting in delays and negotiation dynamics, due in large part to the current international travel restrictions. The Corporation remains optimistic that a favourable outcome will be reached, however no assurances can be made during this time.

Covid-19

Since the beginning of 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the

implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

Critical Elements is continuing non-site activities to further the Corporation's objectives during this uncertain and rapidly evolving time and to follow the recommendations of the Government of Québec and Health Canada/Santé Québec. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation including its operations in future periods.

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 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% Li_2O), US $1,500/tonne for technical-grade lithium concentrate (6% Li_2O) and US $130/kg for Ta_2O5 in tantalite concentrate, and an exchange rate of US $0.75/CA $. The internal rate of return ("IRR") for the Rose Lithium-Tantalum 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 Rose Lithium-Tantalum 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% Li_2O and 133 ppm Ta_2O5, 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 state 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 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 three-month period ended February 29, 2020 Management Discussion and Analysis 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.

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