



Rose Lithium Tantalum Project

Annual Report 2021-2022

Presented to

Impact Assessment Agency of Canada

And to

Cree Nation Government

By

Critical Elements Lithium Corporation

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Summary

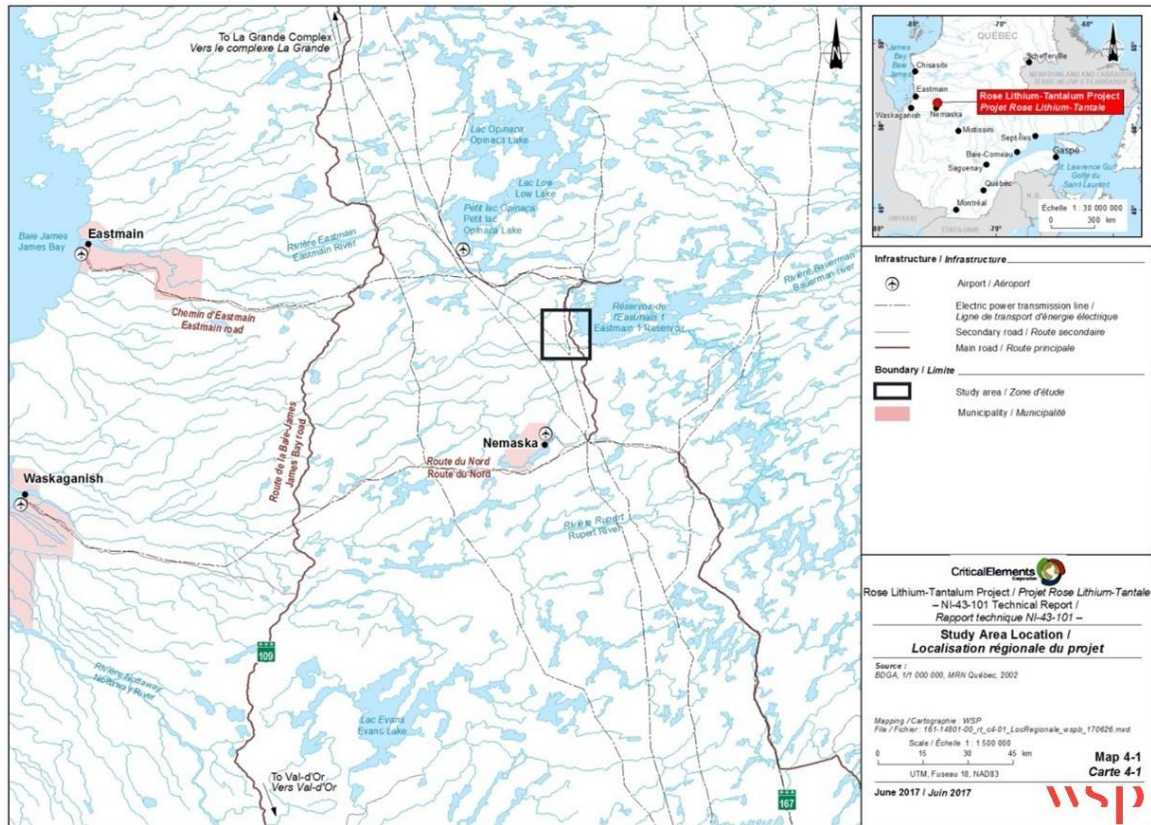
Since the federal decision statement signed August 21, 2021, Critical Elements Lithium Corporation (Critical Elements) carried the provincial authorization process, which concluded October 31, 2022 with the certificate of authorization issued by the Quebec Ministry of the Environment. Critical Elements then formed a multidisciplinary team to proceed with the detailed engineering of the Rose Lithium Tantalum project (the Project). Consultants have been retained to develop the required pre-construction monitoring programs and action plans according to the terms of the Decision Statement. Consultations were held with the community of Eastmain as part of the development of these programs. In 2021 and 2022, supplemental fieldwork was completed for the groundwater monitoring, tantalum concentrations in soils, archaeological and beaver inventories. Critical Elements is considering another location for the workers' camp. An environmental and social impact assessment will be carried out considering this possible change. The information will be shared with the Impact Assessment Agency of Canada (the Agency) and the Cree Nation Government in 2023.

1. Introduction

Critical Elements is proposing to construct, operate and close an open pit mine for lithium and tantalum, located in the territory of the Regional Government of Eeyou Istchee, on the traditional lands of the Eastmain Cree Nation, approximately 38 kilometers north of Nemaska (Figure 1)

As proposed, the Project includes an open pit mine, waste rock and dry tailings co-deposit stockpile and a spodumene process plant. The infrastructures include a main access road to the site, a workers camp, an explosive and cap magazine, a truck shop, diesel and gasoline storage with distribution, a main electrical substation with distribution, fresh and potable water supply, a sewage treatment plant, a final effluent water treatment plant, a communication system, a warehouse, a gatehouse and administrative office. The mine will produce approximately 4,500 tonnes of ore per day for more than 17 years. The Project has a life of mine of 26 years including the construction and closure phases.

Figure 1 – Site location



The Decision Statement issued under Section 54 of the Canadian Environmental Assessment Act, 2012 to Critical Elements Lithium Corporation (Critical Elements) for the Rose Lithium-Tantalum Mining Project was signed on August 21, 2021 by the Environment Canada Minister.

According to articles 2.11 to 2.13, Critical Elements shall submit an annual report to the Impact Assessment Agency of Canada (the Agency) and the Cree Nation Government in both official languages. This first report covers the period between August 2021 and December 2022. The 2023 annual report will be presented no later than March 31, 2024.

2. Project Development

Since the Decision Statement of August 2021, Critical Elements has continued the provincial environmental authorization process with the ministère de l'Environnement et de la Lutte contre les changements climatiques, de la Faune et des Parcs (MELCCFP) and the Environmental and Social impact Review Committee (COMEX).

During this period, there were several exchanges of questions and answers; the main exchanges took place between September and December 2021 and thereafter between

May and September 2022. They were mainly project clarifications concerning production rates and water management. The Certificate of Authorization 3214-14-053 was issued October 31, 2022 by the MELCCFP. This authorization includes 27 conditions, several of which must be implemented prior to the first construction authorization.

During the 2021 and 2022 period, Critical Elements retained the services of the environmental firms WSP and Ausenco, in order to identify all the various commitments and conditions (provincial and federal) to be respected within the project framework and to develop monitoring programs, compensation and others plans. According to condition 3 of the certificate of authorization, this information will be published on Critical Elements website before the construction. This project review highlighted the needs for additional field characterizations which will be carried out in 2023.

A multidisciplinary team was also formed to carry out the detailed engineering of the Project. During this period, discussions took place with the communities, as part of the PIHKUUTAAU agreement signed in 2019.

The following sections will address the topics of consultation, preparation of the various programs and action plans, as well as the anticipated project changes.

3. Consultations

Condition 2.4 of the Decision Statement specifies the consultation process with the communities. This process makes it possible to inform and collect comments with the Cree Nation of Eastmain, the Cree of the First Nation of Waskaganish, the Cree Nation of Nemaska and/or the Cree First Nation of Waswanipi. As detailed in condition 2.5, Critical Elements had discussions with representatives of the First Nations to determine together how best to meet these requirements.

Table 1 presents the list of the various meetings with the dates, places and topics discussed. They are the activities which took place between August 2021 and December 2022. The first meetings of the implementation and environmental committee took place in 2022.

In 2023, as part of the development of the various programs and action plans, consultations will take place.

Table 1 : List of the meetings

Date	Localisation	Participants	Topic
September 16, 2021	Nemaska	Chef Clarence Jolly (Nemaska) Tanya Lamoureux, Senior Executive Advisor (Nemaska) George Wapachee, R-19 Tallyman Nemaska community Members	Impact Benefit Agreement Presentation to the Nemaska Community
March 25, 2022	Montréal	Chef Kenneth Cheezo (Eastmain) Jean-Sébastien Lavallée (Critical Elements)	Project impact on the communities
July 12, 2022	Gatineau	Chef Kenneth Cheezo (Eastmain) Jean-Sébastien Lavallée (Critical Elements)	Project Update
September 15 & 16, 2022	Val d'Or	Jean-Sébastien Lavallée (Critical Elements) Yves Perron (Critical Elements) Andy Baribeau (GCC(EI)/CRA) Anne Gabor (Critical Elements) Lucas Del Vecchio (CNG) Norman Cheezo (Eastmain) Alvin Cheezo (Eastmain)	First Implementation committee
September 16, 2022	Val d'Or	Anne Gabor (Critical Elements) Yves Perron (Critical Elements) Jacqueline Leroux (Critical Elements) Kelly Leblanc (CNG) Alvin Cheezo (Eastmain)	First Environment Committee
October 18, 2022	Val d'Or	Ernie Moses, Tallyman (Eastmain) Lloyd Mayappo, Liaison Officer Critical Elements /Eastmain) Jean-Sébastien Lavallée (Critical Elements)	Project Update (Exploration drilling and Beaver agreement signature)

Date	Localisation	Participants	Topic
November 16- 18, 2022	Eastmain	Anne Gabor (Critical Elements) Lloyd Mayappo, Liaison Officer Andrea Daezli (Ausenco) Louis Belzile (WSP) Eastmain community members	Presentation of the fisheries and wetland compensation plans

4. Monitoring Programs

As specified in the decision statement, several follow-up and monitoring programs must be prepared prior to construction. Critical Elements has mandated the firm WSP to develop these programs. As mentioned previously, consultations took place in 2022. Table 2 lists the various follow-up programs as well as details regarding their collaboration, development, consultation and transmission.

Between August 2021 and December 2022, there were supplemental fieldwork campaigns to satisfy the condition of the Decision Statement or to supplement the baseline studies. A beaver inventory was conducted following a request from the users of the territory. Supplemental sampling of the groundwater monitoring wells was completed to obtain further results that will be presented later as an addendum to the baseline studies. An archaeological inventory was completed in order to assess the areas of potential previously identified during Environmental Assessment Report. No components of an archaeological nature was found during this inventory. An additional soil sampling campaign was completed in order to update the tantalum concentrations in soils around the Project.

Additional characterization work is planned during 2023 and the results will be presented in the 2023 annual report.

Table 2 : List of the monitoring programs

Topic	Details	Condition	Preparation	Collaboration	Consultation	Submittal
Monitoring and Surveillance Programs	Monitoring of several aspects (water, fish, AMD, groundwater, dust, sediments, water levels, flows, caribou, bats, wetlands, invasive species, human health, air quality, land use hunting, harvest...)	2,8, 3,9, 3,19, 3,20, 3,21, 3,23, 3,24, 4.8, 5.5, 5.6, 6.5, 6,6, 7.13, 7.14, 8,11	FN, CNG, ECCC & others		X	CEAA, CNG, others
Fish Habitat	Characterize tantalum in A stream, groundwater and sediment 0.1 ug/L	3,6		CEAA, DFO		
	Fish protection measures	3,12	FN, DFO		X	
	Soils stabilization measures	3,14				CEAA, CNG
	Update fish habitat report (2011, 2016) (report sec. 8)	3.23.1				CEAA, CNG
	Fish habitat compensation plan	3.10				CEAA, CNG
Birds	Determine dates of the nesting period and justify work, mitigation measures	4.2.2, 4.2.3				CEAA, CNG
Birds	Measures to prevent birds from using sedimentation ponds	4,5	X			CEAA, CNG
	No Engine Braking Policy	4,7	X			

Topic	Details	Condition	Preparation	Collaboration	Consultation	Submittal
	Inventory Update (report sec. 10)	4.8.1				CEAA, CNG
Caribou	Caribou Action plan	5,1			CNG, MFFP et others	
Noise	Complaints management protocol	7,1			FN, CNG	
Dust	Dust Management Plan	7,4			FN, Cri Council, James Bay Health and Social Services and others	
Blasting	Identity activities, conditions and blasting measures	7,5			Competent Authorities	CEAA, CNG
Electrical vehicles	For employes transportation, during all phases of the project and justification	7,8				CEAA, CNG
Fuel	Fuel consumption reduction Policy	7,9			Competent Authorities	
Lac 1 Fishing	Management plan for recovering fish	8,1	FN, DFO and others	x		
Beaver	Beaver Management Plan	8,2	Tallyman		Tallyman	
Transport	Management plan for transport activities associated with the project + complaints	8,4	FN, FN Waswanipi,		FN, FN Waswanipi,	CEAA, CNG, FNs
Security	Define fishing interdiction limits	8,8	FN			

Topic	Details	Condition	Preparation	Collaboration	Consultation	Submittal
Communities	Communication plan	8.10	FNs		FNs et Tallyman	
Archeology	Evaluation of negative effects in the archeological areas – Protection plan	9,1, 9.2			FN	CEAA, CNG
Cri culture	Glossary of Cree Toponyms Geographic Locations in the Project Area	9,3	X		FNs, CNG Department of Social culture	CEAA, CNG, FNs
Env. Independent supervisor	Retain the services of supervisor	10,1			FNs	
Hazards	Emergency Plan	11,2, 11,3	X		FNs, authorities	
	Communication plan	11,6	X		FNs	
Calendar	Construction activities	12.1, 12.2, 12.4				CEAA, FNs

Legend:

CEAA - Canadian Environmental Assessment Agency
 CNG - Cree Nation Government
 DFO - Fisheries and Oceans Canada
 ECCC - Environment and Climate Change Canada
 FN - First Nations

5. Action Plans

The list of required action plans set out in the decision statement is presented in Table 3.

Table 3 : List of the Action Plans

Condition	Action Plan
3.10	Fish Habitat Compensation Plan
5.1	Caribou
6.2	Wetlands Compensation Plan
7.4	Dust Control Management
8,1	Fish Management during lakes drying
8,2	Beaver
8,4	Transport
8,9	Closure Plan
8.10	Communication with communities
9,1	Archeological Protection
11,3	Emergency Plan
11,6	Emergency Communication Plan

Critical Elements is developing these different action plans. In accordance with Section 2.15 of the Decision Statement, final plans will be submitted to the Agency and the Cree Nation Government prior to the start of construction, unless otherwise required by the condition.

6. Mitigation Measures

Project mitigation measures were developed as part of the environmental assessment. At this stage of the Project, no modification of these mitigation measures or additional measures have been considered.

7. Project Modification

During 2021 and 2022, there have been no significant changes to the Project. However, at the end of 2022, agreements to use the camp belonging to Hydro-Québec located 25 kilometers north of the mine site have been difficult to conclude. Critical Elements is now considering another location for the camp.

Critical Elements mandated the firm WSP to evaluate and select a new location. In accordance with section 2.17, Critical Elements will inform the Agency and the Cree Nation Government and condition 6 of the certificate of authorization, of the proposed changes and a detailed assessment of the impacts on the environment and the environment. This information will be transmitted in 2023.

8. Conclusion

Critical Elements is currently in the pre-construction phase of the project. In order to meet the requirements, set out in the Decision Statement and the provincial ministerial authorization, Critical Elements formed a multidisciplinary team and retained the services of qualified and recognized firms to assist it in the development of the Project by applying best practices in the industry. Through communications, exchanges and consultations with the communities, the team is taking care and caution in the development of the project.

The 2023 annual report will be sent no later than March 31, 2024.