Form 45-106F1

Report of Exempt Distribution

Issuer/underwriter information

Item 1:

Critical Elements Corporation
1080, Côte du Beaver Hall, Suite 2101
Montreal, Quebec H2Z 1S8
Tel: (514) 904-1496 ext. 103

Item 2:

The Issuer is a reporting issuer in British Columbia, Alberta and Quebec.

Item 3:

☐ Bio-tech
Financial Services
☐ investment companies and funds
☐ mortgage investment companies
☐ Forestry
☐ Hi-tech
☐ Industrial

Mining
☒ exploration/development
☐ production
☐ Oil and gas
☐ Real estate
☐ Utilities
☐ Other (describe)

_____

Details of distribution

Item 4:

Please see Schedule 1 attached.

Item 5:

June 2, 2016

Item 6: For each security distributed:

(a) describe the type of security,

Common share

(b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

Private placement of 16,750,000 common shares at a price of $0.37 per share, which includes 2,750,000 common shares issued pursuant to the exercise in full of the over-allotment option, for gross proceeds totaling $6,197,500.

(c) state the exemption(s) relied on.

Section 2.3 of NI 45-106.

Item 7:

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian $)1	Total dollar value raised from purchasers in the jurisdiction (Canadian $)
Quebec	2	$0,37 (per common share)	$418,507.00
Ontario	20	$0,37 (per common share)	$555,009.25
Alberta	5	$0,37 (per common share)	$148,000.00
British-Columbia	1	$0,37 (per common share)	$37,000.00
Australie	4	$0,37 (per common share)	$964,983.68
Royaume-Uni	2	$0,37 (per common share)	$4,037,000.07
Guernsey	1	$0,37 (per common share)	$37,000.00
Total number of Purchasers	35		
Total dollar value of distribution in all jurisdictions (Canadian $)			$6,197,500

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8:

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian $)	Securities			Total dollar value of compensation (Canadian $)
			Number and type of securities issued	Price per security (Canadian $)	Exemption relied on and date of distribution (yyyy-mm-dd)	
Canaccord Genuity Corporation Suite 2200 – 609 Granville Street Vancouver, B.C. V7Y 1H2	n/a	$433,825	1,172,500 compensation options *	-	Section 2.3 of National Instrument 45-106 2016-06-02	$867,650
Canaccord Genuity Corporation Suite 2200 – 609 Granville Street Vancouver, B.C. V7Y 1H2	n/a	-	200,000 common shares (corporate finance fees)	0.37	Section 2.3 of National Instrument 45-106 2016-06-02	$74,000
* Each compensation option entitling their holder to purchase one common share of the Company at a price of $0.37 per share until June 2, 2018.						

Item 9:

Not applicable

Certificate

On behalf of the Issuer, I certify that the statements made in this report are true.

Date: June 6, 2016

CRITICAL ELEMENTS CORPORATION.
Name of Issuer (please print)
Nathalie Laurin, Chief Financial Officer, (514) 904-1496
Print name, title and telephone number of person signing

(signed) Nathalie Laurin
Signature

Item 10:

N/A

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.