

LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED JULY 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at September 27, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended July 31, 2019 of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact, addressing activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in the Company's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and the Company's ability to attract and train key personnel; changes in world metal markets and equity markets beyond the Company's control; the possibility of write-downs and impairments; the risks associated with uninsurable risks arising during the course of exploration; development and production; the risks associated with changes in the mining regulatory regime governing the Company; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Company's preliminary economic assessment on Woxna is no longer current or valid as a result of the filing of a new NI 43-101 Technical Report effective March 24, 2015, and the Company has no plans to complete a new preliminary economic assessment, a pre-feasibility or feasibility study on the project, as such there is an increased risk of technical and economic failure for the Woxna graphite project; dealings with non-governmental organizations. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the Forward-Looking Statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such Forward-Looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such Forward-Looking Statements. Such Forward-Looking Statements has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on Forward-Looking Statements. Forward-Looking Statements are made as of the date hereof, and the Company does not undertake to update such Forward-Looking Statements except in accordance with applicable securities laws.

Company Overview

Leading Edge Materials is a Canadian and Swedish listed public company focused on the discovery and production of high value critical raw materials for the European market. Leading Edge Material's flagship asset is the fully built and permitted Woxna graphite production facility located in central Sweden. As lithium ion batteries are comprised of approximately 15% high purity graphite, ongoing investment at Woxna is directed towards production of specialty materials for this emerging high growth market.

In addition to Woxna, Leading Edge Materials holds a portfolio of raw material assets suitable for lithium ion batteries (graphite, lithium, cobalt) and high strength permanent magnets (rare earth elements including neodymium and dysprosium). The Company continues to seek out prospective battery material projects in Europe and will provide updates as information becomes available.

With a focus on Europe and assets in a fast moving sector, Leading Edge Materials is ideally placed to play a pivotal role in the sustainable supply of technology critical materials.

Officers and Directors

As at the date of this MD&A the Board of Directors and Officers of the Company are:

Mark Saxon	- Director, Interim Chief Executive Officer (“CEO”) & President
Mike Hudson	- Director, Non-Executive Chairman
Filip Kozlowski	- Director
Nick DeMare	- Chief Financial Officer (“CFO”) and Corporate Secretary

Company History

The Company was incorporated on October 27, 2010 under the *Business Corporations Act* (British Columbia) as Tasex Capital Limited. The Company’s common shares began trading on the TSX Venture Exchange (the “TSXV”) as a capital pool company on June 10, 2011. On February 22, 2012 the Company completed the acquisition of the Woxna Project and changed its name to Flinders Resources Limited. On August 25, 2016 the Company completed the acquisition of Tasman Metals Ltd. (“Tasman”) and changed its name to Leading Edge Materials Corp. The Company’s common shares trade on the TSXV as a Tier 1 mining issuer under the symbol “LEM”, on the OTCQB under the symbol “LEMIF” and on the Nasdaq First North, trading under the symbol “LEMSE”. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Update on Developments in the European Battery Industry

Lithium-ion battery and electric vehicle (“EV”) markets are showing very rapid potential growth through the aligned interests of battery manufacturers, the automotive industry and the European Commission. Industry news during the reporting period has continued to be very positive for future battery raw material demand, with Europe cementing a leading position.

The world’s largest light vehicle manufacturer Volkswagen AG have expressed in their “Strategy 2025” the ambition to offer more than 50 EV models by 2025. The planned roll out shall consume at least 150 GWh of annual battery capacity, equivalent to six of Tesla’s Nevada giga-factories.

As one of numerous battery supply solutions, Volkswagen AG and Swedish battery manufacturer Northvolt AB recently announced a 50/50 joint venture to build a lithium-ion battery factory in Salzgitter, Germany. Start of production is planned for the end of 2023 with an initial annual output of 16 GWh.

Daimler’s recent “Ambition 2039” statement outlined the aim to have plug-in hybrids or EVs comprise more than 50% of its car sales by 2030. In line with this aim, Daimler announced a partnership with Farasis Energy, a Chinese developer and supplier of lithium-ion battery technologies, to build batteries in Germany. A site for this manufacturing is yet to be announced, however the factory is planned to be carbon neutral.

Such developments are on top of existing commitments by Northvolt who have received €86 million funding from the Volkswagen Group, Goldman Sachs, BMW Group, AMF, Folksam Group and IMAS Foundation. Strength of the market is confirmed by Northvolt reporting €3 billion in battery pre-sales through to 2030. First production is planned for 2021, with Northvolt aiming build the world’s greenest battery cell with a minimal carbon footprint and a high proportion of locally sourced materials. Based on typical industry figures, the Stage 1 facility will require between 14,000 and 18,000 tonnes of blended natural and synthetic graphite anode per year.

The European Commission forecasts 400 GWh of annual battery demand in Europe by 2025, with a market value of approximately €250 billion. The European Commission’s Vice President for the Energy Union, Maroš Šefčovič

continues to express the urgency for a secure, transparent and integrated European battery materials supply chain that combines domestic mined materials, recycled materials and imports.

After a recent EU Battery Alliance meeting, Mr Šefčovič stated: “We must also show that we mean business when filling the remaining gaps in the value chain, notably mining and refining. EU companies need to be better supported to invest in sustainable mining and refining of raw materials – both in EU and third countries. We plan to launch a European Raw materials investment facility with the EBRD and the EIB - hopefully at the end of the year.”

And even more succinctly, Mr Šefčovič was quoted at the European Investment Bank (EIB) Board of Directors’ meeting on 12th June 2019 stating: “We still have a major gap in the battery value chain: I would like to address the critical issue of access to raw materials. Without undertaking its own exploration, the EU will have no mining projects. This, in turn, means no refineries and, without refining capacity, the EU will continue to be in great part dependent on foreign supplies of high quality materials. In a nutshell: we cannot sit idle while China is taking control of all the supply.”

Leading Edge Materials remains an active core member of the EU Battery Alliance.

Achievements

Work undertaken by Leading Edge Materials during the third quarter of 2019 was in line with the Board’s plan to benefit from the roll out of transport electrification in Europe, while responding to the findings of an internal strategic review completed May 2019 and reflecting current market conditions for exploration and mining financing.

The strategic review highlighted that the Company’s combination of discovery-stage and development-stage assets may present different requirements with regard to operational structure, capital needs and investor preferences. The Board elected to seek direct funding into its Swedish subsidiary Woxna Graphite AB and, if successful, initiate the transition of Woxna Graphite AB into a freestanding company. A freestanding structure may enable Woxna Graphite AB to execute more effectively upon a high value graphite materials business plan, undertake financings independent of Leading Edge Materials, and allow the local team to be expanded to focus on customer and stakeholder relationships. Furthermore, it is anticipated that Woxna Graphite AB will be in a stronger position to benefit from Swedish and European public funding opportunities that are developing in the battery materials sector.

Direct funding opportunities have been sought during the reporting period. The Board is reviewing potential alternatives, along with identifying appropriate leadership and other resources. The Board will communicate these findings as they become available. The Board emphasizes that Leading Edge Materials will continue to hold significant exposure to the success of the Woxna graphite mine as a future graphite materials supplier.

The Board is continuing to execute on other assets within the Company’s portfolio in the Nordic region and Romania, including supporting mine lease permitting the Norra Kärr rare earth element project while identifying project improvements that reduce the environmental footprint; and progressing the Romanian exploration alliance towards exploration licence status at Bihor Sud.

Woxna Graphite Mine and Production Facility

The Woxna graphite mine and production facility is comprised of four graphite deposits, an open pit mine, a fully permitted 100,000 ton per annum processing plant and tailings dam, located some 8 kilometres (“km”) WNW of the town of Edsbyn, Sweden, approximately 3.5 hour drive north of Stockholm. Access is via 10 km of all-weather forest road from Highway 301. The principal property is the Kringelgruvan concession, where permission to mine remains current until 2041. It is noteworthy that the Woxna mine and processing facility is currently held on a production ready basis.

At Woxna, the Company is focused on optimization of the processes required to convert low value graphite into high value finished products including lithium-ion battery-ready anode material.

During the reporting period, research was completed to manufacture expandable graphite using material from Woxna. Research was completed in Germany with leading consultancy ProGraphite GmbH. ProGraphite used run-of-mine +80 mesh (>180 micron) material from the Woxna mine to test a range of standard process variables. Testing

demonstrated that a combination of sulphuric acid and potassium permanganate delivered optimal results, expanding up to 215 ml/g (480 times) when heated to 1000°C.

This degree of expansion is in line with expandable graphite products available in the market today. Additional process optimization and product improvement is anticipated through further research. The methods tested did not require the use of toxic chromium, lead, or bromine-bearing chemicals that are used in the manufacture of some Chinese expandable graphite.

Expandable natural graphite is a critical industrial material, with a significant and growing market. Current market size is estimated to be 70,000 to 80,000 tonnes per year, with approximately 45% of demand coming from manufacture of fire-resistant materials. Other market segments include flexible foils, conductivity additives, and a small volume as a graphene manufacturing pre-cursor. Pricing of expandable graphite is based on flake size, expansion ratio and purity, and lies in the range of US \$2000 - US \$4000 per tonne. Of note, the purity requirements for expandable graphite are substantially lower than battery materials. Leading Edge Materials is now preparing for follow up test work with increased sample size to optimize process conditions and material economics.

Subject to financing, the Company plans to advance the development of an onsite demonstration plant to produce battery-ready graphite anode. This demonstration plant will allow engagement with customers by providing volumes of anode materials that are adequate to be used within customer test circuits. Additionally, the demonstration plant will enable evaluation of by-products including expandable graphite to develop markets for all materials produced at Woxna, and optimize technical and economic steps to progress to commercial anode production.

An engineering study (the “Study”) was completed by a leading global engineering firm during May 2019, using data from the extensive purification and spheronisation test work completed by the Company over past years. The Study provides design, installation and cost estimate criteria for a spheronisation and thermal purification process that can deliver approximately 100kg per day of high purity natural graphite anode suitable for lithium ion batteries.

The thermal purification process is designed with a high degree of flexibility. Recent test work by Leading Edge Materials has produced ultra-high purity graphite up to 99.998% carbon and the process flexibility will allow purity to be tailored to customers’ performance and price requirements. Spheronisation test work produced D50 size ranges from 15-25 micron with D10 ranges of 7-12 micron and D90 from 28-35 micron. These ranges meet specifications provided by potential customers and are consistent with anode materials used by all current lithium ion battery manufacturers.

Furthermore, thermal purification removes the need to transport, handle and dispose of the toxic chemicals typically required for natural graphite purification. Today, 100% of natural graphite anode is manufactured in China using chemical leaching which emits waste streams for treatment or disposal. In contrast, the thermal purification process designed for the Woxna demonstration plant requires no chemicals, instead using elevated temperature to remove impurities. The purification furnace at Woxna will be operated using cost competitive Swedish hydroelectric power which is expected to result in a low carbon footprint.

The demonstration plant is designed to deliver essential operating data, including energy requirements, cost, environmental and health and safety considerations that can be incorporated into mine scale design. The demonstration plant costing incorporates equipment manufacturer quotations, and is designed to be installed on the Leading Edge Materials Woxna mine site, where space, adequate power, skilled personnel and waste management facilities are already in place.

Leading Edge Materials has received written confirmation from the Gävleborg Länsstyrelsen (“County Administration Board”) that based on the engineered design, the demonstration will conform with current site permits.

The Company maintains the Woxna processing plant in an operation ready status and can be run on an as needed basis. Leading Edge Materials is positioning Woxna as the supplier of choice in terms of price, supply security, sustainability and quality to the European lithium ion battery and graphite markets. The production model being implemented aims to displace Chinese produced synthetic graphite with Swedish produced natural graphite products.

Technical Report

In 2014, Leading Edge Materials commissioned Reed Leyton Consulting (“Reed Leyton”) to prepare a technical report (the “Technical Report”) in accordance with Canadian National Instrument 43-101 (“NI 43-101”) for the Kringelgruven (“Kringelgruven”), Gropabo (“Gropabo”), Mattsmyra (“Mattsmyra”) and Månsberg (“Månsberg”) graphite deposits that form part of the Company’s 100% owned Woxna graphite assets. The Technical Report is dated with an effective date of March 24, 2015 and was prepared in accordance with NI 43-101 Standards of Disclosure for Mineral Projects. The Qualified Person responsible for the Technical Report is Mr. Geoff Reed, consulting geologist for Reed Leyton.

Mineral Resources

Leading Edge Materials’ four graphite deposits (Kringelgruvan, Gropabo, Mattsmyra and Månsberg) located along a 40km trend in central Sweden, and are each held on Mining Leases. The partially mined Kringelgruvan deposit lies adjacent to the processing plant, tailings dam and related infrastructure.

Table 1: Total Measured and Indicated Mineral Resources at the Woxna Graphite Project, Sweden.
Effective date March 24, 2015

Mining Lease	Classification	Tonnes x 1,000,000 (Mt)	Graphite (“Cg”) %
Gropabo	Indicated	1.5	8.8
Mattsmyra	Indicated	3.4	8.4
Kringelgruven*	Measured	1.0	10.7
Kringelgruven*	Indicated	1.8	10.7
TOTAL	Measured + Indicated	7.7	9.3

*Previously reported, refer to Company’s press release September 3, 2013 and November 5, 2013 with an effective date of October 11, 2013

Table 2: Total Inferred Mineral Resources at the Woxna Graphite Project, Sweden.
Effective date March 24, 2015

Mining Lease	Classification	Tonnes (Mt)	Cg %
Gropabo	Inferred	0.7	8.7
Mattsmyra	Inferred	1.2	8.4
TOTAL	Inferred	1.9	8.5

Cautionary Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

In addition to the Kringelgruvan, Gropabo, and Mattsmyra, the Månsberg flake graphite deposit contains historic resources. Månsberg will continue to be classified as historic resources.

Readers are encouraged to read the entire Technical Report which is available for download on the Company’s website at www.leadingedgematerials.com or under the Company’s Profile on SEDAR at www.sedar.com

As a result of the new estimated mineral resources for the Woxna Project, effective March 24, 2015, there is no longer a current PEA for the Woxna Project and the previous PEA released by the Company in 2013 is no longer current or valid as it does not consider these additional mineral resources. The Company cautions that it has no plans to complete a new preliminary economic assessment, a pre-feasibility or feasibility study at this time on the Woxna Project, as a result, there is an increased risk of technical and economic failure for the Woxna Project.

The decision to recommence mining at Woxna in 2014 was not based on a feasibility study of mineral reserves demonstrating economic and technical viability as the Company was of the view that the establishment of mineral reserves was not necessary. There is increased uncertainty and risk of economic and technical failure associated with such production decisions. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing or other relevant issues.

During fiscal 2014 technical feasibility of the extraction of mineral resources at the Woxna graphite mine was demonstrated, transitioning Leading Edge Materials to the development stage of mining. The Woxna processing facility was refurbished and upgraded with new equipment in the first half of 2014 after which the processing plant commenced operation by feeding stockpiled graphitic material into the plant during July 2014. The plant was operated until the end of 2014 on stockpiled graphitic rock and mining of fresh graphitic rock commenced in Q1 2015. The freshly mined graphitic rock was fed into the Woxna processing facility and operated at normal design capacity producing graphite concentrate inventory. This inventory was stockpiled due to declining global flake graphite demand during 2015. Effective August 1, 2015 the Company determined that the refurbishment and commissioning of the Woxna Graphite Mine was complete. The Woxna graphite mine is not currently operating and will not commence meaningful production until market conditions warrant. The Company is pursuing opportunities to produce higher value specialty products including high purity graphite for lithium ion batteries.

The Company's Board of Directors formed the view that the costs of undertaking a feasibility study for a brownfield project of this type and scale was cost prohibitive. Therefore, the Company determined the most responsible utilization of financial resources was to restart the mine and processing plant to establish itself in the graphite market as quickly as possible. The Company acknowledges an increased uncertainty and risk of economic and technical failure associated with production decisions not supported by pre-feasibility and feasibility studies that are structured for a large greenfield project. With the cost of this brownfield project, the Company believes its financial decision to restart the Woxna mine was justified without the contribution from an extensive series of studies.

It was concluded that the risk of restarting the plant was manageable, demonstrated in the cost effective manner the facility was refurbished and restarted for a low capital cost. Although prices for some graphite products have been on the rise since mid-2016, the Woxna plant remains on a production ready status and can be restarted if graphite products demonstrate consistent price rises to a profitable level.

Bihor Sud Cobalt Nickel Project

In 2018 Leading Edge Materials initiated an Exploration Alliance (the "Exploration Alliance") in Romania focused on the discovery and development of lithium ion battery raw materials. The Exploration Alliance has principally been directed towards cobalt mineralization within the Upper Cretaceous Carpathian magmatic belt of the Balkan region, with an eye to identifying other opportunities. The Carpathian is a well mineralized intrusive arc that extends from Western Turkey to Hungary, forming the western end of the Tethyan Metallogenic Belt.

Following technical and commercial due diligence, Leading Edge Materials established a local branch company ("LEM Romania") of which it is the majority shareholder with the right to earn a 90% interest. During 2018 and 2019, LEM Romania completed various prospecting, sampling and geological activity across an area of 25.5 sq km (2,550 ha) pertaining to the Bihor Sud Prospecting Permit in central western Romania.

Results from the Bihor Sud Prospecting Permit were considered encouraging, and consequently LEM Romania submitted a request that the Romanian Mining Inspectorate ("Agenția Națională pentru Resurse Minerale") publish an Exploration License tender across the prospective areas. Publication of the request for tenders for the Bihor Sud Exploration License occurred during August 2019 and a tender document is now being prepared.

Norra Kärr REE Project

Norra Kärr lies in south-central Sweden, 15 km northeast of the township of Gränna and 300 km southwest of the capital Stockholm in mixed forestry and farming land. The project is 100% owned by the Company via an Exploration Licence ("EL") granted August 31, 2009. On March 19, 2018 the Company was advised by Swedish Mines Inspectorate ("Bergsstaten") that the EL had been extended until August 31, 2019. During August 2019, an application to extend the EL for an additional 3 years was submitted to the Bergsstaten.

Process development testwork and other activity at Norra Kärr remains restricted while permitting of a Mining Lease is resolved.

Norra Kärr is highly significant within Europe and can deliver a secure long-term source of rare earth elements ("REE"), zirconium, hafnium and niobium to European renewable energy and electric vehicle industries. The Norra Kärr REE deposit was first discovered and drill tested by Leading Edge Materials (then Tasman Metals Ltd.) in 2009. Following thick intersections of mineralized rock, the project progressed quickly through drill out, metallurgical

testing, resource calculation, Preliminary Economic Assessment (“PEA”), environmental and social studies, and Mining Lease application, culminating in a Pre-Feasibility Study (“PFS”) completed in 2015. Relevant supporting documentation can be found on the Company’s website.

Norra Kärr is a peralkaline nepheline syenite intrusion which covers 450m x 1,500m in area. The deepest extents of the REE mineralized intrusion have not been delineated but exceed 350m. Mineralogical studies show nearly all REE in the deposit is found within the mineral eudialyte, which is enriched in heavy REEs, in particular dysprosium.

Due to the unique status of Norra Kärr, being one of only two NI43-101 REE resources on mainland Europe, the project was identified as potentially significant for European REE security (“ERECON study”), and well supported by European Commission funding for process research (Horizon2020 funded EURARE study). Subsequent to the publication of the PFS, research by EURARE identified an optimized flowsheet for eudialyte processing, and produced 25kg of REE oxalate from Norra Kärr mineral concentrates. Furthermore, a by-product of high purity nepheline/feldspar was produced which is believed suitable for European ceramic and glass markets.

Mining Lease

A mining lease for Norra Kärr, is presently under reapplication with the Bergsstaten following a recommendation by the Swedish Supreme Administrative Court (“SAC”). In 2016, a Swedish governmental review of a Supreme Administrative Court (“SAC”) interpretation of the Swedish Mining Act lead the Bergsstaten to reassess four granted Mining Leases. This review included the Company’s Norra Kärr Mining Lease. The Company continues to hold exclusive rights to the Norra Kärr project throughout the Mining Lease application process.

The Bergsstaten requested additional information from Leading Edge Materials to complete their reassessment. In mid-January 2018 the Company submitted all required information to Bergsstaten, to complement the original Norra Kärr Mining Lease application documentation submitted in 2013. As part of the review process, the Bergsstaten forwarded this supplementary information to various stakeholders for opinion, including the County Administration Board (“Länsstyrelsen”). The Länsstyrelsen published their response in Sweden June 15, 2018, requesting further information before an opinion on the Norra Kärr Mining Lease application can be delivered.

Subsequently, discussions were held with the Bergsstaten and this additional information was submitted in December 2018. On March 8, 2019, Länsstyrelsen submitted their opinion that more information is required for them to support re-granting of the Norra Kärr Mining Lease. Leading Edge Materials reviewed the comments of the Länsstyrelsen, and has initiated a Natura2000 permit application on Natura2000 areas in the Norra Kärr region which may be influenced by a future mining operation. The Natura2000 permit application will be progressed within the Swedish summer months and submitted to support the Mining Lease application.

The environmental data to support the Natura2000 permit application has largely been collected by the Company as part of previous work conducted including during the PFS study. During the reporting period, a summary of the Natura2000 assessment was submitted to the Länsstyrelsen for review and public comment. Responses are awaited.

For granting of a Mining Lease in Sweden, conditions include that the Bergsstaten and Länsstyrelsen must be in agreement. In the circumstance that the Bergsstaten and Länsstyrelsen have contrasting opinions, the decision is referred to the Regeringen (“Swedish Government”) for adjudication. For reference, when the Norra Kärr Mining Lease was granted in 2013, the Bergsstaten and Länsstyrelsen were aligned in support of the Mining Lease granting, and referral to the Regeringen was not required.

Previous Process Development

Norra Kärr is a zirconium (“Zr”) and heavy REE enriched peralkaline nepheline syenite intrusion which covers 450m x 1,500m in area. The deepest extents of the REE mineralized intrusion exceed 350m. The rock units comprising the Norra Kärr intrusion include mineral phases that are comprised of or associated with REEs, Zr, Nb, Y and Hf.

Mineralogical studies show nearly all of the REE in the deposit is found within the mineral eudialyte. Eudialyte at Norra Kärr is relatively rich in REE’s compared to most other similar deposits globally, and also contains a very high proportion of high value heavy REE’s. A total of 121 exploration holes have been completed since work began in 2009, typically on 50m sections.

Previous process development research on Norra Kärr achieved significant technical milestones. Hydrometallurgical research targeted optimized REE extraction from eudialyte, and developed a new process delivering high REE recovery with a substantial reduction in process water consumed. In addition, this new process provided the opportunity for the efficient recovery of the additional high value metals hafnium and zirconium. Research culminated with the production of approximately 25 kg of mixed REE carbonate produced from a eudialyte concentrate, using a new and optimized hydrometallurgical flowsheet.

Magnetic separation was chosen as the preferred beneficiation pathway, in line with the processing research previously completed by the Company that indicated REE recovery of 86%. A total of approximately 500 kg of eudialyte mineral concentrate was produced from beneficiation of more than 5 tonnes of representative mineralized drill core.

In addition, more than 1 tonne of non-magnetic nepheline/feldspar by-product was produced, which has been delivered to the Company in Sweden. High purity nepheline and feldspar are highly sought for use in ceramic, paint, glass, cement and building products, and the Company shall seek to further optimize material for these markets.

In 2018 the Geological Survey of Finland (“GTK”) undertook testwork on a bulk sample originally collected under the EURARE Horizon 2020 project. Nine tests were completed where the nepheline/feldspar sample was passed through a second phase of magnetic separation under varying conditions to remove any remaining iron impurity. This “clean-up” stage was highly effective in removing iron, which was lowered to a level consistent with peer materials that are sold within Europe today. Once sub-20 micron material was screened out, iron oxide (“Fe₂O₃”) content of 0.1% was achieved with an iron oxide (ppm) to aluminum (%) ratio ranging from 45 to 50.

EURARE was a 5-year research project co-funded by the European Commission under the Seventh Framework Programme of the European Community for Research, Technological Development and Demonstration Activities (Grant Agreement NMP2-LA-2012-309373). The project completed research on Norra Kärr and other European REE deposits with a final technical meeting in November 2017.

In March 2015, Tasman published a comprehensive Pre-Feasibility Study (“PFS”) for the Norra Kärr project. PFS conclusions are supported by very extensive drilling, sampling, process testwork and REE consumer discussions. The PFS is a complete study, addressing in addition to mining and processing, all required on site and off site infrastructure, land access, reagent and fuel transport and storage, power access, water recycling and purification, waste rock and tailings storage, and final closure. Engineering work focused on applying the lowest risk process solutions using commercially available technology.

A technical report supporting the PFS is available in its entirety, on the SEDAR website at www.sedar.com, under Tasman’s SEDAR profile, or the Company’s website at www.leadingedgematerials.com. The PFS was prepared by GBM Minerals Engineering Consultants Limited (“GBM”), under the guidance of Michael Short, Principal Consultant for GBM who is a “Qualified Person” in accordance with NI 43-101.

The Mineral Resource and Mineral Reserve estimates were completed by Wardell Armstrong International Limited under the supervision of Greg Moseley and Mark Mounde, who are both “Qualified Persons” in accordance with NI 43-101. The process for the integrated processing plant for the PFS was completed by GBM under the supervision of Thomas Apelt who is a “Qualified Person” in accordance with NI 43-101. The infrastructure design and cost estimation for the PFS was completed by GBM under the supervision of Michael Short who is a “Qualified Person” in accordance with NI 43-101. The environmental and social section and the permitting review for the PFS was completed by Golder Associate Oy under the supervision of Gareth Digges La Touche who is a “Qualified Person” in accordance with NI 43-101.

Bergby Lithium Project

Bergby is a lithium project located in central Sweden, 25km north of the town of Gävle. The claim area totals 1,903 hectares with major roads, rail and power supply passing immediately adjacent to the claim boundaries. Mapping and sampling of the Bergby claim in late 2016 and early 2017 located a large number of angular pegmatitic and aplitic lithium-mineralized boulders within an area of 650 metres by 250 metres and demonstrated spodumene and petalite host minerals. Analytical results for the 27 boulder samples averaged 0.85% Li₂O (lithium oxide) and ranged from 0.08% Li₂O to 2.3% Li₂O. The boulders are anomalous in other elements which characterize lithium-caesium-tantalum (“LCT”) pegmatites that are regularly associated with lithium deposits.

Bergby has been tested by a total of 33 drill holes to a maximum depth of 131.1m over an approximate 1500m strike length. Mineralization drilled to date lies very close to surface, and extends from the outcrop beneath thin glacial soil cover. Intersections often include elevated levels of tantalum.

Leading Edge Materials, through its Swedish subsidiary Woxna Graphite AB, is a project member of the EIT Rawmaterials' LiRef project. The project is validating two conversion processes with the target to develop one robust and flexible process transforming spodumene concentrate into battery grade lithium chemical. It aims to foster the development of a sustainable European value chain. The partners include four mining companies (Savannah Resources, Leading Edge, Keliber and Europena Lithium) as well as Aurora Lithium AB, Outotec, FLSmidth, GTK and Luleå University of Technology.

Additional targets are being reviewed at Bergby and the surrounding areas.

Qualified Person

The qualified person for the Company's project, Mr. Mark Saxon, B.Sc. Hons (Geology), a Fellow of the Australasian Institute of Mining and Metallurgy, the Company's Interim President and CEO, has reviewed and verified the contents of this document.

Financial Information

The report for the year-ended October 31, 2019 is expected to be published on or about January 30, 2020.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS.

Three Months Ended	Fiscal 2019			Fiscal 2018				Fiscal 2017
	July 31, 2019 \$	April 30, 2019 \$	January 31, 2019 \$	October 31, 2018 \$	July 31, 2018 \$	April 30, 2018 \$	January 31, 2018 \$	October 31, 2017 \$
Operations								
Expenses	(561,771)	(571,749)	(850,681)	(1,151,305)	(697,426)	(665,364)	(1,976,066)	(843,952)
Other items	27,101	46,864	1,602	39,448	(7,721)	32,508	39,641	75,938
Comprehensive loss	(534,670)	(524,885)	(849,079)	(1,111,857)	(705,147)	(632,856)	(1,936,425)	(768,014)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.00)
Financial Position								
Working capital	518,129	929,183	1,438,895	960,707	1,369,748	2,041,550	2,698,150	3,490,760
Total assets	34,088,219	35,359,241	35,766,406	35,075,446	36,132,517	36,139,745	36,902,593	37,915,728
Total non-current liabilities	(7,876,382)	(8,637,726)	(8,515,027)	(8,306,212)	(8,902,310)	(8,157,203)	(8,204,190)	(8,330,321)

Results of Operations

Three Months Ended July 31, 2019 Compared to Three Months Ended April 30, 2019

During the three months ended July 31, 2019 (the "Q3") the Company reported a net loss of \$534,670 compared to a net loss of \$524,885 for the prior three months ended April 30, 2019 (the "Q2"), for a minimal increase in loss of \$9,785. During Q3 the Company recognized \$126,000 share based compensation compared to \$23,100 in Q2 due to increases in share option grants. The increase was primarily offset by a general reduction in expense and foreign exchange gains recorded in Q3.

Nine Months Ended July 31, 2019 Compared to Nine Months Ended July 31, 2018

During the nine months ended July 31, 2019 (the "2019 period") the Company reported a comprehensive loss of \$1,908,634 compared to a comprehensive loss of \$3,274,428 for the nine months ended July 31, 2018 (the "2018 period"), a decrease in loss of \$1,365,794. The decrease in loss is primarily attributed to the recognition of share-based compensation of \$1,168,525 on the granting of stock options in the 2018 period compared to \$226,273 during the 2019 period.

Excluding share-based compensation expenses decreased by \$415,578, from \$2,173,506 during the 2018 period to \$1,757,928 during the 2019 period. Specific expenses of note during the 2019 period are as follows:

- (i) incurred \$425,498 (2018 - \$335,154) for directors and officers compensation. During the 2019 period a \$200,000 severance fee was paid to Mr. Way, the Company's former President and CEO, pursuant to the management contract. See also "Related Party Transactions and Balances";
- (ii) incurred \$107,942 (2018 - \$211,796) for regulatory fees. During the 2018 period the Company incurred significant fees for the application and listing of its common shares on the Nasdaq First North Exchange;
- (iii) incurred a total of \$72,339 (2018 - \$81,486) for accounting and administration services of which \$42,600 (2018 - \$46,000) was for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private corporation controlled by Mr. DeMare, and \$29,739 (2018 - \$35,486) was for bookkeeping and accounting services provided by an independent accountant in Sweden;
- (iv) shareholder costs increased by \$11,829, from \$30,498 during the 2018 period to \$42,327 during the 2019 period for increased costs for news dissemination;
- (v) incurred a total of \$12,675 (2018 - \$154,565) for legal expenses. During the 2018 period the Company incurred significant legal fees for the Company's listing of its common shares on the NASDAQ First North Exchange;
- (vi) incurred a total of \$79,410 (2018 - \$21,828) for consulting fees. During the 2019 period the Company engaged a number of consultants for administrative and financial services;
- (vii) recorded research and development expenses of \$99,761 (2018 - \$161,671);
- (viii) recorded rent expense of \$31,441 (2018 - \$3,015). During the 2019 period the Company incurred rent for an additional exploration office in Romania;
- (ix) incurred a total of \$127,288 (2018 - \$146,722) for corporate development expenses. During the 2019 and 2018 periods the Company participated in several market awareness programs;
- (x) general exploration expenses of \$87,018 (2018 - \$91,044) was recorded during the 2019 period for exploration and licensing performed on the Bihor Sud Project in Romania; and
- (xi) incurred \$38,996 (2018 - \$130,497) for travel expenses. During the 2018 period, Company personnel visited various mineral exploration properties, attended several investment conferences and reviewed research and development projects on the Woxna Graphite Mine; and
- (xii) incurred \$7,703 (2018 - \$37,144) for investment conference fees. During the 2018 period Company personnel attended several investment conferences.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the 2019 period the Company reported interest income of \$19,441 compared to \$30,874 during the 2018 period due to lower levels of cash held during the 2019 period.

Financings

During the 2019 period the Company completed a private placement financing of 6,027,855 units at \$0.28 per unit for gross proceeds of \$1,687,799. The net proceeds from this financing has been designated for general corporate requirements.

No financings were undertaken during the 2018 period. The Company issued 400,000 common shares on the exercise of share options for \$156,000.

Property, Plant and Equipment

	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Cost:						
Balance - October 31, 2017	81,147	287,018	344,139	7,567,878	9,487,156	17,767,338
Adjustment to site restoration	-	-	-	-	(42,742)	(42,742)
Balance - October 31, 2018	81,147	287,018	344,139	7,567,878	9,444,414	17,724,596
Addition	-	-	-	-	2,714	2,714
Adjustment to site restoration	-	-	-	-	(437,894)	(437,894)
Balance - July 31, 2019	81,147	287,018	344,139	7,567,878	9,009,234	17,289,416

	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Accumulated Depreciation:						
Balance - October 31, 2017	(53,451)	(248,224)	(49,484)	(110,218)	-	(461,377)
Depreciation	(6,720)	(8,079)	(22,013)	-	-	(36,812)
Balance - October 31, 2018	(60,171)	(256,303)	(71,497)	(110,218)	-	(498,189)
Depreciation	(5,040)	(3,193)	(16,349)	-	-	(24,582)
Balance - July 31, 2019	(65,211)	(259,496)	(87,846)	(110,218)	-	(522,771)
Carrying Value:						
Balance - October 31, 2018	20,976	30,715	272,642	7,457,660	9,444,414	17,226,407
Balance - July 31, 2019	15,936	27,522	256,293	7,457,660	9,009,234	16,766,645

During the 2019 period the Company recorded total additions of \$2,714 (2018 - \$nil) and recognized a credit adjustment to site restoration of \$437,894 (2018 - debit of \$554,152) primarily due to the impact of foreign exchange movements on the site restoration provision.

Exploration and Evaluation Assets

	Graphite Exploration Concessions \$	Norra Kärr \$	Bergby \$	Other \$	Total \$
Balance at October 31, 2017	41,363	15,482,964	391,523	89,056	16,004,906
Exploration costs					
Consulting	-	52,548	-	-	52,548
Environmental	-	155,389	-	-	155,389
Exploration site	-	-	1,035	-	1,035
Geochemical	-	-	5,345	-	5,345
Geological	-	17,634	9,127	-	26,761
Geophysical	-	-	-	1,231	1,231
Permitting	-	19,288	-	-	19,288
	-	244,859	15,507	1,231	261,597
Acquisition costs					
Mining rights	6,599	8,583	-	2,290	17,472
Impairment	(29,159)	-	-	(92,577)	(121,736)
Balance at October 31, 2018	18,803	15,736,406	407,030	-	16,162,239
Exploration costs					
Geological	-	10,472	-	-	10,472
Permitting	-	29,210	-	-	29,210
	-	39,682	-	-	39,682
Acquisition costs					
Mining rights	1,953	-	-	-	1,953
Balance at July 31, 2019	20,756	15,776,088	407,030	-	16,203,874

During the 2019 period the Company recorded total additions of \$37,729 (2018 - \$241,603) and recognized an impairment of \$nil (2018 - \$19,584.)

Financial Condition / Capital Resources

During the 2019 period the Company recorded a net loss of \$1,908,634 and, as at July 31, 2019, the Company had an accumulated deficit of \$28,962,958 and working capital of \$518,129. The Company is maintaining its Woxna Graphite Mine on a “production-ready” basis to minimize costs. The Company currently has no significant budget

allocated for the Norra Kärr Project. The Company anticipates that it will require additional capital to meet anticipated levels of corporate administration and overheads for the ensuing twelve months, to recommence operations at the Woxna Graphite Mine and/or modernize the plant to produce value added production. The Company is conducting a strategic review which may result in direct funding of Woxna Graphite AB. There are no assurances that the Company will be successful in obtaining funding. In addition the Norra Kärr Property will require significant funds for development. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations. Whether the Company can generate positive cash flow and, ultimately, achieve profitability is uncertain. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's critical accounting estimates is included in Note 3 to the October 31, 2018 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies other than:

Financial Instruments

Effective November 1, 2018, the Company adopted IFRS 9 - *Financial Instruments* ("IFRS 9") using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the October 31, 2018 audited annual consolidated financial statements.

Related Party Transactions and Balances

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) During the 2019 and 2018 period the following compensation was incurred:

	2019 \$	2018 \$
Management fees - Mr. Way, former President, CEO and director ⁽¹⁾	49,998	149,994
Termination fee - Mr. Way ⁽¹⁾	200,000	-
Consulting fees - Mr. Hudson, Chairman and director	22,500	22,500
Consulting fees - Mr. Kozlowski, director	22,500	22,500
Consulting fees - Mr. DeMare, CFO, Corporate Secretary and former director ⁽³⁾	22,500	22,500
Consulting fees - Mr. Saxon, interim CEO, interim President and director ⁽²⁾	108,000	108,000
Consulting fees - Ms. Bermudez, former Corporate Secretary ⁽⁴⁾	-	9,660
Share-based compensation - Mr. Way	-	172,000
Share-based compensation - Mr. Hudson	-	172,000
Share-based compensation - Mr. DeMare	-	118,250
Share-based compensation - Mr. Saxon	-	172,000
Share-based compensation - Mr. Kozlowski	-	172,000
Share-based compensation - Ms. Bermudez	-	86,000
	<u>425,498</u>	<u>1,227,404</u>

(1) Mr. Way resigned as CEO, President and a director on January 31, 2019 and Mr. Saxon was appointed interim CEO and President. The \$200,000 was paid to Mr. Way pursuant to the terms of his employment agreement.

(2) Mr. Saxon received \$22,500 (2018 - \$22,500) for director fees and \$85,500 (2018 - \$85,500) for being a member of the technical advisory committee. On January 31, 2019, Mr. Saxon was appointed interim CEO and President.

(3) Mr. DeMare resigned as a director on December 15, 2017 but remains as the Company's CFO and was appointed as Corporate Secretary on April 30, 2018.

(4) Ms. Bermudez resigned as corporate secretary on April 30, 2018.

As at July 31, 2019, \$58,000 (October 31, 2018 - \$31,500) remained unpaid.

(b) During the 2019 period the Company incurred \$42,600 (2018 - \$46,000) to Chase, for accounting and administrative services provided by Chase personnel, exclusive of Mr. DeMare, and \$3,015 (2018 - \$3,015) for rent. As at July 31, 2019, \$335 (October 31, 2018 - \$4,170) remained unpaid.

During the 2018 period the Company also recorded \$53,750 for share-based compensation for share options granted to Chase.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at September 27, 2019, there were 95,667,391 issued and outstanding common shares, 13,764,595 warrants outstanding with exercise prices ranging from \$0.37 to \$0.80 per share and 7,873,109 share options outstanding with exercise prices ranging from \$0.165 to \$0.64 per share.