

## FORM 51-102F3

### MATERIAL CHANGE REPORT

#### *Item 1 Name and Address of Company*

Leading Edge Materials Corp. (“**Leading Edge Materials**” or the “**Company**”) of Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7

#### *Item 2 Date of Material Change*

August 7, 2020

#### *Item 3 News Release*

The August 7, 2020 news release, attached herewith, was disseminated via Cision and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on August 7, 2020.

#### *Item 4 Summary of Material Change(s)*

Leading Edge Materials (TSXV: LEM) (Nasdaq First North: LEMSE) (OTCQB: LEMIF) announced the closing of the non-brokered private placement financing (the “**Private Placement**”) previously announced on July 27, 2020. Pursuant to the Private Placement, the Company has issued 32,000,000 units (the “Units”) at a price of C\$0.11 per Unit for aggregate gross proceeds of C\$3,520,000. Each Unit consists of one Common Share and one common share purchase warrant (a “Warrant”). Each Warrant is exercisable into one common share of the Company (a “Warrant Share”) at an exercise price of C\$0.20 for a period of four years expiring on August 7, 2024. Mr. Eric Krafft, a director of the Company, has subscribed for and acquired 24,150,000 Common Shares under the Private Placement. Prior to the Private Placement, Mr. Krafft beneficially owned and controlled 22,554,404 Common Shares and 15,500,000 warrants of the Company. As a result of the Private Placement, Mr. Krafft has become a New Control Person (as defined by the policies of the Exchange).

#### *Item 5 Full Description of Material Change*

##### **5.1 Full Description of Material Change**

Leading Edge Materials closed the Private Placement announced on July 27, 2020. Under the Private Placement, the Company has issued 32,000,000 units (the “Units”) at a price of C\$0.11 per Unit for aggregate gross proceeds of C\$3,520,000. Each Unit consists of one Common Share and one common share purchase warrant (a “Warrant”). Each Warrant is exercisable into one common share of the Company (a “Warrant Share”) at an exercise price of C\$0.20 for a period of four years expiring on August 7, 2024.

Certain directors and officers of the Company subscribed for an aggregate of 27,770,000 Units under the Private Placement which constitutes a “related party transaction” as defined under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Company relied on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 based on the fact that neither the fair market value of the Units subscribed for by the insiders, nor the consideration for the Units paid by such insiders, exceeded 25% of the Company’s market capitalization as determined in accordance with MI 61-101.

Mr. Eric Krafft, a director of the Company, has subscribed for and acquired 24,150,000 Units under the Private Placement. Prior to the Private Placement, Mr. Krafft beneficially owned and controlled 22,554,404 Common Shares and 15,500,000 warrants of the Company. As a result of the Private Placement, Mr. Krafft has become a New Control Person (as defined by the policies of the Exchange), beneficially holding 46,704,404 common shares and 39,650,000 warrants of the Company, representing approximately 31.89% of the issued and outstanding Common Shares on a non-diluted basis, and 46.40% on a partially diluted basis, assuming the exercise of warrants held by Mr. Krafft only. The Company obtained disinterested shareholder approval at the Annual General Meeting held on July 24, 2020 for Mr. Krafft to become a new Control Person of the Company.

The Private Placement was unanimously approved by the board of directors of the Company, with the interested directors each having declared their interest and abstaining from voting with respect to their interest therein.

The Units issued under the Private Placement have are subject to resale restrictions pursuant to a “distribution compliance period” (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”)) of one year expiring on August 8, 2021. In addition, a voluntary trading restriction has been placed on all securities issued under the Private Placement, including the securities issuable on exercise of the Warrants, pursuant to which such securities cannot be traded until August 8, 2021. This voluntary restriction runs concurrently with the above referenced one-year distribution compliance period under the U.S. Securities Act and with the statutory resale and transfer restrictions under applicable securities laws and policies of the Exchange.

The material change report is being filed after closing of the Private Placement. This was necessary in order to permit the Company to close the Private Placement in a timeframe consistent with usual market practice for transactions of this nature.

## **5.2 Disclosure for Restructuring Transactions**

N/A

### ***Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102***

N/A

### ***Item 7 Omitted Information***

N/A

### ***Item 8 Executive Officer***

For further information relating to this Material Change Report, please contact:

Nick DeMare, CFO and Corporate Secretary  
Tel: 604.685.9316

### ***Item 9 Date of Report***

August 10, 2020