



LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED JULY 31, 2023

This Management's Discussion and Analysis ("Interim MD&A") of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"), dated September 20, 2023, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended July 31, 2023, and the most recent annual audited consolidated financial statements and annual Management's Discussion and Analysis. The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and on the Company's website www.leadingedgematerials.com.

Forward Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable Canadian 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 tenure to the Norra Karr property; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Woxna project has never defined a mineral reserve or a feasibility study and the associated increased risk of technical and economic failure in case of restarting production; risks relating to the preliminary and non-binding nature of the MOU with Sicona.

Forward-looking statements relate, among other things, to statements regarding the future plans and objectives of Leading Edge Materials Corp., the feasibility study results, in-situ value, resource exploration and expansion results, future prospects of the Bihor Sud exploration permit or surrounding property, estimate of future metal prices, anticipated future revenue streams, and financing activities. It involves various risks assumptions, estimates and uncertainties that are based on current expectations and actual results may differ materially from those contained in such information. These risks, assumptions, estimates and uncertainties could adversely affect the outcome and financial effects of the plans and events described herein.

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.

Corporate Overview

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", on Nasdaq First North Stockholm under the symbol "LEMSE" and on Frankfurt under the symbol "7FL". The Company's principal office is located at 14th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1. The Company's strategy is focused on developing a portfolio of critical raw material projects located in the European Union. Critical raw materials are determined as such by the European Union based on their economic importance and supply risk. They are directly linked to high growth technologies such as batteries for electromobility and energy storage and permanent magnets for electric motors and wind power that underpin the clean energy transition towards climate neutrality. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra Karr HREE project (Sweden) and the 51% owned Bihor Sud Nickel Cobalt exploration project (Romania).

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

Eric Krafft	- Director and Interim CEO
Manuela Balaj-Coroiu	- Corporate Secretary
Sanjay Swarup	- CFO
Lars-Eric Johansson	- Director and Non-Executive Chairman
Daniel Major	- Director

Mangold Fondkommission AB is the Company's Certified Adviser on Nasdaq First North.

Highlights During and After the Quarter

During the three months ended July 31, 2023:

- On June 1, 2023, the Company announced in-situ assay results at over 30% Nickel and 4.7% Cobalt at Bihor Sud. Additionally, surface trench assay results indicate a zone of Pb-Zn-Ag mineralisation.

Subsequent to July 31, 2023:

- On August 23, 2023, company announced the closing of the non-brokered private placement financing. Pursuant to the Private Placement, the Company has issued 21,739,130 units at a price of C\$0.115 per unit for aggregate gross proceeds of C\$2,500,000.

Outlook

As mentioned in our last quarterly update¹, there are numerous new political and legislative initiatives to support mining and processing of critical raw materials in the EU. We are pleased to see the increasing political support focused on these key themes given their importance, tying together the issues of climate change, resilient supply chains for products needed to sustain our way of life, decreased dependence on regions which may not share our western values and future jobs. We feel that our Company has an important role to play in this reality and have projects particularly well positioned to benefit from these trends.

In addition to the EU Critical Raw Materials Act, which is well in process towards becoming legislation, there are increasing suggestions² for various ways the EU could stimulate direct funding of underlying projects in the short to midterm. Again, reading between the lines, we conclude that there is a definite sense of urgency in Europe (as in the US) to catch up with the enviable position of players in Asia.

As reported, the Company did a recent private placement raising gross proceeds of CAD 2.5m. More than half of this was subscribed by insiders, demonstrating continued commitment and conviction in our prospects. The remainder was taken up by a small number of professional long term sector investors.

Woxna Graphite Mine

In terms of our assets and the underlying materials needed for the green transition, natural graphite remains a particularly interesting commodity according to many analysts³. This because graphite is a core component in almost all lithium-ion chemistries, with extreme dependence on Asian supply chains and importance to help decarbonize battery anodes. Many analysts predict a six- to sevenfold increase in graphite demand by 2030⁴, amongst the most severe of any commodity.

We maintain our built and permitted Woxna graphite mine and plant on care and maintenance, while monitoring market signals to consider a restart of graphite concentrate production, as the first step to developing a downstream anode business. Despite the looming demand-supply deficit graphite prices have remained weak to date this year.⁵

The attractiveness of owning a built mine once the underlying commodity increases in value can't be overstated. This is why we are confident that Woxna will offer us a tremendous opportunity to benefit from the demand-supply imbalance.

¹ <https://leadingedgematerials.com/leading-edge-materials-reports-quarterly-results-to-april-30-2023/>

² <https://www.transportenvironment.org/discover/expansion-of-the-eu-innovation-fund-needed-for-battery-supply-chain/>

³ <https://www.fastmarkets.com/insights/graphite-market-outlook-five-key-factors-to-watch>

⁴ <https://www.economist.com/finance-and-economics/2023/09/11/how-to-avoid-a-green-metals-crunch>

⁵ https://source.benchmarkminerals.com/article/why-battery-material-prices-slumped-under-pressure-in-the-first-half-of-2023?mc_cid=1c25ba3e5d&mc_eid=33b1527344

Additionally, there are signs that bifurcated markets are developing for battery materials, those from China and those of Western origins. This stems from both ESG and other concerns⁶ and may be seen in differentiated pricing⁷. Of course, Sweden has a great opportunity as a producer, and Woxna a first mover advantage.

Norra Kärr Heavy Rare Earth Project

At our Norra Kärr development project, we are progressing work with a Natura 2000 permit application. As this is done based on the new 2021 design of this project, we are benefitting from authorities and other stakeholders evaluating the merits of the project based on recent plans that substantially reduce the potential for environmental risk. In parallel, we have started working towards a new mining lease application as well as evaluating the most appropriate next stages of feasibility development.

Quite a bit has been happening recently in the rare earth and permanent magnet space. Prices for the magnet metals have increased⁸ because of supply concerns in Asia. We are told that China, being the dominant processor of concentrate and magnet producer, is actively trying to tie up supply around the world. In particular, it is the heavy rare earths which are a challenge to secure, with prices squeezing higher⁹.

Across the Baltic Sea, the Canadian company Neo Performance Materials have broken ground on building a rare earth permanent magnet factory in Estonia¹⁰. This is important as it demonstrates, as we have said, the emergence of new Western producers of these critical products. Norra Kärr, as one of the largest HREE deposits globally, and the only one in the EU, has the potential to be a cornerstone supplier to Western magnet producers.

Bihor Sud Nickel-Cobalt Exploration Project

Since having obtained permission to enter our underground galleries in January, this project has been advancing rapidly. Results are encouraging: in the first target gallery G7 we have encountered visual Co-Ni mineralization over 135 m until a collapsed zone in mineralized rocks which is currently being cleaned out to open another 900 m of gallery. This is important since it appears that mineralized zone continues beyond the collapsed rocks. Further extensive Co-Ni mineralization has been identified 50 m above G7 in a cross cut coming from the higher level gallery G4.

As communicated, in situ samples from G7 gallery walls have assayed up to 30% Ni and 4.7% Co while surface trench assay results indicate a zone of Pb-Zn-Ag mineralization. These results confirm our belief that this is a high prospective exploration project with potential for both scale and high-grade mineralization.

Line sampling of the Co-Ni-mineralization in G7 and the Pb-Zn-Cu-Ag mineralization in G4 was completed and samples sent for assaying. Results are expected shortly, and follow-up channel sampling is currently underway.

We are working towards doing a surface drill program on 50-100 m deep geophysical anomalies and to explore the depth extent of G7 Co-Ni-mineralization, as well as an underground drill program from inside G4 and G7.

Financial Information

The annual audited consolidated financial statements for the year ending October 31, 2023, is expected to be published on or about January 24, 2024.

⁶ <https://aheadoftheherd.com/import-ban-on-goods-made-with-chinese-slave-labor-extended-to-electric-car-batteries-richard-mills/>

⁷ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/north-american-graphite-market-to-disconnect-from-chinese-prices-76963809>

⁸ <https://www.reuters.com/markets/commodities/chinese-rare-earth-prices-hit-20-month-high-myanmar-supply-worry-2023-09-07/>

⁹ <http://news.chinatungsten.com/en/component/content/article/14-tungsten-news-en/tungsten-product-news/158697-tpn-12740.html>

¹⁰ <https://energydigital.com/articles/neo-produces-specialised-magnets-for-clean-energy-tech>

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 2023				Fiscal 2022			Fiscal 2021
	July 31, 2023 \$	April 30, 2023 \$	January 31, 2023 \$	October 31, 2022 \$	July 31, 2022 \$	April 30, 2022 \$	January 31, 2022 \$	October 31, 2021 \$
Operations								
Expenses	(313,950)	(1,048,182)	(570,549)	(425,075)	(419,050)	(433,894)	(1,874,407)	(583,391)
Other items	(8,442)	(187,421)	(66,586)	308,721	(190,659)	(356,226)	(219,942)	28,466
Comprehensive profit/(loss)	(322,392)	(1,235,603)	(637,135)	(116,354)	(609,709)	(790,120)	(2,094,349)	(554,925)
Basic Profit/(loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Diluted profit/(loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Financial Position								
Working capital	848,952	1,344,044	2,124,643	1,365,657	1,686,095	2,396,484	3,236,870	2,350,166
Total assets	23,584,544	24,181,654	24,845,430	23,832,418	24,827,062	25,000,847	30,597,341	28,756,406
Total non-current liabilities	(5,109,575)	(5,404,808)	(5,556,603)	(5,292,618)	(6,159,922)	(6,045,964)	(10,812,012)	(9,946,686)

Results of Operations

Three Months Ended July 31, 2023, Compared to Three Months Ended April 30, 2023

During the three months ended July 31, 2023 ("Q3 2023") the Company reported a net loss of \$322,392 compared to a reported net loss of \$1,235,603 for the three months ended April 30, 2023 ("Q2 2023"), an decrease in loss by \$913,211 the decrease in loss mainly due to share-based compensation related to granting of stock options under the Company's stock option plan of \$710,563 in Q2 2023 compared to share-based compensation of \$Nil in Q3 2023.

Three Months Ended July 31, 2023, Compared to Three Months Ended July 31, 2022

During the three months ended July 31, 2023 ("2023 period"), the Company reported a net loss of \$322,392 compared to a net loss of \$609,709 for the three months ended July 31, 2022 ("2022 period"), an decrease in loss of \$287,317, the decrease in loss mainly due to mark to market gain of \$34,065 (2022 period loss-\$126,036) and Directors and officer's compensation of \$46,270 (2022 period - \$97,482).

Specific expenses of note during three months ended July 31, 2023 are as follows:

- (i) incurred \$46,270 (2022 - \$97,482) for directors and officer's compensation.
- (ii) incurred \$48,829 (2022 - \$67,500) for listing and regulatory fees with respect to ongoing fees for the Company's listing of its common shares on the TSXV, Nasdaq First North and OTC exchanges.
- (iii) incurred a total of \$37,998 (2022 - \$29,915) for accounting and audit out of which the Company incurred \$14,390 (2022 - \$11,827) for accounting services of SKS Business Services along with \$7,677 (2022 - \$7,373) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants;
- (iv) incurred research, development and general exploration expense of \$10,200 (2022 - \$26,240);
- (v) incurred \$34,716 (2022 - \$67,191) in costs for operations.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the three months ended July 31, 2023 the Company reported interest income of \$9,047 compared to \$7,375 during the three months' ended July 31, 2022.

During the three months ended July 31, 2023, the Company recorded a foreign exchange loss of \$51,554 due to changes in exchange rates, compared to a loss of \$75,140 during the three months ended July 31, 2022.

Financings

During three months ended July 31,2023, no options and warrants were exercised.

During nine months ended July 31, 2023, 13,000,000 warrants were exercised for gross proceeds of \$1,300,000.

4,700,000 stock options were granted at an exercise price of \$0.195 and 700,000 stock options were granted at an exercise price of \$0.20 during the nine months ended on July 31,2023.

Financial Condition / Capital Resources

During the three months ended July 31, 2023, the Company recorded a net loss of \$322,392 as of July 31, 2023, the Company had an accumulated deficit of \$46,909,932 and working capital of \$848,952. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs and is conducting ongoing research and development to produce higher value specialty products. The Company is also evaluating a potential restart of production at the Woxna Graphite Mine. The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months however, it will need additional capital to provide working capital and recommence operations at the Woxna Graphite Mine, establish a production facility for the Anode Project, to fund future development of the Norra Karr Property or to complete exploration activities in Romania. 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.

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 31,2022 audited annual consolidated financial statements.

Changes in Accounting Policies

There is no change in accounting policy during the three months ended October 31,2022.

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 31,2022 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 consist of members of the Company's current and former Board of Directors and its executive officers.

(a) During the nine months ended July 31, 2023 and 2022 the following compensation was incurred:

	2023	2022
	\$	\$
Mr. Eric Krafft, Interim CEO and director ⁽¹⁾	23,300	22,500
Mr. Lars-Eric Johansson, Chairman and director ⁽¹⁾	23,300	22,500
Mr. Daniel Major, director ⁽¹⁾	23,310	22,500
Mr. Sanjay Swarup, CFO ⁽²⁾	28,283	23,929
Ms. Manuela Balaj-Coroiu, Corporate Secretary ⁽³⁾	37,800	11,960
Mr. Filip Kozlowski, Former CEO and former director ⁽¹⁾	-	192,132
	<u>135,993</u>	<u>295,521</u>

(1) Lars-Eric Johansson, Daniel Major and Eric Krafft were appointed as new Directors on May 4, 2020. Concurrently, a change in senior management was announced with the appointment of Mr. Filip Kozlowski as Chief Executive Officer ("CEO") who had resigned as a Director on the same date. On August 30, 2022 Filip Kozlowski resigned from the post of CEO effective on October 14, 2022 with Eric Krafft taking over as interim CEO.

(2) Mr. Sanjay Swarup of SKS Business Services has been appointed as CFO from March 1, 2021.

(3) Ms. Manuela Balaj-Coroiu of Cohesion Consulting Group Inc has been appointed as a Company Secretary of the on April 28, 2022.

(b) During the nine months ended July 31, 2023, the Company incurred \$43,436 (2022 - \$35,399) for accounting services of SKS Business Services.

(c) In addition, during the nine months ending July 31, 2023 and 2022 the company incurred share-based compensation for key management personnel as follows:

	2023	2022
	\$	\$
Mr. Eric Krafft	308,767	222,100
Mr. Lars-Eric Johansson	154,384	222,100
Mr. Daniel Major	154,384	222,100
Ms. Manuela Balaj-Coroiu	43,161	-
Mr. Sanjay Swarup	15,438	-
Mr. Filip Kozlowski	-	399,778
	<u>676,134</u>	<u>1,066,078</u>

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As of September 20, 2023, there were 187,262,663 issued and outstanding common shares, 57,825,416 warrants outstanding with exercise prices ranging from \$0.10 to \$0.20 per share and 8,600,000 share options outstanding with exercise prices ranging from \$0.195 to \$0.62 per share.