



# LEADING EDGE MATERIALS CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED JULY 31, 2025

This Management's Discussion and Analysis ("Interim MD&A") of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"), dated September 19, 2025, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended July 31, 2025, 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 IFRS Accounting 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](http://www.sedar.com) and on the Company's website [www.leadingedgematerials.com](http://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 Kärr property; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Woxna Graphite 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.

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 lithium-ion batteries and permanent magnets for electric motors, wind turbines and defense applications. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), the 100% owned Norra Kärr Heavy Rare Earths Elements ("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:

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

Svensk Kapitalmarknadsgranskning ("SKMG") is the Company's Certified Adviser for the Nasdaq First North Market (Stockholm).

## Highlights During and After the Quarter

During the three months ended July 31, 2025:

- On June 9, 2025, the Company announced signing of an agreement with Svensk Kapitalmarknadsgranskning ("SKMG") for an assignment as Certified Adviser for the Nasdaq First North Growth Market (Stockholm).

After nine months ended July 31, 2025:

- On August 15, 2025, the Company closed the non-brokered private placement financing (the "Private Placement") previously announced on June 10, 2025. Pursuant to the Private Placement, the Company has issued 17,738,500 units (the "Units") at a price of C\$0.16 per Unit for aggregate gross proceeds of C\$2,838,160.

## Outlook

Current geopolitical dynamics have elevated critical raw materials to ongoing international prominence. As nations and corporations work to establish supply chains independent of China, the Company's Norra Kårr and Woxna Graphite projects remain strategically positioned within this evolving landscape.

In the rare earth elements sector, the European Union successfully negotiated a relaxation of China's export restrictions on 24 July, following measures initially imposed in April. This development underscores the urgent requirement for dependable and secure critical raw materials supply chains. The earlier export restrictions led to substantial price increases for heavy rare earth elements, particularly dysprosium and terbium, due to their limited availability outside of Chinese sources. Norra Kårr's heavy rare earth element profile positions it as directly relevant to addressing these supply constraints.

International governments—including the United States, Canada, and Australia—are actively supporting rare earth element mining initiatives through financial backing and structured pricing mechanisms, including price floors and long-term purchase agreements. These coordinated efforts are strengthening investor confidence while establishing the critical supply infrastructure necessary to counterbalance China's market dominance, built over decades through comprehensive state-directed industrial policy.

### **Woxna Graphite Mine**

The Company maintains the Woxna Graphite Mine in production-ready condition while keeping operational holding costs to a minimum.

In partnership with an engineering consultant, the Company is currently updating its internal production restart study, which was initially completed in 2022. Recent crushing tests on Woxna ore have been successfully completed to investigate enhanced liberation techniques and better preservation of graphite flakes. Metallurgical testing is now underway on this material to assess potential improvements to the processing facility that could maximize operational efficiency.

The Company's goal is to deliver premium-quality, high-grade flake graphite concentrate. Market interest remains strong, reinforcing confidence in Woxna's commercial potential.

This comprehensive technical work will inform the creation of an updated business plan, and it is hoped enable project financing discussions, including potential access to Swedish or European Union public funding programmes.

### ***Norra Kärr Heavy Rare Earth Element ("HREE") Project***

Throughout the summer months, the Company has been responding to feedback from the County Administrative Boards of Jönköping and Östergötland regarding its application for a new Exploitation Concession ("Bearbetningskoncession") - a 25-year mining lease for the Norra Kärr project. The Company must submit its comprehensive responses to the Chief Mining Inspector by 20 September and anticipates a decision in Q4 2025.

Concurrent with the mining lease approval process, Pre-feasibility Study ("PFS") activities are progressing across multiple fronts. This includes mineral processing trials designed to optimize HREE-rich eudialyte mineral concentrate production, as well as development of industrial mineral nepheline syenite products. A comprehensive market evaluation for nepheline syenite applications is also in preparation. The Company is targeting PFS completion during H1 2026.

### ***Bihor Sud Nickel-Cobalt Exploration Project***

Following the substantial addition of ownership and operational permits for the Avram Iancu mine within the exploration area, the Company is reassessing its highest-value prospects. The Avram Iancu site benefits from extensive historical mining and exploration activities that have established hundreds of kilometres of underground galleries and workings. Historical data indicates the presence of massive sulphide zones within carbonate-replacement deposits, featuring primary copper-bearing minerals such as chalcocite and bornite.

A Competent Person Report is currently under development, while management concurrently explores alternative financing options to advance project development. This technical report will consolidate the substantial work completed to date and establish a clear roadmap for the project.

## Financial Information

The report for the year ending October 31, 2025, is expected to be published on or about January 23, 2026.

### 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 2025			Fiscal 2024				Fiscal 2023
	July 31, 2025 \$	April 30, 2025 \$	January 31, 2025 \$	October 31, 2024 \$	July 31, 2024 \$	April 30, 2024 \$	January 31, 2024 \$	October 31, 2023 (Restated) \$
<b>Operations</b>								
Expenses	(697,621)	(1,070,402)	(696,037)	(97,209)	(797,070)	(863,745)	(660,617)	(457,890)
Other items	86,314	(108,766)	26,821	(222,820)	(25,168)	4,216	(25,311)	195,209
Comprehensive profit/(loss)	(611,307)	(1,179,168)	(669,216)	(320,029)	(822,238)	(859,529)	(685,928)	(262,681)
Basic Profit/(loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)
Diluted profit/(loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)
<b>Financial Position</b>								
Working capital	679,695	1,191,514	2,198,641	3,337,686	3,973,458	1,610,635	2,316,098	2,713,098
Total assets	29,503,036	28,361,774	28,480,311	29,343,716	28,454,783	24,991,481	26,003,943	25,512,111
Total non-current liabilities	(6,806,650)	(6,009,933)	(5,596,369)	(5,641,854)	(5,683,545)	(5,101,289)	(5,489,843)	(4,670,790)

### Results of Operations

#### *Three Months Ended July 31, 2025, Compared to Three Months Ended April 30, 2025*

During the three months ended July 31, 2025 ("Q3 2025") the Company reported a net loss of \$611,307 compared to a reported net loss of \$1,179,168 for the three months ended April 30, 2025 ("Q2 2025"), a decrease in loss by \$567,861, the decrease in loss mainly due to share based compensation expenses of \$208,322 (Q2 2025 - \$585,529) and foreign exchange gain of \$80,335 (Q2 2025 loss - \$117,063).

#### *Three Months Ended July 31, 2025, Compared to Three Months Ended July 31, 2024*

During the three months ended July 31, 2025 ("2025 period"), the Company reported a net loss of \$611,307 compared to a net loss of \$822,238 for the three months ended July 31, 2024 ("2024 period"), a decrease in loss of \$210,931, the decrease in loss mainly due to Research, development and general exploration expenses of \$10,526 (Q3 2024 - \$192,866), share based compensation expenses of \$208,322 (Q3 2024 - \$133,295) and foreign exchange gain of \$80,335 (Q3 2024 loss - \$21,253).

Specific expenses of note during three months ended July 31, 2025 are as follows:

- (i) incurred \$74,099 (2024 - \$115,338) for directors and officer's compensation.
- (ii) incurred \$43,093 (2024 - \$48,840) 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 \$44,370 (2024 - \$36,327) for accounting and audit out of which the Company incurred \$14,734 (2024 - \$14,707) for accounting services of SKS Business Services along with \$11,439 (2024 - \$6,072) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants.

- (iv) incurred Research, development, and general exploration expenses of \$10,526 (2024 - \$192,866).
- (v) incurred \$73,938 (2024 - \$62,773) 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, 2025 the Company reported interest income of \$5,637 compared to \$13,521 during the three months ended July 31, 2024.

During the three months ended July 31, 2025, the Company recorded a foreign exchange gain of \$80,335 due to changes in exchange rates, compared to a loss of \$21,253 during the three months ended July 31, 2024.

#### *Financings*

During the nine months ended July 31, 2025, 150,000 warrants were exercised for gross proceeds of \$30,000.

During nine months ended July 31, 2025, 6,850,000 stock options were granted at an exercise price of \$0.24.

During the year ended October 31, 2024, 3,689,286 warrants were exercised for gross proceeds of \$368,929.

On July 23, 2024, the Company closed a first tranche of the private placement, issuing 34,400,000 common shares at a price of \$0.10/share for gross proceeds of \$3,440,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share at an exercise price of \$0.20 per share, expiring July 23, 2028. The Company also paid finders' fees of \$3,000.

On September 26, 2024, the Company closed the second and final tranche of the private placement announced previously on July 15, 2024, issuing 6,710,000 common shares at a price of \$0.10/share for gross proceeds of \$671,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share at an exercise price of \$0.20 per share, expiring September 26, 2028.

### **Financial Condition / Capital Resources**

During the three months ended July 31, 2025, the Company recorded a net loss of \$611,307 and, as of July 31, 2025, the Company had an accumulated deficit of \$51,812,349 and working capital of \$679,695. The Company maintains its Woxna Graphite mine in a "production-ready" basis while minimizing costs. The Company is also evaluating a potential restart of flake graphite concentrate production. 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, to fund future development of the Norra Kärr 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, 2024, audited annual consolidated financial statements.

## Changes in Accounting Policies

There is no change in accounting policy during the nine months ended July 31, 2025.

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, 2024, 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, 2025 and 2024 the following compensation was incurred:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Mr. Kurt Budge, CEO <sup>(1)</sup>	267,857	68,859
Mr. Lars-Eric Johansson, Chairman and director	24,300	24,300
Mr. Eric Krafft, director <sup>(1)</sup>	24,300	24,300
Mr. Daniel Major, director	24,303	24,303
Mr. Sanjay Swarup, CFO	29,963	28,580
Ms. Manuela Balaj-Coroiu, Corporate Secretary	37,800	37,800
	<b>408,250</b>	<b>208,142</b>

(1) On May 19, 2024, Kurt Budge was appointed as Chief Executive Officer ("CEO") taking over from Eric Krafft.

Out of the total Directors' and Officers' compensation of \$267,857, CEO's compensation of \$178,641 has been capitalized to Exploration and Evaluation assets.

(b) During the nine months ended July 31, 2025, the Company incurred \$45,401 (2024 - \$43,894) for accounting services of SKS Business Services.

- (c) In addition, during the nine months ending July 31, 2025 and 2024 the company incurred share-based compensation for key management personnel as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Mr. Eric Krafft	234,785	208,644
Mr. Kurt Budge	255,159	110,224
Mr. Lars-Eric Johansson	186,505	109,310
Mr. Daniel Major	186,505	109,310
Ms. Manuela Balaj-Coroiu	15,217	13,883
Mr. Sanjay Swarup	12,862	8,096
Mr. Filip Kozlowski	-	17,959
	<b>891,033</b>	<b>577,426</b>

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As of September 19, 2025, there were 249,950,449 issued and outstanding common shares 80,437,630 warrants outstanding with exercise prices ranging from \$0.20 to \$0.32 per share and 21,900,000 share options outstanding with exercise prices ranging from \$0.10 to \$0.24 per share.