LEADING EDGE MATERIALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
OCTOBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Leading Edge Materials Corp.

Opinion
We have audited the consolidated financial statements of Leading Edge Materials Corp. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2022 and October 31, 2021, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022 and October 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

"D&H Group LLP"

Vancouver, B.C.
January 25, 2023

Chartered Professional Accountants

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	October 31, 2022 $	October 31, 2021 $
ASSETS			
Current assets			
Cash		1,198,536	1,316,797
GST/VAT receivables		15,915	19,729
Prepaid expenses		45,350	61,553
Investments	4	148,839	981,732
Inventory		77,165	84,060
Plant stores and supplies		83,278	91,545
Total current assets		**1,569,083**	**2,555,416**
Non-current assets			
Exploration and evaluation assets	5	16,909,663	16,203,140
Property, plant and equipment	6	5,256,035	9,892,213
Reclamation deposit	7	97,637	105,637
Total non-current assets		**22,263,335**	**26,200,990**
TOTAL ASSETS		**23,832,418**	**28,756,406**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		203,426	205,250
Non-current liabilities			
Provision for site restoration	7	4,795,779	9,367,086
Property acquisition obligation	5(a), 6	496,839	579,600
Total non-current liabilities		5,292,618	9,946,686
TOTAL LIABILITIES		**5,496,044**	**10,151,936**
SHAREHOLDERS' EQUITY			
Share capital	8	55,442,053	53,521,055
Share-based payments reserve	8(d)	7,609,123	6,187,686
Deficit		(44,714,802)	(41,104,271)
TOTAL SHAREHOLDERS' EQUITY		**18,336,374**	**18,604,470**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**23,832,418**	**28,756,406**

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period – Note 14

These consolidated financial statements were approved for issue by the Board of Directors on January 25, 2023 and are signed on its behalf by:

*/s/ **Eric Krafft***____________________	*/s/ **Daniel Major***__________________
Eric Krafft	Daniel Major
Director	Director

The accompanying notes are an integral part of these consolidated financial statements.

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Year Ended October 31, 2022 $	Year Ended October 31, 2021 $
Expenses			
Accretion of provision for site restoration	7	40,802	31,564
Corporate development		109,458	130,481
Depreciation		24,069	33,705
Directors and officer's compensation	9(a)	443,700	417,791
Research, development and general exploration	5	79,774	443,982
Accounting and audit	9(b)	139,204	222,329
General and administration		76,773	70,896
Listing and regulatory costs		198,495	192,807
Operations		223,134	250,962
Salaries, compensation and benefits		311,996	363,050
Professional fees		64,069	152,929
Share based compensation	9(a)	1,421,437	-
Travel		19,515	2,141
Other Miscellaneous Expense		-	19,454
		3,152,426	2,332,091
Loss before other items		(3,152,426)	(2,332,091)
Other items			
Interest income		25,497	13,890
Other Income		6,571	23,594
Foreign exchange		151,206	(89,043)
Mark to market adjustment loss		(383,766)	(307,831)
Loss on sale of investment		(257,614)	-
Gain on sale of property, plant, and equipment		-	1,472,255
Gain on disposal of capital assets		-	8,508
		(458,106)	1,121,373
Net loss and comprehensive loss		(3,610,532)	(1,210,718)
Loss per share – basic and diluted		($0.02)	($0.01)
Weighted average number of common shares outstanding - basic and diluted		151,801,734	146,967,340

The accompanying notes are an integral part of these consolidated financial statements.

LEADING EDGE MATERIALS CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

Year Ended October 31, 2022

	Share Capital				
	Number of Shares	**Amount $**	**Share-Based Payments Reserve $**	**Deficit $**	**Total Equity $**
Balance as at October 31, 2021	**147,024,071**	**53,521,054**	**6,187,686**	**(41,104,270)**	**18,604,470**
Common shares issued for:					
Options exercised	500,000	112,500	-	-	112,500
Warrants exercised	4,421,428	1,620,500	-	-	1,620,500
Shares issued to REMAT group	550,509	178,916	-	-	178,916
Shares issued for Finder's Fee	27,525	9,083			9,083
Share-based compensation	-	-	1,421,437	-	1,421,437
Net loss for the period	-	-	-	(3,610,532)	(3,610,532)
Balance at October 31, 2022	**152,523,533**	**55,442,053**	**7,609,123**	**(44,714,802)**	**18,336,374**

Year Ended October 31, 2021

	Share Capital				
	Number of Shares	**Amount $**	**Share-Based Payments Reserve $**	**Deficit $**	**Total Equity $**
Balance at October 31, 2020	**146,467,391**	**53,419,350**	**6,187,686**	**(39,893,552)**	**19,713,484**
Common shares issued for:					
Options exercised	493,109	95,347	-	-	95,347
Warrants exercised	63,571	6,357	-	-	6,357
Net loss for the year	-	-	-	(1,210,718)	(1,210,718)
Balance at October 31, 2021	**147,024,071**	**53,521,054**	**6,187,686**	**(41,104,270)**	**18,604,470**

The accompanying notes are an integral part of these consolidated financial statements.

LEADING EDGE MATERIALS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Year Ended October 31,	
	2022	**2021**
	$	**$**
Operating activities		
Net loss for the year	(3,610,532)	(1,210,718)
Adjustments for:		
Accretion of provision for site restoration	40,802	31,564
Depreciation	24,069	33,705
Foreign exchange	(59,577)	11,328
Share based compensation	1,421,437	-
Mark to market adjustment loss	383,766	307,831
Loss on sale of investments	257,614	
Gain on sale of exploration and evaluation asset	-	(1,472,255)
Gain on disposal of property, plant and equipment	-	(8,508)
Changes in non-cash working capital items:		
GST/VAT receivables	3,814	24,166
Prepaid expenses and other	16,203	(5,778)
Accounts payable and accrued liabilities	(1,824)	(245,445)
Net cash used in operating activities	(1,524,228)	(2,534,110)
Investing activity		
Proceeds on disposal of property, plant and equipment	-	8,508
Proceeds from sale of exploration and evaluation asset	-	500,000
Proceeds from sale of investments	191,491	188,119
Expenditures on exploration and evaluation assets	(518,524)	(308,849)
Net cash from (used in) investing activity	(327,033)	387,778
Financing activities		
Issuance of common shares	1,733,000	101,705
Net cash provided by financing activities	1,733,000	101,705
Net change in cash	(118,261)	(2,044,627)
Cash at beginning of year	1,316,797	3,361,424
Cash at end of year	1,198,536	1,316,797

Supplemental cash flow information - See Note 11

1. Nature of Operations and Going Concern

The Company is a Canadian public company primarily focused on developing a portfolio of critical raw material projects located in the European Union. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra Kärr HREE project (Sweden) and the 51% owned Bihor Sud Nickel Cobalt exploration alliance (Romania). The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "LEM", on the OTCQB under the symbol "LEMIF", on NASDAQ First North 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, BC Canada V6E 4H1.

During the year ended October 31, 2022 the Company recorded a net loss of $3,610,532 and, as at October 31, 2022, the Company had an accumulated deficit of $44,714,802 and working capital of $1,365,657. For the Woxna Graphite Mine the Company maintains ongoing research and development to produce higher specialty products such as high purity graphite for battery and other specialty end uses. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs whilst such development work is ongoing. For the Norra Kärr HREE project the Company's main focus is filing the Natura 2000 permit application in order to progress the ongoing mining lease application process. Additionally, later in the year focus to be on producing a new PFS. Finally, for Bihor Sud project, the Company should be entering additional galleries. There is a comprehensive programme planned involving geophysics, trenching and sampling from inside the galleries. This will all lead towards designing a drill programme aiming to produce a resource statement. 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 recommence operations at the Woxna Graphite Mine and/or modernize the plant to produce value added production, to fund future development of the Norra Kärr Property. 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 and development programs, and mining operations.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Federal, regional, and local authorities in Canada, the United States, and other nations continue to restrict the ability of people to leave their homes and carry out normal day-to-day activities. These measures will have a significant, negative effect on the economy of all nations for an uncertain period of time. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of Preparation (continued)

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Flinders Holdings Limited ("Flinders Holdings")	British Columbia	100%
Woxna Graphite AB ("Woxna")	Sweden	100%
Tasman Metals Ltd.	British Columbia	100%
GREENNA Mineral AB (Formerly "Tasman Metals AB")	Sweden	100%
LEM Resources SRL ("LEM Romania")	Romania	51%

3. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds

3. **Significant Accounting Policies** (continued)

from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to assess impairment of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans toward finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to be impaired in future periods. In fiscal 2022 and 2021 management determined that there were no impairment indicators and no impairment charge was required.

(iv) Management is required to assess impairment in respect of property, plant and equipment. The triggering events are defined in IAS 36. In making the assessment, management is required to make judgments on the status of the project and the future plans toward finding commercial reserves to which the property, plant and equipment relate to. In fiscal 2022 and 2021 management determined that there were no impairment indicators and no impairment charge was required.

(v) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(vi) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company’s estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 13.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation and depletion expenses are allocated based on assumed asset lives and depletion/depreciation rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company’s interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an

3. Significant Accounting Policies (continued)

additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash and Cash Equivalents

Cash includes cash in bank and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. At October 31, 2022 and 2021 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records credit losses at an amount equal to the lifetime expected credit losses using a present value and probability weighted model.

Inventory

Processed graphite inventory is valued at the lower of cost and net realizable value. Cost is determined as the average production cost of saleable graphite and net realizable value is determined as the calculated selling price less selling costs.

Plant Stores and Supplies

Plant stores and supplies are valued at the lower of cost and replacement cost.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties when the company obtains legal rights to explore a specific area . All proceeds received are credited against the cost of the related properties. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

3. Significant Accounting Policies (continued)

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property acquisition and development costs, a component of property, plant and equipment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized. Property, plant and equipment are depreciated annually on a straight-line basis or on a unit of production basis over the estimated useful life of the assets commencing when the related asset is available for use as follows:

Vehicles	20%
Equipment and tools	20%
Building	5% to 10%
Manufacturing and processing facility	20% or on a unit of production basis
Mineral property acquisition and development costs	Unit of production basis

Depreciation of assets commence when the plant and equipment are available for use and in the condition necessary for them to be operating in the manner intended by management.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

3. Significant Accounting Policies (continued)

time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for Site Restoration

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current risk free discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at FVTPL; (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

3. Significant Accounting Policies (continued)

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. Expected volatility is based on available historical volume of the Company's share price. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction

3. Significant Accounting Policies (continued)

other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

(i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period".
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. There is currently a proposal outstanding that would defer the effective date until January 1, 2023.

4. Investments

Investments held by the Company are as follows:

Particulars	**October 31, 2022 $**	**October 31, 2021 $**
397,942 shares in United Lithium Corp. (206,373 in escrow)	107,444	722,305
400,000 warrants in United Lithium Corp. (Expire on April 29,2024)	41,395	259,427
Total	**148,839**	**981,732**

The investment in United Lithium Corp will be revalued with level 1 input at each reporting date.

The value of warrants was determined using the Black-Scholes pricing model using level 2 inputs, the value was calculated based on risk-free rate of 3.54%, expected stock volatility of 97.55% and forfeiture rate of 0.0%.

During the year ended October 31,2022, the company sold 633,922 of ULTH shares at an average price of $0.30, loss on sale of investment booked was $257,617.

5. Exploration and Evaluation Assets

	As at October 31, 2022			**As at October 31, 2021**		
	Acquisition Costs $	**Deferred Exploration Costs $**	**Total $**	**Acquisition Costs $**	**Deferred Exploration Costs $**	**Total $**
Graphite Concessions	10,081	4,706	14,787	10,081	4,706	14,787
Norra Kärr	15,402,622	958,729	16,361,351	15,402,622	785,731	16,188,353
Woxna graphite	-	81,117	81,117	-	-	-
Romania	187,999	264,409	452,408	-	-	-
	15,600,702	**1,308,961**	**16,909,663**	**15,412,703**	**790,437**	**16,203,140**

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Graphite concessions $	Anode Project $	Bergby $	Norra Karr $	Romania $	Total $
Balance at October 31, 2020	**14,787**		**425,551**	**15,892,517**	**-**	**16,332,855**
Costs						
Additions during the year	-	-	13,013	295,836	-	308,849
Sale of property		-	(438,564)	-	-	(438,564)
Balance at October 31, 2021	**14,787**	-	-	**16,188,353**	**-**	**16,203,140**
Costs						
Additions during the period	-	81,117	-	172,998	452,408	706,523
Balance at October 31, 2022	**14,787**	**81,117**	-	**16,361,351**	**452,408**	**16,909,663**

(a) *Graphite Concessions*

Through Woxna, the Company holds a 100% interest in the Woxna Graphite Mine, comprising four concessions, known as Kringelgruvan, Mattsmyra, Gropabo and Mansberg. The Woxna Graphite Mine is located in Ovanaker Municipality, Gavleborg County, central Sweden.

In 1993 Woxna entered into agreements under which it acquired:

(i) the Kringelgruvan concession for an initial payment of SEK 150,000 and a further payment of SEK 4,000,000 (the "Property Acquisition Obligation"); and
(ii) the Mattsmyra, Gropabo and Mansberg concessions (the "Graphite Concessions") for an initial payment of SEK 32,500 and a further payment of SEK 1,000,000 on each of the three concessions (the "Additional Consideration").

Payment of the Property Acquisition Obligation and the Additional Consideration is to be made to a Swedish governmental agency and will be based on annual production, at a rate of SEK 20 per metric ton processed and is payable only once accumulated profits have been generated from the individual concessions. No production has commenced on the Mattsmyra, Gropabo and Mansberg concessions and the additional payments are considered to be contingent amounts and will only be recognized as obligations when production commences on these concessions.

During fiscal 2014 the technical feasibility and commercial viability of the Kringelgruvan concession and the Woxna Graphite Mine was demonstrated, transitioning the Kringelgruvan concession to the development stage of mining. Accordingly , the costs of the exploration and evaluation assets attributed to the Kringelgruvan concession and the Woxna Graphite Mine were reclassified to property, plant and equipment. See also Note 6.

(b) *Norra Kärr*

The Norra Kärr Property consists of an exploration permit (Norra Kärr nr 1), valid until August 31, 2026, located in south-central Sweden. The Company is applying for a Natura 2000 permit prior to re-applying for the Norra Kärr mining lease (Norra Kärr K nr 1). The mining lease will provide the Company with greater flexibility to advance the project to its next stages of feasibility development.

5. Exploration and Evaluation Assets (continued)

(c) *Bergby*

On April 29, 2021, the Company completed the sale to United Lithium Corp. ("ULTH") of 100% of the issued and outstanding share capital of Bergby Lithium AB ("Bergby"). In consideration for the shares of Bergby, the Company's wholly owned subsidiary, GREENNA Mineral AB as the owner of the Bergby shares, received from ULTH:

- CAD 250,000 in cash;
- 1,031,864 common shares in the capital of ULTH. (See Note – 4)
- 400,000 common share purchase warrants, with each Warrant entitling the Company to acquire, until April 29, 2024, one common share in the capital of ULTH at an exercise price equal to approximately CAD 0.485; (See Note – 4) and
- a 2% net smelter returns royalty on the Bergby Project, which is subject to a buyback right in favor of ULTH, exercisable for CAD 1,000,000.

As at October 31,2022, 825,491 of the ULTH common shares were released from escrow (2021- 412,745).

(d) *Romania Exploration Alliance*

In fiscal 2017 the Company and REMAT Group Management SRL ("REMAT") agreed to pursue the investigation and initiation of a prospecting permit application over the Bihor Sud perimeter in Romania. REMAT proceeded to incorporate LEM Resources SRL ("LEM Romania") in fiscal 2017. LEM Romania successfully applied for a non-exclusive prospecting permit (the "Permit") over 25.5 square kilometers in the Bihor area (the "Project"). On August 9, 2018, the Company and REMAT completed a share purchase agreement (the "Share Purchase Agreement") and executed a shareholders' joint venture agreement (the "JV Agreement") whereby the Company acquired an initial 51% ownership interest (the "Initial Interest") in LEM Romania, by issuing 367,006 common shares of the Company at a fair value of $165,152. As LEM Romania had no assets or liabilities at the time of acquisition of the initial interest, the Company recorded the initial consideration as general exploration expenses. A finder's fee of 5% (the "Finder's Fee") related to the Project will be paid in stages.

Under the JV Agreement the Company has agreed to issue to REMAT certain amounts of shares in the Company upon different milestones being achieved (the "Bonus Shares") as per below;

(i) 550,509 shares upon the signing of an exploration license; (Issued on May 27,2022)

(ii) A maximum of 3,670,062 shares upon identification of any historic Ni-Co and/or Ag-base metal mineral resource estimates at various tonnage thresholds;

(iii) 734,012 shares upon the filing of a NI 43-101 technical report that establishes a mineral resource on any portion of the Project, with an additional maximum 4,404,072 shares subject to such Ni-Co and/or Ag-base metal mineral resource meeting various tonnage thresholds; and

(iv) 917,515 shares upon the filing of a NI 43-101 Feasibility Study technical report.

Under the JV Agreement, upon the filing of a NI 43-101 Feasibility Study technical report REMAT will transfer 39% in LEM Romania to the Company free of any payment bringing the Company's ownership in LEM Romania to 90%.

On May 17, 2022, the company signed the Bihor Sud Exploration License between LEM Romania and the National Agency for Mineral Resources, accordingly exploration and evaluation costs for the project will now be capitalized. On May 27, 2022, the company issued 550,509 shares to REMAT at a fair value of $178,916 and issued 27,525 common shares at a fair value of $9,083 as Finder's Fee, this consideration is capitalized as acquisition cost for LEM Romania.

(Expressed in Canadian Dollars)

6. Property, Plant and Equipment

Cost:	**Vehicles $**	**Equipment and Tools $**	**Building $**	**Manufacturing and Processing Facility $**	**Mineral Property Acquisition and Development Costs $**	**Total $**
Balance at October 31, 2020	**16,094**	**287,018**	**344,139**	**7,567,878**	**8,123,928**	**16,339,057**
Adjustment to site restoration	-	-	-	-	2,876,917	2,876,917
Balance at October 31, 2021	**16,094**	**287,018**	**344,139**	**7,567,878**	**11,000,845**	**19,215,974**
Adjustment to site restoration	-	-	-	-	(4,612,109)	(4,612,109)
Balance at October 31, 2022	**16,094**	**287,018**	**344,139**	**7,567,878**	**6,388,736**	**14,603,865**
Accumulated Depreciation and Impairment:						
Balance at October 31, 2020	**(2,606)**	**(261,717)**	**(115,515)**	**(3,910,218)**	**(5,000,000)**	**(9,290,056)**
Depreciation	(1,071)	(2,011)	(30,623)	-	-	(33,705)
Balance at October 31, 2021	**(3,677)**	**(263,728)**	**(146,138)**	**(3,910,218)**	**(5,000,000)**	**(9,323,761)**
Depreciation	(765)	(1,435)	(21,868)	-	-	(24,069)
Balance at October 31, 2022	**(4,442)**	**(265,163)**	**(168,006)**	**(3,910,218)**	**(5,000,000)**	**(9,347,830)**
Carrying Value:						
Balance at October 31, 2021	**12,417**	**23,290**	**198,001**	**3,657,660**	**6,000,845**	**9,892,213**
Balance at October 31, 2022	**11,652**	**21,855**	**176,133**	**3,657,660**	**1,388,736**	**5,256,035**

During fiscal 2014 technical feasibility and commercial viability of the extraction of mineral resources at the Woxna Graphite Mine was demonstrated, transitioning the Company to the development stage of mining. Upon the transition, costs on the exploration and evaluation assets attributed to the mine were reclassified to property, plant and equipment. On August 1, 2015, the refurbishment and commissioning of the Woxna Graphite Mine was completed.

During fiscal 2019 management assessed whether there were any indications of impairment of the Company's property, plant and equipment as required by IAS 36. In light of the continued suspension of the operations of the Woxna Graphite Mine, large net loss and the low trading value of the Company's common shares, management concluded there were indications of impairment.

When indications of impairment are determined to be present, IAS 36 requires the Company to estimate the recoverable amount of the Company's property, plant and equipment. The Company did not have sufficient verifiable information to prepare adequately detailed and meaningful calculations of fair value less costs of disposal or value in use. Therefore, the Company applied a value in use method that took into account the Company's financial position and results of operations and operational issues among other factors in determining an estimated recoverable amount. This method indicated that an impairment provision of $8,800,000 was appropriate in fiscal 2019.

As at October 31, 2022 the Company has recognized $496,839 (October 31, 2021 - $579,600) for the Property Acquisition Obligation associated with the Kringelgruvan concession, as described in Note 5(a)(i).

(Expressed in Canadian Dollars)

7. Provision for Site Restoration

Although the ultimate amount of the decommissioning obligation for the Kringelgruvan concession is uncertain, the fair value of this obligation is based on information currently available. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs. The provision for site restoration may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. The total undiscounted amount of estimated cash flows to settle the Company's risk adjusted estimated obligation is SEK 40,000,000 and is expected to be incurred in 2041.

The fair value of the decommissioning obligation was calculated using a discounted cash flow approach based on a risk-free rate of 2.19 % (2021 – 0.36%) and an inflation factor of 2.0% (2021 – 2.8%). Settlement of the obligation is expected to be funded from general corporate funds at the time of decommissioning. Changes to the decommissioning obligation were as follows:

	$
Balance at October 31, 2020	**6,458,606**
Accretion	31,564
Revision of estimates	3,043,769
Foreign exchange adjustment	(166,853)
Balance at October 31, 2021	**9,367,086**
Accretion	40,802
Revision of estimates	(3,274,582)
Foreign exchange adjustment	(1,337,527)
Balance at October 31, 2022	**4,795,779**

As at October 31, 2022 reclamation deposits totaling $ 97,637 (October 31, 2021 - $105,637) have been paid. The reclamation deposits were placed as security for site restoration on the Kringelgruvan concession and on certain exploration and evaluation assets.

As at October 31, 2022 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

8. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

Year Ended October 31, 2022

During the year ended October 31, 2022, 4,421,428 warrants and 500,000 options were exercised for gross proceeds of $1,620,500 and $112,500 respectively.

550,509 shares were issued to REMAT group at a fair value of $178,916 per joint venture agreement for the Bihor Sud project and 27,525 shares were issued at a fair value of $9,083 as Finder's Fees, both relating to the signing of the exploration license for the project.

Year Ended October 31, 2021

During the year ended October 31, 2021, 493,109 options and 63,571 warrants were exercised for gross proceeds of $95,348 and $6,357 respectively. See Note 14.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(c) ***Warrants***

During the year ended October 31, 2022, 4,421,428 warrants were exercised at an average price of $0.37 per share for gross proceeds of $1,620,500. Also 1,663,570 warrants expired on November 21, 2021.

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at October 31,2022 and October 31, 2021, and the changes for the periods ended on those dates is as follows:

	2022		2021	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance beginning of year	55,164,284	0.19	55,227,855	0.19
Issued	-	-	-	-
Exercised	(4,421,428)	0.37	(63,571)	0.10
Expired	(1,663,570)	0.37	-	-
Balance end of year	**49,079,286**	0.17	**55,164,284**	0.19

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at October 31, 2022:

Number	Exercise Price $	Expiry Date
17,079,286	0.10	December 30, 2023
32,000,000	0.20	August 7, 2024
49,079,286	**0.17**	

(d) ***Share Option Plan***

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of up to five years.

3,200,000 stock options were granted at an exercise price of $0.62 during the year ended October 31, 2022 (2021 – Nil). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of $0.270 (2021 –Nil) was calculated using expected stock price volatility of 97.55%, risk free rate of 3.54% and option life of three years.

During the year ended October 31, 2022, 500,000 options were exercised at an average price of $0.225 per share for gross proceeds of $112,500. During the year ended October 31,2021, 493,109 options were exercised at an average price of $0.19 per share for gross proceeds of $95,348.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at October 31, 2022 and 2021 and the changes for the year ended on those dates is as follows:

	2022		2021	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance beginning of year	5,870,000	0.32	10,008,109	0.34
Issued	3,200,000	0.62	-	-
Exercised	(500,000)	0.23	(493,109)	0.19
Expired	(500,000)	0.56	(3,645,000)	0.40
Balance end of period	**8,070,000**	0.43	**5,870,000**	0.31

The weighted average share price at the date of exercise for share options exercised during the year ended October 31,2022 was $0.225 per share (2021 - $0.19).

The following table summarizes information about the share options outstanding and exercisable at October 31, 2022:

Number	Exercise Price $	Expiry Date
1,320,000	0.64	November 2, 2022
3,400,000	0.155	August 11,2023
150,000	0.33	August 14, 2023
3,200,000	0.62	January 27, 2025
8,070,000		

9. Related Party Disclosures

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 Board of Directors and its executive officers.

(a) During the year ended October 31, 2022 and 2021 the following compensation was incurred:

	2022 $	2021 $
Directors and officer's compensation (current and former)	443,700	417,791
Share based compensation (Current and former)	1,066,078	-
	1,509,778	417,791

As at October 31, 2022, $ 9,733 (October 31, 2021 - $9,946) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) SKS Business Services Ltd., a private corporation owned by Sanjay Swarup (appointed as Chief Financial Officer ("CFO") of the Company on March 1, 2021), provides accounting and administrative services. During the year ended October 31, 2022, the Company incurred $50,526 (2021 - $43,555) for accounting services by SKS Business Services.

(Expressed in Canadian Dollars)

9. Related Party Disclosures (continued)

Chase Management Ltd. ("Chase"), a private corporation owned by the former Chief Financial Officer ("CFO") of the Company, provides accounting and administrative services. During the year ended October 31, 2022 the Company incurred $629 (2021 - $36,374) for services provided by Chase personnel.

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	**Category**	**October 31, 2022 $**	**October 31, 2021 $**
Cash	FVTPL	1,198,536	1,316,797
Reclamation deposit	amortized cost	97,637	105,637
Investments	FVTPL	148,839	981,732
Accounts payable and accrued liabilities	amortized cost	(203,426)	(205,250)
Property acquisition obligation	amortized cost	(496,839)	(579,600)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short term nature. The recorded amounts for the reclamation deposit, investments and property acquisition obligation approximates their fair value. The Company's fair value of cash under the fair value hierarchy is measured using Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable and reclamation deposit.

Management believes that the credit risk concentration with respect to financial instruments included in cash, amounts receivable and reclamation deposit is remote.

10. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and liabilities and the earliest date on which the Company can be required to settle financial liabilities.

Contractual Maturity Analysis at October 31, 2022

	Carrying Amount $	Contractual Cash Flows $	Less than 3 Months $	1 - 5 Years $	Over 5 Years $
Cash	1,198,536	1,198,536	1,198,536	-	-
Reclamation deposit	97,637	97,637	-	-	97,637
Investments	148,839	148,839	-	148,839	-
Accounts payable and accrued liabilities	(203,426)	(203,426)	(203,426)	-	-
Property acquisition obligation	(496,839)	(496,839)	-	(496,839)	-

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars and Swedish Krona ("SEK"). The Company maintains SEK bank accounts in Sweden to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At October 31, 2022, 1 Canadian Dollar was equal to 8.0509 SEK as per Swedish Central Bank. Balances are as follows:

	SEK	CDN $ Equivalent
Cash	1,739,518	216,065
VAT receivable	114,162	14,180
Inventories	621,248	77,165
Plant stores and supplies	670,463	83,278
Reclamation deposit	786,066	97,637
Accounts payable and accrued liabilities	(933,502)	(115,950)
Property acquisition obligation	(4,000,000)	(521,600)
	(1,002,045)	(149,225)

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

Based on the net exposures as of October 31, 2022 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK would result in the Company's net impact being approximately $ 14,923 higher or lower.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Supplemental Cash Flow Information

During the year ended October 31, 2022 and 2021 non-cash activities were conducted by the Company as follows:

	2022 $	2021 $
Operating activity		
Provision for site restoration	(4,612,109)	2,876,917
Investing activity		
Revisions of estimates on property, plant and equipment	4,612,109	(2,876,917)

12. Segmented Information

The Company is involved in the exploration and development of resource properties in Sweden with corporate operations in Canada and accordingly, has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	As at October 31, 2022			
	Corporate Canada $	Mineral Operations Sweden $	Mineral Operations Romania $	Total $
Current assets	923,015	559,977	86,091	1,569,083
Exploration and evaluation assets	-	16,457,255	452,408	16,909,663
Property, plant and equipment	-	5,256,035	-	5,256,035
Reclamation deposit	-	97,637	-	97,637
	923,015	22,370,904	538,499	23,832,418

(Expressed in Canadian Dollars)

12. Segmented Information (Continued)

	As at October 31, 2021			
	Corporate Canada $	Mineral Operations Sweden $	Mineral Operations Romania $	Total $
Current assets	1,031,982	1,522,534	900	2,555,416
Exploration and evaluation assets	-	16,203,140	-	16,203,140
Property, plant and equipment	-	9,892,213	-	9,892,213
Reclamation deposit	-	105,637	-	105,637
	1,031,982	27,723,524	900	28,756,406

13. Income Taxes

Deferred income tax assets are as follows:	2022 $	2021 $
Deferred income tax assets (liabilities):		
Losses carried forward	11,506,226	10,731,904
	11,506,226	10,731,904
Valuation allowance	(11,506,226)	(10,731,904)
Deferred income tax assets	-	-

The recovery of income taxes shown in the consolidated statements of comprehensive loss differ from the amounts obtainedby applying statutory rates to the loss before provision for income taxes due to the following:

Income tax rate reconciliation	2022 $	2021 $
Combined federal and provincial income tax rate	27%	27%
Expected income tax recovery	(974,844)	326,894
Effect of change in tax rates	59,038	59,143
Foreign income tax rate difference	98,988	(37,208)
Non-deductible share-based compensation	383,788	-
Other	-	-
Unrecognized benefit of income tax losses	433,030	(348,829)
	-	-

As at October 31, 2022 the Company has non-capital losses of approximately $25,921,286 (2021 - $23,783,591) and cumulative pools of approximately $85,800 (2021 - $85,800) for Canadian income tax purposes and are available to reduce Canadian taxable income in future years. The non-capital losses expire commencing 2029 through 2042. The Company's subsidiaries have losses for income tax purposes of approximately $16,694,364 (2021 - $15,970,146) which may be carried forward indefinitely.

14. Events after the Reporting Period :

1) On November 3, 2022, the Company granted stock options to officers and consultants to purchase an aggregate of 700,000 common shares of the Company, at exercise price of $0.20 per Optioned Share, expiring on the date that is 5 years from the date of grant. The Options will vest 33% one year after the date of grant, 33% two years after the date of grant and 34% three years after the date of grant. The Options were issued pursuant to the terms of the Company's Option Plan.

2) On January 9, 2023, the company issued 13,000,000 common shares on the exercise of 13,000,000 warrants by the Interim CEO for the proceeds of $1,300,000.

LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2022

This discussion and analysis of financial position and results of operation is prepared as at January 25, 2023 and should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2022 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 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.

On June 9, 2021, Leading Edge announced the results of an independent preliminary economic assessment for the development of Woxna (the "2021 Woxna PEA"), the full details of which are included in a technical report entitled "NI 43-101 Technical Report – Woxna Graphite" prepared for Woxna Graphite AB with effective date June 9, 2021 and issue date July 23, 2021, available on Leading Edge's website www.leadingedgematerials.com and under its SEDAR profile www.sedar.com. The 2021 Woxna PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

On July 22, 2021, Leading Edge announced the results of an independent preliminary economic assessment for the development of Norra Karr (the "2021 Norra Karr PEA"), the full details of which are included in a technical report titled "PRELIMINARY ECONOMIC ASSESSMENT OF NORRA KARR RARE EARTH DEPOSIT AND POTENTIAL BY-PRODUCTS, SWEDEN" prepared for Leading Edge Materials Corp. with effective date August

18, 2021 and issue date August 19, 2021, available on Leading Edge's website www.leadingedgematerials.com and under its SEDAR profile www.sedar.com. The 2021 Norra Karr PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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.

COVID-19

On March 11, 2020, the World Health Organization ("WHO") declared the novel coronavirus outbreak identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel, as recommended by the various governments. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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, 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 Fiscal 2022

During the fiscal year ended October 31, 2022, the Company:

- On October 15, 2022, the Company received confirmation that NAMR approved the first-year exploration program for the Bihor Sud exploration license.
- On August 30, 2022, the Company announced a change in senior Management with the resignation of Mr. Filip Kozlowski, CEO of the Company, effective as of October 14, 2022. Mr. Eric Krafft, Director of the Company was named interim CEO.
- On July 28, 2022, the Company appointed Manuela Balaj-Coroiu as Company Secretary.
- On July 15, 2022, the Company received confirmation that NAMR approved the first-year exploration program for the Bihor Sud exploration license.
- On June 21, 2022, the Company took a decision to initiate a Natura 2000 permit application process for the Norra Karr project and retract the appeal against the mining lease rejection for Norra Karr.
- On May 17, 2022, the Company signed Bihor Sud Exploration License between the Company's subsidiary LEM Romania SRL and National Agency for Mineral Resources, Romania ("NAMR").
- On April 28, 2022, the Company held its Annual and Special Meeting of Shareholders.
- On March 31, 2022, Norra Karr Exploration License Remains in Full Force After Court Decision.
- On February 11, 2022, the Company commenced an evaluation to restart graphite production at Woxna Mine due to improved market conditions.
- On January 27, 2022, the Company granted an aggregate of 3,200,000 common shares (the "Optioned Shares") of the Company, at exercise price of C$0.62 per option, expiring on the date that is three years from the date of grant to its directors, officers, employees, and consultants.

After the fiscal year ended October 31, 2022, the Company:

- On November 3, 2022, the Company also granted stock options to officers and consultants to purchase an aggregate of 700,000 common shares of the Company, at exercise price of $0.20 per Optioned Share, expiring on the date that is 5 years from the date of grant. The Options will vest 33% one year after the date of grant, 33% two years after the date of grant and 34% three years after the date of grant. The Options were issued pursuant to the terms of the Company's Option Plan.

- On January 9, 2023, the company issued 13,000,000 common shares on the exercise of 13,000,000 warrants by the Interim CEO for the proceeds of $1,300,000.

- On January 23, 2023, the company announced that it is ahead of schedule in exploration of its exclusive and 100% owned Bihor Sud license in the Apuseni Mountains of central-western Romania. Furthermore, extensive Nickel and Cobalt mineralisation has been visually identified over 100 m in the first of the recently opened historic galleries on the property

Outlook

Over the last few months the world has experienced deflating stock prices led by growth/tech stocks after significant jumps in various inflation measures. The latter being driven by continued supply chain disruptions, component shortages, high energy prices and increasing raw material costs. Graphite prices have remained stable since the last quarter[1] whereas rare earth prices have given back some of their extreme gains from earlier this year[2].

Politicians across the western world are increasingly launching efforts to address their respective raw materials security in a new geopolitical world with Russia's war on Ukraine continuing, Europe is working on a critical raw materials act to strengthen the legislative role of critical raw materials[3]. A recent initiative from the US brings together ally countries, Sweden being one, to collaborate around increasing critical raw

[1] https://www.indmin.com/Article/5102474/Graphite/Weaker-expandable-demand-weighs-on-fob-China-large-flake-graphite-prices.html
[2] https://www.metal.com/price/Rare%20Earth/Rare-Earth-Oxides
[3] https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_22_3643

materials resilience in the form of a *Minerals Security Partnership*. A key objective of the partnership is to "catalyze investment from governments and the private sector for strategic opportunities" [4].

In Sweden concrete actions are being taken to unlock some of the past bottlenecks in permitting of raw material projects. The government launched an investigation to propose legislative changes to clarify that a Natura 2000 permit should be part of the environmental permitting process and not the mining lease permit[5]. In addition, as an addendum to an already ongoing investigation the government instructed to investigate whether critical raw materials could be granted preferential status under the Environmental Act alongside other competing land use interests[6].

For the Woxna Graphite project, we are in dialogue with the downstream graphite market to evaluate opportunities for the potential product sales of flake graphite concentrate prior to making a final decision on restarting production at the Woxna Graphite mine. In parallel, the batches of spherical purified graphite produced by our preferred equipment suppliers have been sent to Sicona's pilot plant in Australia for final upgrading to active anode materials that can be tested and sent as samples to potential future customers.

For the Norra Karr project, in contrast to recent trends in potential legislative change, on June 20, 2022, the Supreme Administrative Court of Sweden ruled in the Boliden Laver case[7] confirming that current legislation requires a Natura 2000 permit prior to the evaluation of a mining lease. Since our appeal to the Government against the Mining Inspectorate's rejection of the Norra Karr mining lease application in May 2021 was made on largely the same basis as the Boliden Laver case[8], we decided to retract our appeal against the Norra Karr mining lease rejection. With the current legal framework now clarified, we took the decision to initiate a Natura 2000 permit application process for the Norra Karr project. By initiating a Natura 2000 permit process based on the new design of the Norra Karr project we will benefit from authorities and other stakeholders evaluating the merits of the project based on the most recent plans that substantially reduce the potential for environmental risk. In parallel, through the various environmental and metallurgical studies that may be required to support the Natura 2000 permit application the Company can further progress the Norra Karr project towards its next stages of feasibility development. We will continue to adapt our path should the legal framework evolve going forward.

Lastly, it was with great excitement that we last year finally could sign the exclusive exploration license for our Romanian project. Since, we have rapidly been advancing It: put together the team on the ground, submitting and receiving approvals for the required work plans, opening adits for initially targeted galleries, passing safety inspections, etc. All to enable starting our exploration work and with a view to demonstrating the potential this project offers us. Results have not disappointed: in the first target gallery G7 we have encountered visual Co-Ni mineralisation over 135 m. All efforts are leading towards designing a drill program for later this year to define the resource we feel optimistic about proving up.

[4] https://www.state.gov/minerals-security-partnership/

[5] https://www.regeringen.se/pressmeddelanden/2022/05/natura-2000-tillstand-i-samband-med-gruvverksamhet---nu-utreds-fragan/

[6] https://www.regeringen.se/pressmeddelanden/2022/06/tillaggsdirektiv-till-utredningen-om-att-sakerstalla-en-hallbar-forsorjning-av-innovationskritiska-metaller-och-mineral/

[7] https://www.domstol.se/globalassets/filer/domstol/hogstaforvaltningsdomstolen/2022/domar-och-beslut/798-21.pdf

[8] https://leadingedgematerials.com/leading-edge-materials-appeals-norra-karr-mining-lease-application-rejection-to-the-government-of-sweden/

Projects Overview

Woxna Graphite Mine and Anode Project

The Woxna graphite mine and production facility is comprised of four graphite deposits, an open pit mine, a permit to process 100,000 tonnes of mineralized material per annum, a processing plant and tailings dam, all located some 8 kilometres ("km") WNW of the town of Edsbyn, Sweden, approximately a 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. Ongoing development has been directed towards test work focused on the possible production and modification of high purity graphite using thermal purification technologies for emerging high growth high value markets, one such example being the lithium-ion battery industry (the "Anode Project"). Other potential high-value end-markets being investigated are purified micronized graphite for metallurgical and electroconductive additives and purified large flake graphite as a precursor for the production of expandable graphite suitable as a feed for graphite foil and fuel cell bipolar plates.

On June 9, 2021, the Company announced Preliminary Economic Assessment ("PEA") results for a vertically integrated mine to anode material production, the full details subsequently included in the technical report entitled "NI 43-101 Technical Report – Woxna Graphite" prepared for Woxna Graphite AB with effective date June 9, 2021 and issue date July 23, 2021, available on Leading Edge's website www.leadingedgematerials.com and under its SEDAR profile www.sedar.com. The main results are the following where all figures are US dollars unless otherwise specified;

Main PEA Highlights

- The PEA indicates the potential viability of a Swedish operation producing battery grade graphite anode material utilizing an existing graphite mine and concentrator with the addition of a value-add processing facility offsite;
- The proposed process route in the PEA uses a thermal purification process which, combined with access to low cost hydropower offers a low carbon footprint for the Project which was demonstrated in a subsequent life cycle assessment (LCA) report. The PEA also focused on improved waste management process for tailings further improving the sustainability ambitions of the Project;
- The Report shows a financially robust Project with average annual EBITDA of $49m and a pre-tax Internal Rate of Return (IRR) of 42.9%;
- The PEA utilizes one out of four deposits currently owned by Woxna under granted exploitation concessions, where two of the other deposits also have indicated and inferred mineral resource estimates offering potential upside for further expansion in future development or studies;

Project Financial Highlights

- Pre- and post-tax Net Present Value (NPV) of $317m and $248m using an 8% discount rate Pre- and Post-tax IRR of 42.9% and 37.4% Accumulated project revenues of $1,425m
- Average annual EBITDA of $49m
- Initial Capital Expenditures (CAPEX) of $121m
- Pre-tax Payback Period from first production of 2.24 years
- Operating cost per tonne of coated spherical purified graphite (CSPG) of $2,519 after revenue credit from micronized graphite product

Operational Highlights

- Life of Project (LOP) is 19 years
- Life of Mine (LOM) is 15 years
- LOM average annual plant feed of 159,967 tonnes
- LOM average annual CSPG product 7,435 tonnes
- LOM average annual micronized graphite product 8,421 tonnes
- LOM average strip ratio of 3.7:1

Mineral Resource Estimate – Measured and Indicated

Property	Classification of Mineral Resource	Tonnes (Mt)	Grade C (%)
Kringel	Measured	0.96	9.21
	Indicated	1.65	9.09
	Sub-total Measured + Indicated	2.61	9.13
Gropabo	Indicated	2.33	7.72
Mattsmyra		5.83	7.14
Total	Measured + Indicated	10.77	7.75

Mineral Resource Estimate – Inferred

Property	Classification of Mineral Resource	Tonnes (Mt)	Grade C (%)
Kringel	Inferred	0.39	8.72
Gropabo		0.61	8.07
Mattsmyra		1.51	8.06
Total	Inferred	2.51	8.16

Source: ReedLeyton 2021
Notes:

- Inconsistencies in totals are due to rounding;
- 4% Cg mill cut-off grade applied for reporting purposes constrained within the MPlan 2021 pitshell;
- Reported according to CIM Definition Standards 2011;
- Reported according to CIM Mineral Exploration Best Practice Guidelines (Nov 2018);
- No geological losses applied;
- Default Density of 2.7 t/m^3 applied to in situ, then Density of 2.82 t/m^3 applied to Type A Graphite and Density of 2.86 t/m^3 applied to Type B Graphite for Gropabo and Mattsmyra; and Default Density for Kringel remained at 2.7 t/m3;
- The previous Mineral Resource Estimates for the Project were developed without the constraint of an applied mine plan and open-pit shell. In the light of more rigorous compliance requirements, the Mineral Resources were reported by ReedLeyton within the constraints of the PEA mine plan as a means of demonstrating "reasonable prospects for economic extraction" as required by numerous international reporting codes. No new exploration data was included in the reporting process;
- Effective date of Mineral Resource Estimate is June 9, 2021; and
- Mineral resources are not mineral reserves and do not have demonstrated economic viability;

The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

On June 21, 2021, preliminary LCA results were announced, subsequently confirmed in the final report, showing that the production of 1 tonne of natural graphite anode material (coated spherical purified graphite ("CSPG") from natural graphite extracted at the Woxna Graphite mine is forecast to have an impact of 1.8 tonnes CO2 eq. Minviro applied the same methodology in the report to evaluate current Chinese natural and synthetic graphite anode material, with Woxna CSPG demonstrating an 85% to 90% lower impact than the current market dominant Chinese alternatives. A significant factor influencing the dramatically reduced carbon footprint for Woxna Graphite is the access to hydropower as the main electricity source.

On October 6, 2021, the signing of a non-binding Heads of Agreement (the "MOU") between the Company's 100% owned Swedish subsidiary Woxna Graphite AB ("WGAB") and Sydney, Australia, based Sicona Battery Technologies Pty Ltd ("Sicona") was announced. The Heads of Agreement lays out the path for the establishment of a Sweden based 50/50 Joint Venture (the "JV") targeting the production of advanced natural graphite and silicon-graphite-carbon composite active anode materials using natural graphite from the

Woxna Graphite mine as feedstock to offer the European lithium-ion battery manufacturing industry a secure and sustainable supply of high-performance anode materials. Sicona is commercialising innovative silicon-graphite-carbon composite anode and binder technology and materials that have been developed over the last ten years at the Australian Institute for Innovative Materials at the University of Wollongong and now owned by Sicona. The MOU lays out certain work packages with the ultimate objective being a Sweden based advanced anode materials production facility targeting an annual production of up to 20,000 tonnes per year of multiple active anode materials products using Woxna graphite feedstock and other complementary suitable feedstocks such as externally sourced silicon and other carbon or graphite materials utilizing Sicona's significant proprietary IP and know-how.

Key points of the JV as envisioned in the MOU;

- The establishment of a Swedish corporation owned 50/50 by WGAB and Sicona to operate the JV out of Sweden;
- The design, funding and launch of a 500 tonnes per annum stage 1 commercial demonstration plant at a suitable location from the Woxna Graphite mine to produce multiple active anode materials products for advanced customer qualification trials;
- Appropriate feasibility study for a 7,000 to 20,000 tonnes per annum full scale commercial production facility;
- Funding, building and operation of a full scale commercial production facility;
- Woxna to enter an offtake agreement with the JV to sell it all of its graphite concentrate production on a graphite related all in cost basis plus a 30% margin, with a cap at the price equivalent to an appropriate graphite pricing benchmark less 15% (the "Off-take Agreement");
- The JV to be granted a non-exclusive, non-transferable, non-sublicensable license for Sicona's IP to produce carbon coated graphite based and silicon-graphite-carbon based active anode materials (the "License Agreements");
- JV to retain exclusivity over the IP in Sweden, with additional timelines proposed to prohibit the licensing of the IP within Europe to other parties; and
- A twelve month exclusivity period during which Woxna and Sicona are prohibited from soliciting alternative transactions to the proposed JV and must deal exclusively with each other (the "Exclusivity Provision").

The establishment of the JV is subject to entering into a definitive binding joint venture agreement governing the Swedish JV corporation (the "Definitive Joint Venture Agreement", and together with the Off-take Agreement and the License Agreements, the "Definitive Agreements"), the Off-take Agreement and the License Agreements and completion of satisfactory due diligence and receipt of all necessary board and regulatory approvals. Other than the Exclusivity Provision and certain other standard provisions relating to confidentiality, expenses and governing law, the MOU is non-binding in nature and neither WGAB nor Sicona are under any obligation to enter into, or continue negotiations regarding, the Definitive Joint Venture Agreement. No binding agreement will exist between WGAB and Sicona relating to a JV unless and until the Definitive Joint Venture Agreement has been finalized and executed. There is no assurance or guarantee that the Definitive Agreements will be executed or materialize.

Bulk trials with preferred equipment suppliers to produce spherical purified graphite have been completed successfully and the materials have been sent to Sicona for further refinement in their recently commissioned pilot plant. These materials will be tested and sent for customer trials as a basis for moving the anode project to the next phase.

In February 2022 (see news release dated February 11, 2022) the Company announced the initiation of an internal review focused on the potential to restart production at the Woxna graphite mine. The internal review was triggered by a strong development in European graphite pricing, signs of strong graphite demand and continuing supply chain disruptions. Since the commencement of the internal review the underlying fundamental factors leading to the review have continued or strengthened. The Company is actively engaging with the downstream graphite market in order to evaluate the optimal marketing strategy for the planned production prior to making a final investment decision on a restart of production.

Norra Karr Heavy Rare Earth Elements Project

Norra Karr 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 Karr REE deposit was acquired by the Company and drill tested in 2009. Following thick intersections of mineralized rock, the project progressed quickly through drill out, metallurgical testing, resource calculation, PEA, environmental and social studies, and Mining Lease application, culminating in a Pre-Feasibility Study (“PFS”) completed in 2015.

In August 2020 the Company commissioned SRK Consulting (UK) Limited (“SRK”) to produce an updated PEA study to propose a new design of the Norra Karr project with the objective to maximize resource utilization and minimize potential environmental footprint.

On July 22, 2021, the Company announced PEA results for Norra Karr, the full details subsequently included in the technical report titled “PRELIMINARY ECONOMIC ASSESSMENT OF NORRA KARR RARE EARTH DEPOSIT AND POTENTIAL BY-PRODUCTS, SWEDEN" prepared for Leading Edge Materials Corp. with effective date August 18, 2021 and issue date August 19, 2021, available on Leading Edge's website www.leadingedgematerials.com and under its SEDAR profile www.sedar.com. The main results are the following where all figures are US dollars unless otherwise specified;

Main PEA Highlights (In comparison to the 2015 PFS)

- Significant increase in resource utilization by proposing recovery of nepheline syenite (NS) industrial mineral, zirconium oxide (Zr) and niobium oxide (Nb) products in addition to the rare earth oxide (“REO”) products. In the PEA, more than 50% of total mined material is planned to be sold as products compared with previously less than 1% in the 2015 PFS. The PEA also identifies future opportunities to valorize the residual mined material which could potentially result in all mineralized material mined to be treated as potential commercial products.
- Introducing a revised Project flowsheet to minimize the environmental footprint at the Norra Karr site:
    - The Norra Karr site will only include mining and comminution methods consisting of crushing, milling and magnetic separation, eliminating all chemical processing from Norra Karr and associated waste vs the 2015 PFS study. In the PEA following physical separation resulting material streams either are shipped as products or as concentrates for further processing at other locations and a single waste stream to be stored at the Norra Karr site.
    - The rare earth, zirconium and niobium bearing concentrate will be transported to a dedicated off-site location for chemical processing and further recovery.
- The combination of the above, results in a single waste stream at the Norra Karr site consisting of the mineral aegirine which can be dry stacked in a lined impoundment together with waste rock from mining, eliminating the need for a wet tailings storage facility. This new design substantially reduces land area usage of the Project by approximately 80% (see Figure 1) and results in no chemical process tailing dams being required at Norra Karr. These changes considerably reduce the environment risk profile of the Project at Norra Karr.
- In addition, the removal of chemical processing and wet tailings at Norra Karr delivers an overall predicted 51% reduction in water requirements over the life of mine vs the 2015 PFS study. Use of mine dewatering for processing can reduce additional water requirements by almost 100% and the elimination of discharge requirements to local water bodies compared with the 2015 PFS design.
- The PEA introduces the design of an off-site chemical recovery plant located close to reagent supplies within an existing brownfield development area where mixed REO (MREO), Zr and Nb products are planned to be recovered. Residual process waste at the off-site facility consists of neutralized leach residue and gypsum disposed of in geomembrane lined dry stack impoundments. The Report identifies the future potential to further process the gypsum waste into a gypsum product for construction material markets.

Project Financial Highlights

- Pre- and Post-tax Net Present Value (NPV) of $1,026M and $762M using a 10% discount rate
- Pre- and Post-tax Internal Rate of Return (IRR) of 30.8% and 26.3%
- Accumulated LoM project revenues of $9,962M
- Average annual EBITDA of $206M
- Initial Capital Expenditures (CAPEX) of $487M
- Pre-tax Payback Period from first production of 5.1 years
- Life of mine average gross basket price per kg of separated mixed REO product at $53
- Operating cost per kg of separated mixed REO product at $33 including toll separation charges
- By-product revenue per kg of separated mixed REO product $19
- Operating cost per kg of separated mixed REO product including toll separation charges and after by-product credit at $14.57.

Operational Highlights

- Life of Mine (LOM) is 26 years
- LOM average annual
  - Mining rate of 1,150,000 tonnes
  - Strip ratio of 0.32
  - TREO 5,341 tonnes
  - Main magnet rare earth oxides ("MagREO") (Nd, Pr, Dy, Tb) 1,005 tonnes
    - Dy_2O_3: 248 tonnes
    - Tb_2O_3: 36 tonnes
    - Nd_2O_3: 578 tonnes
    - Pr_2O_3: 143 tonnes
  - Nepheline Syenite by-product 732,885 tonnes
  - Zirconium dioxide by-product 10,200 tonnes
  - Niobium oxide by-product 525 tonnes

The Norra Karr deposit average concentration of uranium and thorium based on 9,987 samples are extremely low (U 11.4 ppm and Th 10.9 ppm), especially compared with other REE deposits. The various material streams from the new design of the Project have not been tested for radionuclide content. However previous testwork, on both material and waste streams conclude that amounts of uranium and thorium, activity concentrations and indexes would likely fall below thresholds of radioactivity as per the definition of a radioactive substance by the International Atomic Energy Agency (IAEA) and EU guidelines (ANSTO, 2014).

SRK conducted a hazardous waste assessment through HazWasteOnlineTM as part of the PEA to determine whether the waste materials contain any hazardous properties. The assessment uses the multi-element assays for the composites and average assays per material type for the 65 waste rock samples plus calculated weighted averages. Based on the project geochemistry the waste rock is classified as non-hazardous, non-inert by the Swedish Waste Ordinance (SFS 2020:614).

Norra Karr Mineral Resource Statement (SRK, 18 August 2021)*

Mineral Resource Classification	Tonnes (Mt)	TREO (%)	ZrO_2 (%)	Nb_2O_5 (%)	Nepheline Syenite (%)
Inferred	110	0.5	1.7	0.05	65

*Notes:

1. Effective date 18 August 2021.
2. Qualified Person Mr Martin Pittuck MSc C.Eng
3. Mineral Resources are not Mineral Reserves until they have Indicated, or Measured confidence and they have modifying factors applied and they have demonstrated economic viability based on a Feasibility Study or Prefeasibility Study.
4. There is no guarantee that Inferred Mineral Resources will convert to a higher confidence category after future work is conducted.
5. The Mineral Resources reported have been constrained using an open pit shell assuming the deposit will be mined using open pit bulk mining methods and above a cut-off grade of USD150/t., including a 30% premium on projected commodity prices and unconstrained by commodity production rates and the 260m highway buffer zone.

6. The Mineral Resources reported represent estimated contained metal in the ground and has not been adjusted for metallurgical recovery.
7. Total Rare Earth Oxides (TREO) includes: La2O3, Ce2O3, Pr2O3, Nd2O3, Sm2O3, Eu2O3, Gd2O3, Tb2O3, Dy2O3, Ho2O3, Er2O3, Tm2O3, Yb2O3, Lu2O3, Y2O3.
8. Heavy Rare Earth Oxides (HREO) include: Eu2O3, Gd2O3, Tb2O3, Dy2O3, Ho2O3, Er2O3, Tm2O3, Yb2O3, Lu2O3, Y2O3
9. HREO is 52% of TREO

Norra Karr Rare Earth Element Distribution

Light REO proportion of Total REO					**Heavy REO proportion of Total REO**									
La_2O_3	Ce_2O_3	Pr_2O_3	Nd_2O_3	Sm_2O_3	Eu_2O_3	Gd_2O_3	Tb_2O_3	Dy_2O_3	Ho_2O_3	Er2O3	Tm_2O_3	Yb_2O_3	Lu_2O_3	Y_2O_3
0.100	0.210	0.030	0.110	0.030	0.004	0.030	0.007	0.050	0.010	0.034	0.005	0.033	0.005	0.340
0.48					0.52									

The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. The rationale for re-evaluation of the Project at the PEA level is justified for the following reasons; recognition of potentially economic commodities in the mineralization not evaluated in the 2015 PFS, namely nepheline syenite, niobium and zircon, recognition of the need to reduce the project footprint and assess alternatives to a large tailing's facility at the mine site, and the need to minimize waste on the project and have greater utilization of the extracted materials. The Company does not expect the mineral resource estimates contained in the PEA to be materially affected by metallurgical, environmental, permitting, legal, taxation, socio-economic, political, and marketing or other relevant issues.

A 25-year Mining Lease (exploitation concession) was granted to the Company's Swedish subsidiary Tasman Metals AB, now renamed GREENNA Mineral AB, covering Norra Karr in 2013. In 2016, following an appeal to the Supreme Administrative Court in Sweden regarding the decision-making process of the Bergsstaten under the Minerals Act, the Norra Karr Mining Lease reverted from Granted to Application status. On May 5, 2021, Bergsstaten rejected the mining lease application, and the Company has subsequently appealed this decision to the Government of Sweden. On June 20, 2022, the Supreme Administrative Court of Sweden ruled to confirm that current legislation requires a Natura 2000 permit prior to the evaluation of a mining lease leading to the Company retracting the appeal against the Norra Karr mining lease rejection. In accordance with the confirmed legal framework a decision to initiate a Natura 2000 permit application process for the Norra Karr project was taken.

In June 2020, the Company received confirmation that the exploration license for the Norra Karr project received an extension with the Bergsstaten to August 31, 2024. Subsequently the Swedish parliament passed legislation to mitigate the impacts of COVID-19 by giving exploration companies an additional year to carry out their work which extends the Norra Karr exploration license to August 31, 2025. The extension of the exploration license was appealed, and the administrative court of Lulea rejected the appeal in March 2021. The extension of the exploration license was appealed to the next instance, which in March 2022 denied leave to appeal. On June 10, 2022, another law came into force to mitigate the impacts of COVID-19 further extending the Norra Karr exploration license to August 31, 2026.

Bihor Sud Nickel-Cobalt and Polymetallic 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. 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 early 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. On the basis of positive results, in October 2019 LEM Romania elected to submit an Exploration License application to the permitting authority Agenţia Natională Pentru Resurse Minerale ("NAMR") for the Bihor Sud area in a competitive tender process. In May 2022, LEM Romania signed the exclusive exploration license with NAMR.

The exploration license perimeter covers a 25 square kilometer area in the Northern Apuseni Mountains of Transylvania. The Apuseni Mountains are located in the northern extension of the Western Tethyan Metallogenic Belt, one of the world's more prominent orogenic belts that hosts numerous significant past producing mines and newly discovered mineral deposits. LEM Romania applied for the License with the goal to expand on indications of high-grade cobalt, nickel and polymetallic mineralization collected in the framework of its earlier prospecting license covering the same area.

Located approximately 90 km south-east from Oradea which is the administrative capital of Bihor County, Bihor Sud lies within the Upper Cretaceous and Neogene Carpathian magmatic arcs which extend from Turkey to Hungary and are host to several well-known mines and mineral deposits such as the Timok-Bor-Majdanpek copper-gold zone, Skouries and Chelopec. The Northern Apuseni Mountains have documented high grade skarn and carbonate replacement mineral deposits and historic production of Cu, Mo, Ag, Au, Zn, U and Pb associated with Tethyan Arc intrusions. Within the License area, there is a significant amount of historical mine works including a substantial former underground uranium mine which stopped production in the 1990s. Approximately 15 km northwest from the License, The Company's local joint-venture partner operates a high-quality dolomite mine, the Baita Skarn Mine, which has historic mining of Cu, Mo, Bi, Au, Ag, Zn, Pb and W.

Under the earlier prospecting work, staff and consultants to LEM Romania compiled historic data, sampled historic mine waste dumps and completed preliminary ground geophysics and soil sampling. Historic mining in the area tapped Co-Ni mineralization deposited at the top of a regional carbonate level and overlying dark schist in the form of replacement bodies and dissemination. Within a 5 x 2 km zone, grab samples were taken from 7 waste dumps near gallery mouths, showing mostly disseminated mineralization in dark schist and carbonate. Both, cobalt and nickel grades in these rocks, are often in the percent-range, increasing strongly as stringers occur, which locally lead to massive Co-Ni-ore pockets.

On 23 January 2023, the Company reported being ahead of schedule and having entered the first target, Gallery G7. Initial visual inspection highlighted Ni and Co mineralisation over 100 m. Over the next few months, a comprehensive sampling program will help determine parameters for drilling expected to be undertaken later this year. The Company feels encouraged by prospects for a resource given this initial remarkable discovery.

Qualified Person

The scientific, technical and economic information related to the Norra Karr project has been reviewed and approved by Dr. Rob Bowell of SRK Consulting (UK) Ltd, a chartered chemist of the Royal Society of Chemistry, a chartered geologist of the Geological Society of London, and a Fellow of the Institute of Mining, Metallurgy and Materials, who is an independent Qualified Person under the terms of NI 43-101 for REE deposits.

The scientific, technical and economic information related to the Woxna Graphite project has been reviewed and verified by Christopher Stinton of Zenito Limited, BSc (Hons), CEng MIMMM, an independent Qualified Person as defined by NI 43-101.

Martin S. Oczlon, PhD Geo, CEng MIMMM, a consultant to Leading Edge Materials and Qualified Person as defined in NI 43-101, has reviewed and verified the technical content related to the Bihor Sud project.

Financial Information

The report for three months ending January 31, 2023, is expected to be published on or about March 22, 2023.

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.

	Fiscal 2022				Fiscal 2021			
Three Months Ended	October 31, 2022 $	July 31, 2022 $	April 30, 2022 $	January 31, 2022 $	October 31, 2021 $	July 31, 2021 $	April 30, 2021 $	January 31, 2021 $
Operations								
Expenses	(425,075)	(419,050)	(433,894)	(1,874,407)	(583,391)	(600,531)	(483,495)	(664,674)
Other items	308,721	(190,659)	(356,226)	(219,942)	28,466	(477,057)	1,573,567	(3,603)
Comprehensive profit/(loss)	(116,354)	(609,709)	(790,120)	(2,094,349)	(554,925)	(1,077,588)	1,090,072	(668,277)
Basic Profit/(loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	0.01	(0.00)
Diluted profit/(loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	0.01	(0.00)
Financial Position								
Working capital	1,365,657	1,686,095	2,396,484	3,236,870	2,350,166	2,803,903	3,935,156	2,598,191
Total assets	23,832,418	24,827,062	25,000,847	30,597,341	28,756,406	28,455,148	29,133,933	28,759,753
Total non-current liabilities	(5,292,618)	(6,159,922)	(6,045,964)	(10,812,012)	(9,946,686)	(9,054,376)	(8,620,700)	(9,154,787)

Results of Operations

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

During the three months ended October 31, 2022 (“Q4 2022”) the Company reported a net loss of $116,354 compared to a reported net loss of $ 609,709 for the three months ended July 31, 2022 (“Q3 2022”), a decrease in loss of $ 493,355, the decrease in loss mainly due to market-to-market loss booked for $126,036 in Q3 compared to a mark to market gain of $319,278, offset by loss on sale of investments $257,614 booked in Q4 2022.

Year Ended October 31, 2022, Compared to Year Ended October 31, 2021

During the year ended October 31, 2022 (“2022 period”) the Company reported a net loss of $3,610,532 compared to a net loss of $1,210,718 for the year ended October 31, 2021 (“2021 period”), an increase in loss of $2,399,814. The increase in loss was primarily attributed to Shares based compensation booked during 2022 for $1,421,437 and gain on the sale of the Bergby Project $1,472,255 booked in the 2021.

Specific expenses of note during the year ended October 31,2022 are as follows:

(i) incurred $443,700 (2021 - $417,791) for directors and officer’s compensation.
(ii) incurred $198,495 (2021 - $192,807) 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 $139,204 (2021 - $222,329) for accounting and audit out of which the Company incurred $50,526 (2021 - $43,555) for accounting services of SKS Business Services along with $28,885 (2021 - $41,631) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants;
(iv) incurred research, development and general exploration of $79,774 (2021 - $443,982);
(v) incurred $223,134 (2021 - $250,962) in costs for operations.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the year ended October 31, 2022 the Company reported interest income of $25,497 compared to $13,890 during the year ended October 31, 2021.

During the year ended October 31, 2022, the Company recorded a foreign exchange gain of $151,206 due to changes in exchange rates, compared to a loss of $89,043 during the year ended October 31, 2021.

Financings

3,200,000 stock options were granted at an exercise price of $0.62 during the year ended October 31, 2022 (2021 – Nil).

During the year ended October 31, 2022, 500,000 options and 4,421,428 warrants were exercised for gross proceeds of $112,500 and $1,620,500 respectively.

During the year ended October 31, 2022, 550,509 shares were issued to REMAT group at a fair value of $178,916 per joint venture agreement for the Bihor Sud project and 27,525 shares were issued at fair value of $9,083 as finder fees, both relating to the signing of the exploration license for the project.

During the fiscal 2021, 493,109 options and 63,571 warrants were exercised for gross proceeds of $95,348 and $6,357 respectively.

Property, Plant and Equipment

	Vehicles $	**Equipment and Tools $**	**Building $**	**Manufacturing and Processing Facility $**	**Mineral Property Acquisition and Development Costs $**	**Total $**
Cost:						
Balance at October 31, 2020	16,094	287,018	344,139	7,567,878	8,123,928	16,339,057
Adjustment to site restoration	-	-	-	-	2,876,917	2,876,917
Balance at October 31, 2021	16,094	287,018	344,139	7,567,878	11,000,845	19,215,974
Adjustment to site restoration	-	-	-	-	(4,612,109)	(4,612,109)
Balance at October 31, 2022	**16,094**	**287,018**	**344,139**	**7,567,878**	**6,388,736**	**14,603,865**
Accumulated Depreciation:						
Balance at October 31, 2020	**(2,606)**	**(261,717)**	**(115,515)**	**(3,910,218)**	**(5,000,000)**	**(9,290,056)**
Depreciation	(1,071)	(2,011)	(30,623)	-	-	(33,705)
Balance at October 31, 2021	**(3,677)**	**(263,728)**	**(146,138)**	**(3,910,218)**	**(5,000,000)**	**(9,323,761)**
Depreciation	(765)	(1,435)	(21,868)	-	-	(24,069)
Balance at October 31, 2022	**(4,442)**	**(265,163)**	**(168,006)**	**(3,910,218)**	**(5,000,000)**	**(9,347,830)**
Carrying Value:						
Balance at October 31, 2021	12,417	23,290	198,001	3,657,660	6,000,845	9,892,213
Balance at October 31, 2022	**11,652**	**21,855**	**176,133**	**3,657,660**	**1,388,736**	**5,256,035**

Exploration and Evaluation Assets

	Graphite concessions $	Anode Project $	Bergby $	Norra Karr $	Romania $	Total $
Balance at October 31, 2020	**14,787**		**425,551**	**15,892,517**	**-**	**16,332,855**
Costs						
Additions during the year	-	-	13,013	295,836	-	308,849
Sale of property		-	(438,564)	-	-	(438,564)
Balance at October 31, 2021	**14,787**	-	-	**16,188,353**	**-**	**16,203,140**
Costs						
Additions during the period	-	81,117	-	172,998	452,408	706,523
Balance at October 31, 2022	**14,787**	**81,117**	-	**16,361,351**	**452,408**	**16,909,663**

Financial Condition / Capital Resources

During the year ended October 31, 2022, the Company recorded a net loss of $3,610,532 and, as of October 31, 2022, the Company had an accumulated deficit of $44,714,802 and working capital of $1,365,657. 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. See also "COVID-19".

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 year 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 year ended October 31, 2022 and 2021 the following compensation was incurred:

	2022 $	2021 $
Mr. Filip Kozlowski, former CEO and former director (1)	294,551	298,041
Mr. Nick DeMare, former CFO and former Corporate Secretary (2)	-	10,000
Mr. Lars-Eric Johansson, Chairman and director (1)	30,000	30,000
Mr. Eric Krafft, interim CEO and director (1)	30,000	30,000
Mr. Daniel Major, director (1)	30,000	30,000
Mr. Sanjay Swarup, CFO (3)	33,669	19,750
Ms. Manuela Balaj-Coroiu, Corporate Secretary (4)	25,480	-
	443,700	417,791

(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 former Chief Executive Officer 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. DeMare, the Company's ex CFO, ceased as Corporate Secretary on July 28, 2022.
(3) Mr. Sanjay Swarup of SKS Business Services has been appointed as CFO from March 1, 2021.
(4) Ms. Manuela Balaj-Coroiu of Cohesion Consulting Group Inc has been appointed as a Company Secretary of the on July 28, 2022.

(b) During the year ended October 31, 2022, the Company incurred $50,526 (2021 - $43,555) for accounting services of SKS Business Services.

(c) In addition, the company incurred share-based compensation for key management personnel as follows:

	2022 $	2021 $
Share-based compensation - Mr. Lars-Eric Johansson	222,100	-
Share-based compensation - Mr. Daniel Major	222,100	-
Share-based compensation - Mr. Eric Krafft	222,100	-
Share-based compensation - Mr. Filip Kozlowski	399,778	-
	1,066,078	-

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As of January 25, 2023, there were 165,523,533 issued and outstanding common shares, 36,200,000 warrants outstanding with exercise prices ranging from $0.10 to $0.20 per share and 8,070,000 share options outstanding with exercise prices ranging from $0.155 to $0.64 per share.