



LEADING EDGE MATERIALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JANUARY 31, 2024

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	Note	January 31, 2024 \$	October 31, 2023 \$
ASSETS			
Current assets			
Cash		2,145,180	2,427,311
GST/VAT receivables		138,688	193,246
Prepaid expenses		87,622	110,901
Investments	3	64,388	150,462
Inventory		80,262	77,236
Plant stores and supplies		84,386	83,355
Total current assets		2,600,526	3,042,511
Non-current assets			
Exploration and evaluation assets	4	18,025,457	17,744,472
Property, plant and equipment	5	5,283,019	4,509,105
Reclamation deposit	6	94,941	91,361
Total non-current assets		23,403,417	22,344,938
TOTAL ASSETS		26,003,943	25,387,449
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		284,428	329,413
Non-current liabilities			
Provision for site restoration	6	4,973,060	4,173,494
Property acquisition obligation	4(a), 5	516,783	497,296
Total non-current liabilities		5,489,843	4,670,790
TOTAL LIABILITIES		5,774,271	5,000,203
SHAREHOLDERS' EQUITY			
Share capital	7	59,589,701	59,220,772
Share-based payments reserve	7(d)	8,176,199	8,016,774
Deficit		(47,536,228)	(46,850,300)
TOTAL SHAREHOLDERS' EQUITY		20,229,672	20,387,246
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		26,003,943	25,387,449

Nature of Operations - Note 1

Events after the Reporting Period - Note 14

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on March 22, 2024 and are signed on its behalf by:

/s/ Eric Krafft
Eric Krafft
Director

/s/ Daniel Major
Daniel Major
Director

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

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

	Notes	Three Months Ended January 31,	
		2024 \$	2023 \$
Expenses			
Accretion of provision for site restoration	6	31,280	10,200
Corporate development		45,510	26,206
Depreciation		6,370	5,824
Directors and officer's compensation	8(a)	46,419	44,546
Research, development and general exploration	4	117,350	32,797
Accounting and audit	8(b)	52,268	34,061
General and administration		14,922	12,495
Listing and regulatory costs		45,003	47,117
Operations		66,278	87,868
Salaries, compensation and benefits		46,566	83,483
Professional fees		16,261	692
Share based compensation	8(a)	159,425	97,029
Travel		12,965	7,114
		<u>660,617</u>	<u>489,432</u>
Loss before other items		<u>(660,617)</u>	<u>(489,432)</u>
Other items			
Interest income		24,792	10,446
Foreign exchange gain/(loss)		35,971	(24,220)
Mark to market adjustment loss		(86,074)	(52,812)
Write off of Exploration and Evaluation assets		-	(81,117)
		<u>(25,311)</u>	<u>(147,703)</u>
Net loss and comprehensive loss		<u>(685,928)</u>	<u>(637,135)</u>
Loss per share – basic and diluted		<u>(\$0.00)</u>	<u>(\$0.00)</u>
Weighted average number of common shares outstanding - basic and diluted		<u>188,650,008</u>	<u>155,632,229</u>

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

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in Canadian Dollars)

Three Months Ended January 31, 2024					
	Share Capital		Share- Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance at October 31, 2023	187,262,663	59,220,772	8,016,774	(46,850,300)	20,387,246
Common shares issued for:					
Warrants exercised	3,689,286	368,929	-	-	368,929
Share-based compensation	-	-	159,425	-	159,425
Net loss for the period	-	-	-	(685,928)	(685,928)
Balance at January 31, 2024	190,951,949	59,589,701	8,176,199	(47,536,228)	20,229,672

Three Months Ended January 31, 2023					
	Share Capital		Share- Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance at October 31, 2022 (as restated)	152,523,533	55,442,053	7,162,148	(44,267,827)	18,336,374
Common shares issued for:					
Warrants exercised	13,000,000	1,300,000	-	-	1,300,000
Share-based compensation	-	-	97,029	-	97,029
Net loss for the period	-	-	-	(637,135)	(637,135)
Balance at January 31, 2023	165,523,533	56,742,053	7,259,177	(44,904,962)	19,096,268

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

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended	
	January 31,	
	2024	2023
	\$	\$
Operating activities		
Net loss for the period	(685,928)	(637,135)
Adjustments for:		
Accretion of provision for site restoration	31,280	10,200
Depreciation	6,370	5,824
Write off of Exploration and Evaluation assets	-	81,117
Foreign exchange	11,852	13,938
Mark to market adjustment loss	86,074	52,812
Sharebased compensation	159,425	97,029
Changes in non-cash working capital items:		
GST/VAT receivables	54,558	(3,491)
Prepaid expenses and other	23,279	6,895
Accounts payable and accrued liabilities	(44,985)	(10,867)
Net cash from (used in) operating activities	<u>(358,075)</u>	<u>(383,678)</u>
Investing activity		
Expenditures on exploration and evaluation assets	(280,986)	(116,094)
Additions to property, plant and equipment	(11,999)	(2,069)
Net cash from (used in) investing activity	<u>(292,985)</u>	<u>(118,163)</u>
Financing activities		
Issuance of common shares	368,929	1,300,000
Net cash provided by financing activities	<u>368,929</u>	<u>1,300,000</u>
Net change in cash	(282,131)	798,159
Cash at beginning of the period	<u>2,427,311</u>	<u>1,198,536</u>
Cash at end of the period	<u>2,145,180</u>	<u>1,996,695</u>

Supplemental cash flow information - See Note 11

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

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 31, 2024
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

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 January 31, 2024 the Company recorded a net loss of \$685,928 and, as at January 31, 2024, the Company had an accumulated deficit of \$47,536,228 and working capital of \$2,316,098. 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 focus is filing the Natura 2000 permit application to progress the ongoing mining lease application process. Additionally, later in the year focus will move to producing an updated Prefeasibility Study. 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 and 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.

These condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended October 31, 2023.

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 31, 2024
(Unaudited - Expressed in Canadian Dollars)

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. Investments

Investments held by the Company are as follows:

Particulars	January 31, 2024	October 31, 2023
	\$	\$
132,647 shares in United Lithium Corp. (ULTH)	52,396	119,383
400,000 warrants in United Lithium Corp. (Expire on April 29, 2024)	11,992	31,079
Total	64,388	150,462

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 4.17%, expected stock volatility of 85.01% and forfeiture rate of 0.0%.

68,791 ULTH shares are still held in escrow.

4. Exploration and Evaluation Assets

	As at January 31, 2024			As at October 31, 2023		
	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	966,062	16,368,684	15,402,622	966,062	16,368,684
Woxna graphite	-	-	-	-	-	-
Romania	187,999	1,453,987	1,641,986	187,999	1,173,002	1,361,001
	15,600,702	2,424,755	18,025,457	15,600,702	2,143,770	17,744,472

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5. Exploration and Evaluation Assets (continued)

	Graphite concessions \$	Anode Project \$	Norra Karr \$	Romania \$	Total \$
Balance at October 31, 2022	14,787	81,117	16,361,351	452,408	16,909,663
Costs					
Additions during the year	-	-	7,333	908,593	915,926
Write Off	-	(81,117)	-	-	(81,117)
Balance at October 31, 2023	14,787	-	16,368,684	1,361,001	17,744,472
Costs					
Additions during the period	-	-	-	280,985	280,985
Balance at January 31, 2024	14,787	-	16,368,684	1,641,986	18,025,457

(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 5.

(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.

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4. Exploration and Evaluation Assets (continued)

(c) *Anode Project*

The Anode Project encompasses the ongoing development towards the possible production of a high purity natural graphite anode material for the lithium-ion battery industry using flake graphite concentrate from the Woxna Graphite mine as a feedstock. The development work involves various metallurgical test work and engineering of the production process and if successful would eventually lead to the establishment of a dedicated anode material factory in Sweden.

During the year ended October 31, 2022 \$81,117 of exploration cost were capitalized. Based on assessment made, the nature of these expenses were found to be general exploration expense in nature and do not qualify to be capitalized as per IFRS 6 Exploration and Evaluation of Exploration properties, accordingly during the year ended October 31, 2023, the company recognized a write-off of \$81,117 of exploration and evaluation asset.

(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 Feasibility Study technical report.

Under the JV Agreement, upon the filing of a 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.

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5. 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, 2022	16,094	287,018	344,139	7,567,878	6,388,736	14,603,865
Addition	-	3,410	-	-	-	3,410
Adjustment to site restoration	-	-	-	-	(727,313)	(727,313)
Balance at October 31, 2023	16,094	290,428	344,139	7,567,878	5,661,423	13,879,962
Addition	-	11,999	-	-	-	11,999
Adjustment to site restoration	-	-	-	-	768,285	768,285
Balance at January 31, 2024	16,094	302,427	344,139	7,567,878	6,429,708	14,660,246
Accumulated Depreciation and Impairment:						
Balance at October 31, 2022	(4,442)	(265,163)	(168,006)	(3,910,218)	(5,000,000)	(9,347,830)
Depreciation	(732)	(1,374)	(20,922)	-	-	(23,027)
Balance at October 31, 2023	(5,174)	(266,537)	(188,928)	(3,910,218)	(5,000,000)	(9,370,857)
Depreciation	(202)	(380)	(5,788)	-	-	(6,370)
Balance at January 31, 2024	(5,376)	(266,917)	(194,716)	(3,910,218)	(5,000,000)	(9,377,227)
Carrying Value:						
Balance at October 31, 2023	10,920	23,891	155,211	3,657,660	661,423	4,509,105
Balance at January 31, 2024	10,717	35,510	149,423	3,657,660	1,429,709	5,283,019

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 January 31, 2024 the Company has recognized \$516,783 (October 31, 2023 - \$497,296) for the Property Acquisition Obligation associated with the Kringelgruvan concession, as described in Note 4(a)(i).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited - Expressed in Canadian Dollars)

6. 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 2.221% (2023 – 2.998%) and an inflation factor of 2.00% (2023 – 2.00%). 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, 2022	4,795,779
Accretion	105,028
Revision of estimates	(731,725)
Foreign exchange adjustment	4,412
Balance at October 31, 2023	4,173,494
Accretion	31,280
Revision of estimates	604,747
Foreign exchange adjustment	163,539
Balance at January 31, 2024	4,973,060

As at January 31, 2024 reclamation deposits totaling \$94,941 (October 31, 2023 - \$91,361) 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 January 31, 2024 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

7. 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**

Three Months ended January 31, 2024

During three months ended January 31, 2024, 3,689,286 warrants were exercised for gross proceeds of \$368,929.

Year Ended October 31, 2023

During the year ended October 31, 2023, 13,000,000 warrants were exercised for gross proceeds of \$1,300,000.

On August 23, 2023, the Company completed a private placement financing of 21,739,130 units at a price of \$0.115 per unit for gross proceeds of \$2,500,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share at an exercise price of \$0.225 per share, expiring August 23, 2027. The Company paid finders' fees of \$20,930 cash and issued 7,000 finder's warrants.

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7. Share Capital (continued)

(c) **Warrants**

During three months ended January 31, 2024, 3,689,286 warrants were exercised for gross proceeds of \$368,929.

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at January 31, 2024 and October 31, 2023 and the changes for the periods ended on those dates is as follows:

	2024		2023	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance beginning of period	57,825,416	0.17	49,079,286	0.17
Issued	-	-	21,746,130	0.225
Exercised	(3,689,286)	0.10	(13,000,000)	0.10
Expired	(390,000)	0.10	-	-
Balance end of period	53,746,130	0.18	57,825,416	0.21

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at January 31, 2024:

Number	Exercise Price \$	Expiry Date
32,000,000	0.20	August 7, 2024
7,000	0.225	August 23, 2025
21,739,130	0.225	August 23, 2027
53,746,130		

(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.

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.

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7. Share Capital (continued)

A summary of the Company's share options at January 31, 2024 and October 31, 2023 and the changes for the period ended on those dates is as follows:

	2024		2023	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance beginning of period	8,600,000	0.36	8,070,000	0.43
Issued	-	-	5,400,000	0.20
Exercised	-	-	-	-
Expired	-	-	(4,870,000)	0.29
Balance end of period	8,600,000	0.36	8,600,000	0.36

The following table summarizes information about the share options outstanding and exercisable at January 31, 2024:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
3,200,000	3,200,000	0.62	January 27, 2025
500,000	330,000	0.195	April 26, 2026
700,000	231,000	0.20	November 3, 2027
4,200,000	2,772,000	0.195	April 26, 2028
8,600,000	6,533,000		

8. 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 periods ended January 31, 2024 and 2023 the following compensation was incurred:

	2024 \$	2023 \$
Directors and officer's compensation (current and former)	46,419	44,546
Share based compensation (current and former)	129,191	27,723
	175,610	72,269

As at January 31, 2024, \$4,536 (October 31, 2023 - \$4,536) 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 January 31, 2024, the Company incurred \$14,619 (2023 - \$14,506) for accounting services by SKS Business Services.

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9. Income per share

As at January 31, 2024 and 2023, the weighted average number of common shares for the purpose of calculating diluted income per share reconciles to the weighted average number of common shares used in the calculation of basic income per share as follows:

Particulars	January 31, 2024 \$	January 31, 2023 \$
Net loss for the period	(685,928)	(637,135)
Basic weighted average number of shares outstanding	188,650,008	155,632,229
Diluted weighted average number of shares outstanding	<u>188,650,008</u>	<u>155,632,229</u>
Loss per share – basic and diluted	<u>(\$0.00)</u>	<u>(\$0.00)</u>

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	January 31, 2024 \$	October 31, 2023 \$
Cash	FVTPL	2,145,180	2,427,311
Reclamation deposit	amortized cost	94,941	91,361
Investments	FVTPL	64,388	150,462
Accounts payable and accrued liabilities	amortized cost	(284,428)	(329,413)
Property acquisition obligation	amortized cost	(516,783)	(497,296)

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 and property acquisition obligation approximate their fair value. The Company's fair value of cash under the fair value hierarchy is measured using Level 1.

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10. Financial Instruments and Risk Management (continued)

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.

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 January 31, 2024

	Carrying Amount \$	Contractual Cash Flows \$	Less than 3 Months \$	1 - 5 Years \$	Over 5 Years \$
Cash	2,145,180	2,145,180	2,145,180	-	-
Reclamation deposit	94,941	94,941	-	-	94,941
Investments	64,388	64,388	-	64,388	-
Accounts payable and accrued liabilities	(284,428)	(284,428)	(284,428)	-	-
Property acquisition obligation	(516,783)	(516,783)	-	(516,783)	-

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, Swedish Krona ("SEK") and Romanian Leu ("RON"). The Company maintains SEK bank accounts in Sweden and RON bank balances in Romania 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 January 31, 2024, 1 Canadian Dollar was equal to 7.7402 SEK as per Swedish Central Bank and 1 Canadian Dollar was equal to 3.4274 RON as per Romania Bank .

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10. Financial Instruments and Risk Management (continued)

Balances are as follows:

	SEK	CDN \$ Equivalent	RON	CDN \$ Equivalent
Cash	2,076,881	268,324	358,450	104,585
VAT receivable	273,245	35,302	345,776	100,887
Inventories	621,244	80,262	-	-
Plant stores and supplies	653,165	84,386	-	-
Reclamation deposit	734,862	94,941	-	-
Accounts payable and accrued liabilities	(500,714)	(64,690)	(326,137)	(95,157)
Property acquisition obligation	(4,000,000)	(516,783)	-	-
	<u>(141,317)</u>	<u>(18,258)</u>	<u>378,089</u>	<u>110,315</u>

Based on the net exposures as of January 31, 2024 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK and RON would result in the Company's net impact being approximately respectively \$1,826 & \$11,032 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. 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 three months ended January 31, 2024 and 2023 non-cash activities were conducted by the Company as follows:

	2024 \$	2023 \$
Operating activity		
Provision for site restoration	<u>768,285</u>	<u>234,660</u>
Investing activity		
Revisions of estimates on property, plant and equipment	<u>(768,285)</u>	<u>(234,660)</u>

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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 January 31, 2024			
	Corporate Canada	Mineral Operations Sweden	Mineral Operations Romania	Total
	\$	\$	\$	\$
Current assets	1,847,473	547,581	205,472	2,600,526
Exploration and evaluation assets	-	16,383,471	1,641,986	18,025,457
Property, plant and equipment	-	5,268,879	14,140	5,283,019
Reclamation deposit	-	94,941	-	94,941
	1,847,473	22,294,872	1,861,598	26,003,943

	As at October 31, 2023			
	Corporate Canada	Mineral Operations Sweden	Mineral Operations Romania	Total
	\$	\$	\$	\$
Current assets	2,144,215	700,431	197,865	3,042,511
Exploration and evaluation assets	-	16,383,471	1,361,001	17,744,472
Property, plant and equipment	-	4,506,344	2,761	4,509,105
Reclamation deposit	-	91,361	-	91,361
	2,144,215	21,681,607	1,561,627	25,387,449

13. Commitments

In Romania, for exploration licenses applied through the public bid process, an investment offer is presented for each exploration license, the offer of which represents the total amounts required to be spent in order to maintain possession of the concession area at the end of the five-year investment period. Accordingly, should the Company wish to retain possession of the exploration license in Romania it holds as at October 31, 2023, the Company's expenditure commitment for the five-year period ending May 15, 2027 is \$6,484,813 Euros (approx. \$9,532,675 CAD) of which \$1,641,986 CAD has been spent as at January 31, 2024.

14. Events after the Reporting Period

There are no material subsequent events to be reported after balance sheet date.



LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED JANUARY 31, 2024

This Management's Discussion and Analysis ("Interim MD&A") of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"), dated March 22, 2024, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended January 31, 2024, and the most recent annual audited consolidated financial statements and annual Management's Discussion and Analysis. The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and on the Company's website www.leadingedgematerials.com.

Forward Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact, addressing activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in the Company's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and the Company's ability to attract and train key personnel; changes in world metal markets and equity markets beyond the Company's control; the possibility of write-downs and impairments; the risks associated with uninsurable risks arising during the course of exploration; development and production; the risks associated with changes in the mining regulatory regime governing the Company; the risks associated with tenure to the Norra Karr property; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Woxna project has never defined a mineral reserve or a feasibility study and the associated increased risk of technical and economic failure in case of restarting production; risks relating to the preliminary and non-binding nature of the MOU with Sicona.

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

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the Forward-Looking Statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such Forward-Looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such Forward-Looking Statements. Such Forward-Looking Statements has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on Forward-Looking Statements. Forward-Looking Statements are made as of the date hereof, and the Company does not undertake to update such Forward-Looking Statements except in accordance with applicable securities laws.

Corporate Overview

The Company was incorporated on October 27, 2010, under the *Business Corporations Act* (British Columbia) as Tasex Capital Limited. The Company's common shares began trading on the TSX Venture Exchange (the "TSXV") as a capital pool company on June 10, 2011. On February 22, 2012, the Company completed the acquisition of the Woxna Project and changed its name to Flinders Resources Limited. On August 25, 2016, the Company completed the acquisition of Tasman Metals Ltd. ("Tasman") and changed its name to Leading Edge Materials Corp. The Company's common shares trade on the TSXV as a Tier 1 mining issuer under the symbol "LEM", on the OTCQB under the symbol "LEMIF", on Nasdaq First North Stockholm under the symbol "LEMSE" and on Frankfurt under the symbol "7FL". The Company's principal office is located at 14th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1. The Company's strategy is focused on developing a portfolio of critical raw material projects located in the European Union. Critical raw materials are determined as such by the European Union based on their economic importance and supply risk. They are directly linked to high growth technologies such as batteries for electromobility and energy storage and permanent magnets for electric motors and wind power that underpin the clean energy transition towards climate neutrality. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra Karr HREE project (Sweden) and the 51% owned Bihor Sud Nickel Cobalt exploration project (Romania).

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

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

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

Highlights During and After the Quarter

During the three months ended January 31, 2024:

- On December 14, 2023, the company announced it has received further positive assay results for Co-Ni-Au from Gallery 7. This second batch of 104 samples prolongate the zone of Co-Ni-Au-occurrences by about 250 m to a total length of roughly 400 m NNW-SSE, and constitute the central-southern part of G7 at the Bihor Sud project in Romania. Highlights include 6.7% Co, 13.0% Ni, 7.5 g/t Au.
- On December 21, 2023, 314,286 warrants were exercised at an average price of \$0.10 per share for gross proceeds of \$31,428.
- On December 28, 2023, 3,375,000 warrants were exercised at an average price of \$0.10 per share for gross proceeds of \$337,500.

Outlook

We continue to see European policy initiatives increasingly taking shape as industrial policy, hardly seen in the western world since WW2. The object of improving European competitiveness is clear. We have in previous notes followed how this has developed via the general climate agenda, the Critical Raw Materials Act and the Net-Zero Industry Act. Relevant to us is that one of the fundamental starting points is access to raw materials and process technologies of these.

Woxna Graphite Mine

We maintain our built and permitted Woxna graphite mine and plant on care and maintenance, while monitoring market signals to consider a restart of graphite concentrate production, as the first step to developing a downstream anode business. Despite the looming demand-supply deficit, flake graphite prices have remained weak this past year.^[1] Increased capacity in Chinese synthetic graphite production has been an important factor^[2]. It is estimated that China accounts for 92% of global anode production^[3]. This is important as it leads to constraints and impairs competitiveness for European auto industry.

Of course, this offers Sweden a great opportunity as a producer, and Woxna a first mover advantage to help address this.

Norra Kärr Heavy Rare Earth Project

At our Norra Kärr development project, we are working fully focused on our mining lease application. We aim to have this submitted within 12 months from now.

As this is done based on the new 2021 design of this project, we are benefitting from authorities and other stakeholders evaluating the merits of the project based on recent plans that substantially reduce the potential for environmental risk. During this year we plan to establish an office near site from which this work and the important initiatives around social license and stakeholder engagement will be carried out.

Norra Kärr, as one of the largest HREE deposits globally, and the most advanced one in the EU, has the potential to be a cornerstone supplier to Western magnet producers^[4].

Additionally, with Sweden recently having joined NATO, we feel the importance of Norra Kärr may become more pronounced also outside the EU.

Bihor Sud Nickel-Cobalt Exploration Project

Since having obtained permission to enter our underground galleries last year, this project has been advancing rapidly. As we have reported during the past year, we have encountered and assayed high grades of Co-Ni-Au and Cu-Zn-Pb-Ag mineralization's over large distances underground.

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

^[2]https://source.benchmarkminerals.com/article/natural-graphite-market-dominated-by-oversupply-2023-in-review?mc_cid=2a16054797&mc_eid=33b1527344

^[3]https://source.benchmarkminerals.com/article/in-charts-why-decoupling-from-chinas-anode-market-could-be-difficult-for-the-west?mc_cid=b3fba6cc2&mc_eid=33b1527344

^[4]<https://www.fastmarkets.com/insights/rare-earth-magnet-production-outside-asia-gearing-up-2024-preview/>

These results confirm our belief that this is a high prospective exploration project with potential for both scale and high-grade mineralization.

We have retained possession of an underground drill, which is being prepared to be put to work in areas from the inside of the G4 and G7 galleries.

During spring we plan a surface drill program on 50-100 m deep geophysical anomalies and to explore the depth extent of G7 Co-Ni-mineralization.

Additionally, we have entered our next target, Gallery 2, for which we have high expectations.

As far as exploration projects go, we feel that this is an exceptional one, and we are hopeful for plenty of news flow during the coming quarters.

Financial Information

The report for three months ending April 30, 2024, is expected to be published on or about June 21, 2024.

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 2024	Fiscal 2023				Fiscal 2022		
Three Months Ended	January 31, 2024 \$	October 31, 2023 \$	July 31, 2023 \$	April 30, 2023 \$	January 31, 2023 \$	October 31, 2022 (Restated) \$	July 31, 2022 (Restated) \$	April 30, 2022 (Restated) \$
Operations								
Expenses	(660,617)	(582,552)	(313,950)	(1,048,182)	(489,432)	(860,062)	(685,569)	(700,413)
Other items	(25,311)	195,209	(8,442)	(187,421)	(147,703)	308,721	(190,659)	(356,226)
Comprehensive profit/(loss)	(685,928)	(387,343)	(322,392)	(1,235,603)	(637,135)	(551,341)	(876,228)	(1,056,639)
Basic Profit/(loss) per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
Diluted profit/(loss) per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
Financial Position								
Working capital	2,316,098	2,713,098	848,952	1,344,044	2,124,643	1,365,657	1,686,095	2,396,484
Total assets	26,003,943	25,387,449	23,584,544	24,181,654	24,845,430	23,832,418	24,827,062	25,000,847
Total non-current liabilities	(5,489,843)	(4,670,790)	(5,109,575)	(5,404,808)	(5,556,603)	(5,292,618)	(6,159,922)	(6,045,964)

Results of Operations

Three Months Ended January 31, 2024, Compared to Three Months Ended October 31, 2023

During the three months ended January 31, 2024 ("Q1 2024") the Company reported a net loss of \$685,928 compared to a reported net loss of \$387,343 for the three months ended October 31, 2023 ("Q4 2023"), a increase in loss by \$298,585, the increase in loss mainly due to share based compensation expenses of \$159,472 (Q4 2023- \$46,683), foreign exchange gain \$35,971 (Q4 2023- gain \$125,700) and net mark to market adjustment loss of \$86,074 (Q4 2023- gain \$42,550).

Three Months Ended January 31, 2024, Compared to Three Months Ended January 31, 2023

During the three months ended January 31, 2024 ("2024 period"), the Company reported a net loss of \$685,928 compared to a net loss of \$637,135 for the three months ended January 31, 2023 ("2023 period"), a increase in loss of \$48,793, the increase in loss mainly due to Research, development and general exploration expenses of \$117,350 (Q1 2023- \$32,797).

Specific expenses of note during three months ended January 31, 2024 are as follows:

- (i) incurred \$46,419 (2023 - \$44,546) for directors and officer's compensation.
- (ii) incurred \$45,003 (2023 - \$47,117) 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 \$52,268 (2023 - \$34,061) for accounting and audit out of which the Company incurred \$14,619 (2023 - \$14,506) for accounting services of SKS Business Services along with \$11,713 (2023 - \$5,859) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants;
- (iv) incurred Research, development and general exploration expenses of \$117,350 (2023 - \$32,797);
- (v) incurred \$66,278 (2023 - \$87,868) in costs for operations;
- (vi) write-off of \$Nil (2023 - \$81,117) for capitalized exploration cost at Woxna.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the three months ended January 31, 2024 the Company reported interest income of \$24,792 compared to \$10,446 during the three months ended January 31, 2023.

During the three months ended January 31, 2024, the Company recorded a foreign exchange gain of \$35,971 due to changes in exchange rates, compared to a loss of \$24,220 during the three months ended January 31, 2023.

Financings

During three months ended January 31, 2024, 3,689,286 warrants were exercised for gross proceeds of \$368,929.

During the year ended October 31, 2023, 13,000,000 warrants were exercised for gross proceeds of \$1,300,000.

During the year ended October 31, 2023, the Company completed a private placement financing of 21,739,130 units at a price of \$0.115 per unit for gross proceeds of \$2,500,000. The Company paid finders' fees of \$20,930 cash and issued 7,000 finder's warrants.

During the year ended October 31, 2023, 4,700,000 stock options were granted at an exercise price of \$0.195 and 700,000 stock options were granted at an exercise price of \$0.20.

Financial Condition / Capital Resources

During the three months ended January 31, 2024, the Company recorded a net loss of \$685,928 and, as of January 31, 2024, the Company had an accumulated deficit of \$47,536,228 and working capital of \$2,316,098. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs and is conducting ongoing research and development to produce higher value specialty products. The Company is also evaluating a potential restart of production at the Woxna Graphite Mine. The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months however, it will need additional capital to provide working capital and recommence operations at the Woxna Graphite Mine, establish a production facility for the Anode Project, to fund future development of the Norra Karr Property or to complete exploration activities in Romania. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The company has no proposed transactions.

Critical Accounting Estimates

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

A detailed summary of all the Company's critical accounting estimates is included in Note 3 to the October 31, 2023 audited annual consolidated financial statements.

Changes in Accounting Policies

There is no change in accounting policy during the three months ended January 31, 2024.

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, 2023 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 three months ended January 31, 2024 and 2023 the following compensation was incurred:

	2024	2023
	\$	\$
Mr. Eric Krafft, Interim CEO and director ⁽¹⁾	8,100	7,500
Mr. Lars-Eric Johansson, Chairman and director ⁽¹⁾	8,100	7,500
Mr. Daniel Major, director ⁽¹⁾	8,100	7,500
Mr. Sanjay Swarup, CFO ⁽³⁾	9,519	9,446
Ms. Manuela Balaj-Coroiu, Corporate Secretary ⁽⁴⁾	12,600	12,600
	<u>46,419</u>	<u>44,546</u>

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

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

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

- (b) During the three months ended January 31, 2024, the Company incurred \$14,619 (2023 - \$14,506) for accounting services of SKS Business Services.

- (c) In addition, during the three months ending January 31, 2024 and 2023 the company incurred share-based compensation for key management personnel as follows:

	2024	2023
	\$	\$
Mr. Eric Krafft	47,773	-
Mr. Lars-Eric Johansson	28,875	-
Mr. Daniel Major	28,875	-
Ms. Manuela Balaj-Coroiu	3,819	27,723
Mr. Sanjay Swarup	1,890	-
Mr. Filip Kozlowski	17,959	-
	129,191	27,723

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As of March 22, 2024, there were 190,951,949 issued and outstanding common shares 53,746,130 warrants outstanding with exercise prices ranging from \$0.20 to \$0.225 per share and 8,600,000 share options outstanding with exercise prices ranging from \$0.195 to \$0.62 per share.