



LEADING EDGE MATERIALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JULY 31, 2023

(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	July 31, 2023 \$	October 31, 2022 \$
ASSETS			
Current assets			
Cash		735,760	1,198,536
GST/VAT receivables		20,187	15,915
Prepaid expenses		48,730	45,350
Investments	3	107,914	148,839
Inventory		78,151	77,165
Plant stores and supplies		<u>84,343</u>	<u>83,278</u>
Total current assets		<u>1,075,085</u>	<u>1,569,083</u>
Non-current assets			
Exploration and evaluation assets	4	17,407,558	16,909,663
Property, plant and equipment	5	5,009,732	5,256,035
Reclamation deposit	6	<u>92,169</u>	<u>97,637</u>
Total non-current assets		<u>22,509,459</u>	<u>22,263,335</u>
TOTAL ASSETS		<u>23,584,544</u>	<u>23,832,418</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		226,133	203,426
Non-current liabilities			
Provision for site restoration	6	4,606,386	4,795,779
Property acquisition obligation	4(a), 5	<u>503,189</u>	<u>496,839</u>
Total non-current liabilities		<u>5,109,575</u>	<u>5,292,618</u>
TOTAL LIABILITIES		<u>5,335,708</u>	<u>5,496,044</u>
SHAREHOLDERS' EQUITY			
Share capital	7	56,742,053	55,442,053
Share-based payments reserve	7(d)	8,416,715	7,609,123
Deficit		<u>(46,909,932)</u>	<u>(44,714,802)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>18,248,836</u>	<u>18,336,374</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>23,584,544</u>	<u>23,832,418</u>

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period - Note 13

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on September 20, 2023 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 July 31,		Nine Months Ended July 31,	
		2023 \$	2022 \$	2023 \$	2022 \$
Expenses					
Accretion of provision for site restoration	6	10,200	10,200	30,600	30,602
Corporate development and IR		8,822	30,361	41,264	87,623
Depreciation	5	16,795	6,040	28,380	18,631
Directors and officer's compensation	8(a)	46,270	97,482	135,993	295,521
Research, development and general exploration		10,200	26,240	72,661	79,774
Accounting and audit	8(b)	37,998	29,915	124,019	103,507
General and administration		17,737	17,121	42,618	51,441
Listing and regulatory costs		48,829	67,500	138,310	183,578
Operations		34,716	67,191	160,174	182,249
Salaries, compensation and benefits		55,220	34,246	216,730	203,983
Professional fees		12,073	20,361	14,531	55,160
Share based compensation		-	-	807,592	1,421,437
Write off of Exploration and Evaluation assets	4(c)	-	-	81,117	-
Travel		15,090	12,393	38,692	13,845
		<u>313,950</u>	<u>419,050</u>	<u>1,932,681</u>	<u>2,727,351</u>
Loss before other items		<u>(313,950)</u>	<u>(419,050)</u>	<u>(1,932,681)</u>	<u>(2,727,351)</u>
Other items					
Foreign exchange		(51,554)	(75,140)	(263,229)	(85,777)
Gain on disposal of capital assets		-	-	7,172	-
Interest income		9,047	7,375	34,533	15,284
Mark to Market adjustment loss		34,065	(126,036)	(40,925)	(703,044)
Other Income		-	3,142	-	6,710
		<u>(8,442)</u>	<u>(190,659)</u>	<u>(262,449)</u>	<u>(766,827)</u>
Net Profit (Loss) and comprehensive loss		<u>(322,392)</u>	<u>(609,709)</u>	<u>(2,195,130)</u>	<u>(3,494,178)</u>
Profit (Loss) per share -					
Basic	9	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.02)
Diluted	9	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.02)
Weighted average number of common shares outstanding					
Basic		165,523,533	151,942,272	162,190,200	151,558,490
Diluted		<u>165,523,533</u>	<u>151,942,272</u>	<u>162,190,200</u>	<u>151,558,490</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)

Nine Months Ended July 31, 2023

	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance at October 31, 2022	152,523,533	55,442,053	7,609,123	(44,714,802)	18,336,374
Common shares issued for:					
Warrants exercised	13,000,000	1,300,000	-	-	1,300,000
Share-based compensation	-	-	807,592	-	807,592
Net loss for the period	-	-	-	(2,195,130)	(2,195,130)
Balance at July 31, 2023	165,523,533	56,742,053	8,416,715	(46,909,932)	18,248,836

Nine Months Ended July 31, 2022

	Share Capital		Share- Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
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	-	-	-	(3,494,178)	(3,494,178)
Balance as at July 31, 2022	152,523,533	55,442,053	7,609,123	(44,598,448)	18,452,728

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		Nine Months Ended	
	July 31,		July 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(322,392)	(609,709)	(2,195,130)	(3,494,178)
Adjustments for:				
Accretion of provision for site restoration	10,200	10,200	30,600	30,602
Depreciation	16,795	6,040	28,380	18,631
Write off of Exploration and Evaluation assets	-	-	81,117	-
Foreign exchange	39,206	48,444	9,768	5,839
Mark to market adjustment loss	(34,065)	126,036	40,925	703,044
Share based compensation	-	-	807,592	1,421,437
Changes in non-cash working capital items:				
Amounts receivable	-	(3,078)	-	(3,078)
GST/VAT receivables	(1,776)	7,057	(4,272)	6,183
Prepaid expenses and other	(11,434)	8,004	(3,380)	26,502
Accounts payable and accrued liabilities	20,515	66,467	22,707	9,162
Net cash used in operating activities	<u>(282,951)</u>	<u>(340,539)</u>	<u>(1,181,693)</u>	<u>(1,275,856)</u>
Investing activity				
Expenditures on exploration and evaluation assets	(177,307)	(170,920)	(579,014)	(305,245)
Additions to property, plant and equipment	-	-	(2,069)	-
Net cash from (used in) investing activity	<u>(177,307)</u>	<u>(170,920)</u>	<u>(581,083)</u>	<u>(305,245)</u>
Financing activities				
Issuance of common shares	-	67,500	1,300,000	1,733,000
Net cash provided by financing activities	<u>-</u>	<u>67,500</u>	<u>1,300,000</u>	<u>1,733,000</u>
Net change in cash	(460,258)	(443,959)	(462,776)	151,899
Cash at beginning of the period	<u>1,196,018</u>	<u>1,912,655</u>	<u>1,198,536</u>	<u>1,316,797</u>
Cash at end of the period	<u>735,760</u>	<u>1,468,696</u>	<u>735,760</u>	<u>1,468,696</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 NINE MONTHS ENDED JULY 31, 2023
(Unaudited - Expressed in Canadian Dollars)

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 Nine Months Ended July 31, 2023 the Company recorded a net loss of \$2,195,130 and, as at July 31, 2023, the Company had an accumulated deficit of \$46,909,932 and working capital of \$848,952. 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 progressing the ongoing mining lease application process and development work to increase resource efficiency and minimize local environmental footprint for the project. A Natura 2000 permit application process has been initiated. Finally, for the Bihor Sud exploration project the Company is rapidly progressing its exploration program in line with what has been previously communicated. 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 products, to fund future development of the Norra Kärr Property and 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 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.

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JULY 31, 2023
(Unaudited - Expressed in Canadian Dollars)

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, 2022, 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, 2022.

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:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
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	July 31, 2023 \$	October 31, 2022 \$
397,942 shares in United Lithium Corp.	85,558	107,444
400,000 warrants in United Lithium Corp. (Expire on April 29,2024)	22,356	41,395
Total	107,914	148,839

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 4.70%, expected stock volatility of 108.38% and forfeiture rate of 0.0%.

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(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	As at July 31, 2023			As at October 31, 2022		
	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	958,729	16,361,351
Woxna graphite	-	32,208	32,208	-	81,117	81,117
Romania	187,999	803,880	991,879	187,999	264,409	452,408
	15,600,702	1,806,856	17,407,558	15,600,702	1,308,961	16,909,663
		Graphite concessions \$	Anode Project \$	Norra Karr \$	Romania \$	Total \$
Balance at October 31, 2021		14,787	-	16,188,353	-	16,203,140
Costs						
Additions during the year		-	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
Costs						
Additions during the period		-	32,208	7,333	539,471	579,012
Write off		-	(81,117)	-	-	(81,117)
Balance at July 31, 2023		14,787	32,208	16,368,684	991,879	17,407,558

(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.

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. Exploration and Evaluation Assets (continued)

(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.

(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 2022 \$81,117 of exploration cost were capitalized, based on assessment made the nature of these expense were found to be general exploration expense in nature and does not qualify to be capitalized as per IFRS 6 Exploration and Evaluation of Exploration properties, accordingly during Nine Months Ended July 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 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.

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

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, 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
Addition	-	2,069	-	-	-	2,069
Adjustment to site restoration	-	-	-	-	(219,992)	(219,992)
Balance at July 31, 2023	16,094	289,087	344,139	7,567,878	6,168,744	14,385,942
Accumulated Depreciation and Impairment:						
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)
Depreciation	(903)	(1,693)	(25,785)	-	-	(28,380)
Balance at July 31, 2023	(5,345)	(266,856)	(193,791)	(3,910,218)	(5,000,000)	(9,376,210)
Carrying Value:						
Balance at October 31, 2022	11,652	21,855	176,133	3,657,660	1,388,736	5,256,035
Balance at July 31, 2023	10,749	22,231	150,348	3,657,660	1,168,744	5,009,732

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 July 31, 2023 the Company has recognized \$503,189 (October 31, 2022 - \$496,839) 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 2.495% (2022 – 2.19%) and an inflation factor of 2.00% (2022 – 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, 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
Accretion	30,600
Revision of estimates	(281,289)
Foreign exchange adjustment	61,295
Balance at July 31, 2023	4,606,386

As at July 31, 2023 reclamation deposits totaling \$92,169 (October 31, 2022 - \$97,637) 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 July 31, 2023 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**

Nine Months Ended July 31, 2023

During Nine Months Ended July 31, 2023, 13,000,000 warrants were exercised for gross proceeds of \$1,300,000.

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.

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7. Share Capital (continued)

(c) **Warrants**

During Nine Months Ended July 31, 2023, 13,000,000 warrants were exercised for gross proceeds of \$1,300,000.

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at July 31, 2023 and October 31, 2022 and the changes for the periods ended on those dates is as follows:

	2023		2022	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance beginning of period	49,079,286	0.17	55,164,284	0.19
Exercised	(13,000,000)	0.10	(4,421,428)	0.37
Expired	-	-	(1,663,570)	0.37
	36,079,286	0.20	49,079,286	0.17

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at July 31, 2023:

Number	Exercise Price \$	Expiry Date
4,079,286	0.10	December 30, 2023
32,000,000	0.20	August 7, 2024
36,079,286	0.19	

(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.

4,200,000 stock options were granted at an exercise price of \$0.195 during the Nine Months Ended July 31, 2023 (2022 - 3,200,000). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.15438 (2022 -0.44420) was calculated using expected stock price volatility of 114.79%, risk free rate of 2.98% and option life of five years are based on the Company's historical share price volatility and option life.

500,000 stock options were granted at an exercise price of \$0.195 during the Nine Months Ended July 31, 2023 (2022 - 3,200,000). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.12430 (2022 -0.44420) was calculated using expected stock price volatility of 106.38%, risk free rate of 2.98% and option life of three years are based on the Company's historical share price volatility and option life.

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7. Share Capital (continued)

700,000 stock options were granted at an exercise price of \$0.20 during the Nine Months Ended July 31, 2023 (2022 – 3,200,000). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.13861 (2022 –0.44420) was calculated using expected stock price volatility of 99.96%, risk free rate of 3.59% and option life of five years are based on the Company's historical share price volatility and option life.

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 July 31, 2023 and October 31, 2022 and the changes for the period ended on those dates is as follows:

	2023		2022	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance beginning of period	8,070,000	0.43	5,870,000	0.31
Issued	5,400,000	0.20	3,200,000	0.62
Exercised	-	-	(500,000)	0.23
Expired	<u>(1,320,000)</u>	0.10	<u>(500,000)</u>	0.56
Balance end of period	<u>12,150,000</u>	0.36	<u>8,070,000</u>	0.43

The following table summarizes information about the share options outstanding and exercisable at July 31, 2023:

Number	Exercise Price \$	Expiry Date
3,400,000	0.155	August 11, 2023
150,000	0.33	August 14, 2023
3,200,000	0.62	January 27, 2025
700,000	0.20	November 3, 2027
500,000	0.195	April 26, 2026
<u>4,200,000</u>	0.195	April 26, 2028
<u>12,150,000</u>		

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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.

During the period ended July 31, 2023 and 2022 the following compensation was incurred:

Particulars	Three months Ended July 31,		Nine months Ended July 31,	
	2023 \$	2022 \$	2023 \$	2022 \$
Directors and officer's compensation (current and former)	46,270	97,481	135,993	295,521
Share based compensation (current and former)	-	-	676,134	1,066,078
	46,270	97,481	812,127	1,361,599

As at July 31, 2023, \$7,637 (October 31, 2022 - \$9,733) remained unpaid and has been included in accounts payable and accrued liabilities.

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 Nine Months Ended July 31, 2023, the Company incurred \$43,436 (2022 - \$35,399) for accounting services by SKS Business Services.

9. Income per share

As at July 31, 2023 and 2022, 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	Three months Ended July 31,		Nine Months Ended July 31,	
	2023 \$	2022 \$	2023 \$	2022 \$
Net loss for the period	(322,392)	(609,709)	(2,195,130)	(3,494,178)
Basic weighted average number of shares outstanding	165,523,533	151,942,272	162,190,200	151,558,490
Diluted weighted average number of shares outstanding	165,523,533	151,942,272	162,190,200	151,558,490
Loss per share – basic and diluted	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.02)

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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	July 31, 2023 \$	October 31, 2022 \$
Cash	FVTPL	735,760	1,198,536
Reclamation deposit	amortized cost	92,169	97,637
Investments	FVTPL	107,914	148,839
Accounts payable and accrued liabilities	amortized cost	(226,133)	(203,426)
Property acquisition obligation	amortized cost	(503,189)	(496,839)

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.

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.

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10. Financial Instruments and Risk Management (continued)

Contractual Maturity Analysis at July 31, 2023

	Carrying Amount \$	Contractual Cash Flows \$	Less than 3 Months \$	1 - 5 Years \$	Over 5 Years \$
Cash	735,760	735,760	735,760	-	-
Reclamation deposit	92,169	92,169	-	-	92,169
Investments	107,914	107,914	-	107,914	-
Accounts payable and accrued liabilities	(226,133)	(226,133)	(226,133)	-	-
Property acquisition obligation	(503,189)	(503,189)	-	(503,189)	-

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 July 31, 2023, 1 Canadian Dollar was equal to 7.54 SEK as per Swedish Central Bank.

Balances are as follows:

	SEK	CDN \$ Equivalent
Cash	864,407	108,740
VAT receivable	145,766	18,337
Inventories	621,246	78,151
Plant stores and supplies	670,468	84,343
Reclamation deposit	732,679	92,169
Accounts payable and accrued liabilities	(944,528)	(118,819)
Property acquisition obligation	<u>(4,000,000)</u>	<u>(503,189)</u>
	<u>(1,909,962)</u>	<u>(240,268)</u>

Based on the net exposures as of July 31, 2023 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 \$24,027 higher or lower.

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10. Financial Instruments and Risk Management (continued)

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 Nine Months Ended July 31, 2023 and 2022 non-cash activities were conducted by the Company as follows:

	2023	2022
	\$	\$
Operating activity		
Provision for site restoration	<u>(219,992)</u>	<u>(3,742,566)</u>
Investing activity		
Revisions of estimates on property, plant and equipment	<u>219,992</u>	<u>3,742,566</u>

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 July 31, 2023			
	Corporate	Mineral	Mineral	Total
	Canada	Operations	Operations	Total
	\$	Sweden	Romania	\$
	\$	\$	\$	\$
Current assets	522,871	410,091	142,123	1,075,085
Exploration and evaluation assets	-	16,415,679	991,879	17,407,558
Property, plant and equipment	-	5,009,732	-	5,009,732
Reclamation deposit	-	92,169	-	92,169
	<u>522,871</u>	<u>21,927,671</u>	<u>1,134,002</u>	<u>23,584,544</u>

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12. Segmented Information (continued)

	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
	<u>923,015</u>	<u>22,370,904</u>	<u>538,499</u>	<u>23,832,418</u>

13. Events after the Reporting Period

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



LEADING EDGE MATERIALS CORP.

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

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

Forward Looking Statements

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

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

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

Corporate Overview

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

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

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

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

Highlights During and After the Quarter

During the three months ended July 31, 2023:

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

Subsequent to July 31, 2023:

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

Outlook

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

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

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

Woxna Graphite Mine

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

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

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

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

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

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

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

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

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

Norra Kärr Heavy Rare Earth Project

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

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

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

Bihor Sud Nickel-Cobalt Exploration Project

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

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

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

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

Financial Information

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

⁶ <https://aheadoftheherd.com/import-ban-on-goods-made-with-chinese-slave-labor-extended-to-electric-car-batteries-richard-mills/>
⁷ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/north-american-graphite-market-to-disconnect-from-chinese-prices-76963809>
⁸ <https://www.reuters.com/markets/commodities/chinese-rare-earth-prices-hit-20-month-high-myanmar-supply-worry-2023-09-07/>
⁹ <http://news.chinatungsten.com/en/component/content/article/14-tungsten-news-en/tungsten-product-news/158697-tpn-12740.html>
¹⁰ <https://energydigital.com/articles/neo-produces-specialised-magnets-for-clean-energy-tech>

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS.

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

Results of Operations

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

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

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

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

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

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

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

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

Financings

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

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

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

Financial Condition / Capital Resources

During the three months ended July 31, 2023, the Company recorded a net loss of \$322,392 as of July 31, 2023, the Company had an accumulated deficit of \$46,909,932 and working capital of \$848,952. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs and is conducting ongoing research and development to produce higher value specialty products. The Company is also evaluating a potential restart of production at the Woxna Graphite Mine. The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months however, it will need additional capital to provide working capital and recommence operations at the Woxna Graphite Mine, establish a production facility for the Anode Project, to fund future development of the Norra Karr Property or to complete exploration activities in Romania. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The company has no proposed transactions.

Critical Accounting Estimates

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

A detailed summary of all the Company's critical accounting estimates is included in Note 3 to the October 31,2022 audited annual consolidated financial statements.

Changes in Accounting Policies

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

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the October 31,2022 audited annual consolidated financial statements.

Related Party Transactions and Balances

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's current and former Board of Directors and its executive officers.

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

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

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

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

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

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

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

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

Outstanding Share Data

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