



LEADING EDGE MATERIALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JULY 31, 2022

(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, 2022 \$	October 31, 2021 \$
ASSETS			
Current assets			
Cash		1,468,696	1,316,797
GST/VAT receivables		13,546	19,729
Amounts receivable		3,078	-
Prepaid expenses		35,050	61,553
Investments	3	222,005	981,732
Inventory		78,401	84,060
Plant stores and supplies		79,731	91,545
Total current assets		1,900,507	2,555,416
Non-current assets			
Exploration and evaluation assets	4	16,696,384	16,203,140
Property, plant and equipment	5	6,131,016	9,892,213
Reclamation deposit	6	99,155	105,637
Total non-current assets		22,926,555	26,200,990
TOTAL ASSETS		24,827,062	28,756,406
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		214,412	205,250
Non-current liabilities			
Provision for site restoration	6	5,655,122	9,367,086
Property acquisition obligation	4(a), 5	504,800	579,600
Total non-current liabilities		6,159,922	9,946,686
TOTAL LIABILITIES		6,374,334	10,151,936
SHAREHOLDERS' EQUITY			
Share capital	7	55,442,053	53,521,055
Share-based payments reserve	7(d)	7,609,123	6,187,686
Deficit		(44,598,448)	(41,104,271)
TOTAL SHAREHOLDERS' EQUITY		18,452,728	18,604,470
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,827,062	28,756,406

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period – Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on September 28, 2022, and are signed on its behalf by:

/s/ Lars-Eric Johansson
Lars-Eric Johansson
Chairman

/s/ Eric Krafft
Eric Krafft
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,	
		2022 \$	2021 \$	2022 \$	2021 \$
Expenses					
Accretion of provision for site restoration	6	10,200	7,891	30,602	23,673
Corporate development and IR		30,361	47,168	87,623	106,421
Depreciation		6,040	6,553	18,631	20,486
Directors and officer's compensation	8(a)	97,482	96,471	295,521	312,151
Exploration and evaluation	4	26,240	99,241	79,774	347,044
Finance and audit	8(b)	29,915	41,848	103,507	185,589
General and administration		17,121	18,152	51,441	46,865
Listing and regulatory costs		67,500	55,929	183,578	159,951
Operations		101,437	136,293	386,232	425,307
Professional fees		20,361	90,985	55,160	121,166
Share based compensation		-	-	1,421,437	-
Travel		12,393	-	13,845	47
		<u>419,050</u>	<u>600,531</u>	<u>2,727,351</u>	<u>1,748,700</u>
Loss before other items		<u>(419,050)</u>	<u>(600,531)</u>	<u>(2,727,351)</u>	<u>(1,748,700)</u>
Other items					
Foreign exchange		(75,140)	(58,430)	(85,777)	7,982
Gain on sale of property, plant, and equipment		-	-	-	1,472,255
Gain on disposal of capital assets		-	8,508	-	8,508
Interest income		7,375	2,880	15,284	11,999
Mark to Market adjustment loss		(126,036)	(430,315)	(703,044)	(430,315)
Other Income		3,142	300	6,710	22,478
		<u>(190,659)</u>	<u>(477,057)</u>	<u>(766,827)</u>	<u>1,092,907</u>
Net Profit (Loss) and comprehensive loss		<u>(609,709)</u>	<u>(1,077,588)</u>	<u>(3,494,178)</u>	<u>(655,793)</u>
Profit (Loss) per share - Basic and Diluted		(\$0.00)	(\$0.01)	(\$0.02)	(\$0.00)
Weighted average number of common shares outstanding -		151,942,272	146,960,500	151,558,490	146,881,523

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)

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

Nine Months Ended July 31, 2021

	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance as at October 31, 2020	146,467,391	53,419,350	6,187,686	(39,893,552)	19,713,484
Common shares issued for:					
Options Exercised	493,109	95,348	-	-	95,348
Net profit for the period	-	-	-	(655,793)	(655,793)
Balance as at July 31, 2021	146,960,500	53,514,698	6,187,686	(40,549,345)	19,153,039

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)

	Nine Months Ended	
	July 31,	
	2022	2021
	\$	\$
Operating activities		
Net (loss) income for the period	(3,494,178)	(655,793)
Adjustments for:		
Accretion of provision for site restoration	30,602	23,673
Depreciation	18,631	20,486
Foreign exchange gain	5,839	(6,957)
Gain on sale of property	-	(1,472,255)
Gain on disposal of property, plant, and equipment	-	(8,508)
Mark to market adjustment loss	703,044	430,315
Share-based compensation	1,421,437	-
Changes in non-cash working capital items:		
Amounts receivable	(3,078)	(58,743)
GST/VAT receivables	6,183	2,231
Prepaid expenses and other	26,502	21,403
Accounts payable and accrued liabilities	9,162	(202,961)
Net cash used in operating activities	<u>(1,275,856)</u>	<u>(1,907,109)</u>
Investing activity		
Proceeds on disposal of property, plant, and equipment	-	8,508
Proceeds on disposal of property	-	250,000
Expenditures on exploration and evaluation assets	(305,245)	(383,880)
Net cash used in investing activity	<u>(305,245)</u>	<u>(125,372)</u>
Financing activities		
Issuance of common shares	1,733,000	95,348
Net cash provided by financing activities	<u>1,733,000</u>	<u>95,348</u>
Net change in cash	151,899	(1,937,133)
Cash at beginning of the period	<u>1,316,797</u>	<u>3,361,424</u>
Cash at end of the period	<u>1,468,696</u>	<u>1,424,291</u>

Supplemental cash flow information – See Note 10

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 AND NINE MONTHS ENDED JULY 31, 2022

(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 Karr 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, British Columbia V6E 4H1.

During the nine months ended July 31, 2022, the Company recorded a net loss of \$ 3,494,178 and, as at July 31, 2022, the Company had an accumulated deficit of \$ 44,598,448 and working capital of \$ 1,686,095. For the Woxna Graphite Mine the Company maintains ongoing research and development to produce higher purity specialty products 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 Karr HREE project the Company's main focus is progressing permitting of the project and development work to increase resource efficiency and minimize local environmental footprint for the project. Finally, for the Bihor Sud exploration joint venture the Company is conducting exploration work under its exclusive exploration license. 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, modernize the plant to produce value added production, to fund future development of the Norra Karr Property, or 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.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. At this time, World Health Organization has not yet announced the end of the pandemic. The duration and full financial effect of the COVID-19 pandemic is unknown at this time with management monitoring developments across all jurisdictions and will adjust its planning as necessary.

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 THREE AND NINE MONTHS ENDED JULY 31, 2022

(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, 2021, 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, 2021.

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, 2022 \$	October 31, 2021 \$
Shares in United Lithium Corp.	190,184	722,305
Warrants in United Lithium Corp.	31,821	259,427
Total	222,005	981,732

The investment in United Lithium Corp will be revalued with level 1 input at each reporting date. The value of warrants was determined using the Black-Scholes pricing model using level 2 inputs, the value was calculated based on risk-free rate of 2.75%, expected stock volatility of 106.75% and forfeiture rate of 0.0%.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2022
(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	As at July 31, 2022			As at October 31, 2021		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Graphite Concessions	10,081	4,706	14,787	10,081	4,706	14,787
Norra Karr	15,402,622	951,470	16,354,092	15,402,622	785,731	16,188,353
Anode Project	-	82,819	82,819	-	-	-
Romania	187,999	56,687	244,686	-	-	-
	15,600,702	1,095,682	16,696,384	15,412,703	790,437	16,203,140

	Graphite concessions \$	Anode Project \$	Bergby \$	Norra Karr \$	Romania \$	Total \$
Balance at October 31, 2020	14,787		425,551	15,892,517	-	16,332,855
Costs						
Additions during the year	-	-	13,013	295,836	-	308,849
Sale of property			(438,564)	-	-	(438,564)
Balance at October 31, 2021	14,787	-	-	16,188,353	-	16,203,140
Costs						
Additions during the period	-	82,819	-	165,739	244,686	493,244
Balance at July 31, 2022	14,787	82,819	-	16,354,092	244,868	16,696,384

(a) *Graphite Concessions*

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").

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FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2022
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4. Exploration and Evaluation Assets (continued)

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 Karr*

The Norra Karr Property consists of an exploration license, valid until August 31, 2026, located in south-central Sweden. The exploration license has been subject to ongoing legal opposition and appeals. In June 2020 the Company received confirmation from the Mining Inspectorate of Sweden that the exploration license was extended to August 31, 2024. The extension of the exploration license was appealed and in March 2022, the Court of Appeal in Sundsvall ruled to deny leave to appeal the extension of the exploration license. Legislative change was passed in 2021 and 2022 to extend exploration licenses due to the Covid pandemic. The Norra Karr exploration license is thus now valid until August 31, 2026. In May 2021, the Norra Karr Mining lease application was rejected by the Mining Inspectorate of Sweden, subsequently the Company made an appeal against this decision to the Government of Sweden. On June 21, 2022, the Company took a decision to initiate a Natura 2000 permit application process for the Norra Karr project and retract the appeal against the previous mining lease application rejection.

(c) *Bergby*

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

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

The ULTH Shares are escrowed and will be released in tranches over a 20-month period. As of July 31, 2022, 619,118 shares have been released. ULTH also paid an additional CAD 250,000 in cash on October 21st, 2021.

(d) *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.

LEADING EDGE MATERIALS CORP.
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FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2022
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4. Exploration and Evaluation Assets (continued)

(e) *Romania Exploration Project*

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;
- (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, 2020	16,094	287,018	344,139	7,567,878	8,123,928	16,339,057
Adjustment to site restoration	-	-	-	-	2,876,917	2,876,917
Balance at October 31, 2021	16,094	287,018	344,139	7,567,878	11,000,845	19,215,974
Adjustment to site restoration	-	-	-	-	(3,742,566)	(3,742,566)
Balance at July 31, 2022	16,094	287,018	344,139	7,567,878	7,258,279	15,473,408
Accumulated Depreciation and Impairment:						
Balance at October 31, 2020	(2,606)	(261,717)	(115,515)	(3,910,218)	(5,000,000)	(9,290,056)
Depreciation	(1,071)	(2,011)	(30,623)	-	-	(33,705)
Balance at October 31, 2021	(3,677)	(263,728)	(146,138)	(3,910,218)	(5,000,000)	(9,323,761)
Depreciation	(593)	(1,111)	(16,927)	-	-	(18,631)
Balance at July 31, 2022	(4,270)	(264,839)	(163,065)	(3,910,218)	(5,000,000)	(9,342,392)
Carrying Value:						
Balance at October 31, 2021	12,417	23,290	198,001	3,657,660	6,000,845	9,892,213
Balance at July 31, 2022	11,824	22,179	181,074	3,657,660	2,258,279	6,131,016

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, 2022 the Company has recognized \$504,800 (October 31, 2021 - \$579,600) for the Property Acquisition Obligation associated with the Kringelgruvan concession, as described in Note 4(a)(i).

LEADING EDGE MATERIALS CORP.
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FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2022
(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 1.40% (2021 – 0.36%) and an inflation factor of 2.0% (2021 – 2.8%). The company has changed its inflation estimate from CPIF (Consumer Price Index with a Fixed interest rate) to the Swedish Riksbank's target inflation rate. Settlement of the obligation is expected to be funded from general corporate funds at the time of decommissioning. Changes to the decommissioning obligation were as follows:

	\$
Balance at October 31, 2020	6,458,606
Accretion	31,564
Revision of estimates	3,043,769
Foreign exchange adjustment	<u>(166,853)</u>
Balance at October 31, 2021	9,367,086
Accretion	30,602
Revision of estimates	(2,533,701)
Foreign exchange adjustment	<u>(1,208,865)</u>
Balance at July 31, 2022	<u>5,655,122</u>

As at July 31, 2022 reclamation deposits totaling \$99,155 (October 31, 2021 - \$105,637) have been paid. The reclamation deposits were placed as security for site restoration on the Kringelgruvan concession and on certain exploration and evaluation assets. As at July 31, 2022 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, 2022

During nine months ended July 31, 2022, 4,421,428 warrants and 500,000 options were exercised for gross proceeds of \$1,620,500 and \$112,500 respectively.

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

Year Ended October 31, 2021

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

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7. Share Capital (continued)

(c) **Warrants**

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

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

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

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

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

(d) **Share Option Plan**

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

3,200,000 stock options were granted at an exercise price of \$0.62 during the nine months ended July 31, 2022 (2021 - Nil). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.4442 (2021 - Nil) was calculated using expected stock price volatility of 122%, risk free rate of 1.42% and option life of three years.

During the nine-month ended July 31, 2022, 500,000 options were exercised at an average price of \$0.225 per share for gross proceeds of \$112,500.

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 July 31, 2022 and October 31, 2021 and the changes for the period ended on those dates is as follows:

	2022		2021	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance beginning of period	5,870,000	0.35	10,008,109	0.34
Issued	3,200,000	0.62	-	-
Exercised	(500,000)	0.23	(493,109)	0.19
Expired	(500,000)	0.56	(3,645,000)	0.40
Balance end of period	8,070,000	0.45	5,870,000	0.31

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

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

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 nine-month period ended July 31, 2022 and 2021 the following compensation was incurred:

	2022 \$	2021 \$
Directors and officer's compensation (current and former)	<u>295,521</u>	<u>312,151</u>
	295,521	312,151

As at July 31, 2022, \$ 42,044 (October 31, 2021 - \$9,946) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) SKS Business Services Ltd., a private corporation owned by Sanjay Swarup (appointed as Chief Financial Officer ("CFO") of the Company on March 1, 2021), provides accounting and administrative services. During the nine-month period ended July 31, 2022, the Company incurred \$ 35,399 (2021 - \$31,901) for accounting services by SKS Business Services.

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9. 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, 2022 \$	October 31, 2021 \$
Cash	FVTPL	1,468,696	1,316,797
Amount receivable	amortized cost	3,078	-
Reclamation deposit	amortized cost	99,155	105,637
Investments	FVTPL	222,005	981,732
Accounts payable and accrued liabilities	amortized cost	(214,412)	(205,250)
Property acquisition obligation	amortized cost	(504,800)	(579,600)

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

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

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

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

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for the reclamation deposit 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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9. Financial Instruments and Risk Management (continued)

Contractual Maturity Analysis at July 31, 2022

	Carrying Amount \$	Contractual Cash Flows \$	Less than 3 Months \$	1 - 5 Years \$	Over 5 Years \$
Cash	1,468,696	1,468,696	1,468,696	-	-
Amount receivable	3,078	3,078	3,078	-	-
Reclamation deposit	99,155	99,155	-	-	99,155
Investments	222,005	222,005	148,909	73,096	-
Accounts payable and accrued liabilities	(214,412)	(214,412)	(214,412)	-	-
Property acquisition obligation	(504,800)	(504,800)	-	(504,800)	-

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, 2022, 1 Canadian Dollar was equal to 7.92 SEK as per Swedish Central Bank.

Balances are as follows:

	SEK	CDN \$ Equivalent
Cash	705,055	88,978
Amount receivable	24,393	3,078
VAT receivable	84,279	10,636
Inventories	621,244	78,401
Plant stores and supplies	631,783	79,731
Reclamation deposit	785,697	99,155
Accounts payable and accrued liabilities	(708,455)	(89,407)
Property acquisition obligation	<u>(4,000,000)</u>	<u>(521,600)</u>
	<u>(1,856,004)</u>	<u>(251,028)</u>

Based on the net exposures as of July 31, 2022 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK would result in the Company's net impact being approximately \$25,100 higher or lower.

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9. 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. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Supplemental Cash Flow Information

During the nine months ended July 31, 2022 and 2021 non-cash activities were conducted by the Company as follows:

	2022	2021
	\$	\$
Operating activity		
Provision for site restoration	<u>(3,742,566)</u>	<u>1,990,898</u>
Investing activity		
Revisions of estimates on property, plant and equipment	<u>3,742,566</u>	<u>(1,990,898)</u>

11. Segmented Information

The Company is involved in the exploration and development of resource properties in Sweden and Romania 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, 2022			
	Corporate Canada	Mineral Projects Sweden	Mineral Projects Romania	Total
	\$	\$	\$	\$
Current assets	1,393,333	502,194	4,980	1,900,507
Exploration and evaluation assets	-	16,451,698	244,686	16,696,384
Property, plant and equipment	-	6,131,016	-	6,131,016
Reclamation deposit	-	99,155	-	99,155
	<u>1,393,333</u>	<u>23,184,063</u>	<u>249,666</u>	<u>24,827,062</u>

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11. Segmented Information (continued)

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

12. Events after the Reporting Period

On August 30, 2022 the Company announced a change in senior Management with the resignation of Mr. Filip Kozlowski, CEO of the Company, effective as of October 14, 2022. Mr. Eric Krafft, Director of the Company will be named interim CEO.



LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED JULY 31, 2022

This Management's Discussion and Analysis ("Interim MD&A") of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"), dated September 28, 2022, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended July 31, 2022, 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.

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

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. At this time, World Health Organization has not yet announced the end of the pandemic. The duration and full financial effect of the COVID-19 pandemic is unknown at this time with management monitoring developments across all jurisdictions and will adjust its planning as necessary.

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:

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

Mangold Fondkommission AB is the Company's Certified Adviser on Nasdaq First North and may be contacted via email CA@mangold.se or by phone +46 (0) 8 5030 1550.

Highlights During and After the Quarter

During the three months ended July 31, 2022:

- On May 17, 2022, the Company signed Bihor Sud Exploration License between the Company's subsidiary LEM Romania SRL and National Agency for Mineral Resources, Romania ("NAMR").
- On June 21, 2022, the Company took a decision to initiate a Natura 2000 permit application process for the Norra Karr project and retract the appeal against the mining lease rejection for Norra Karr.
- On July 15, 2022, the Company received confirmation that NAMR approved the first-year exploration program for the Bihor Sud exploration license.

Subsequent to July 31, 2022:

- On August 30, 2022, the Company announced a change in senior Management with the resignation of Mr. Filip Kozlowski, CEO of the Company, effective as of October 14, 2022. Mr. Eric Krafft, Director of the Company will be named interim CEO.

Outlook

On August 30, Leading Edge Materials announced a management change with CEO Filip Kozlowski leaving his role on October 14, to be replaced by director Eric Krafft as acting CEO. A recruitment process is ongoing for a new CEO for the Company that will set the course for the next phase of growth.

Pricing for both graphite¹ and rare earth oxides² have been reversing gains displayed earlier in the year. Downstream demand has been negatively impacted by a challenging power supply situation with temporary industrial shutdowns³ and substantial COVID lockdowns in China⁴. Longer term, the demand outlook for graphite from the battery industry is continuing to grow with for example the announcement of a massive 100 GWh battery plant by CATL in Hungary⁵.

Europe is accelerating policy measures to increase its raw materials security by going forward with plans for a Critical Raw Materials Act⁶ and a European Sovereignty fund that will look to support projects of strategic interest⁷.

Sweden held parliamentary elections in September with a right-wing coalition winning the majority of mandates, indicating a change in government once negotiations are done. Parties of the coalition have expressed their positive sentiment towards a strong and growing Swedish mining industry.

Preparatory studies and work are ongoing for the upcoming permitting process for Norra Kärr. The Company is continuing to evaluate the potential restart of flake graphite production at the Woxna mine with a careful consideration on the weakening macroeconomic outlook for European industry. The longer term opportunity to produce a graphite anode material is still the main focus and the Company is awaiting results from planned testwork with its potential JV partner Sicona. Since the granting of the exploration license in Romania an exploration team has been established and initial exploration work such as mapping and sampling having started on the ground with interesting targets for further evaluation already identified. Geophysical studies are scheduled to start while preparatory work is being done do enable the opening of old mining galleries which would provide an excellent exploration opportunity over the winter season.

¹ <https://www.fastmarkets.com/commodity-price/graphite-flake-94-c-100-mesh-cif-europe-mb-gra-0039>

² <https://www.metal.com/price/Rare%20Earth/Rare-Earth-Oxides>

³ <https://technode.com/2022/08/22/chinese-battery-giants-face-production-cuts-as-power-outages-continue-in-sichuan/>

⁴ <https://www.mining.com/web/metals-rout-deepens-as-china-lockdowns-add-to-growth-fears/>

⁵ <https://electrek.co/2022/08/12/catl-announces-giant-new-100-gwh-battery-plant-hungary/>

⁶ <https://www.linkedin.com/pulse/critical-raw-materials-act-securing-new-gas-oil-heart-thierry-breton/>

⁷ <https://www.linkedin.com/pulse/european-sovereignty-fund-industry-made-europe-thierry-breton/>

Financial Information

The annual audited consolidated financial statements for the year ending October 31, 2022, is expected to be published on or about January 25, 2023.

Selected Financial Data

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

Three Months Ended	Fiscal 2022			Fiscal 2021			Fiscal 2020	
	July 31, 2022 \$	April 30, 2022 \$	January 31, 2022 \$	October 31, 2021 \$	July 31, 2021 \$	April 30, 2021 \$	January 31, 2021 \$	October 31, 2020 \$
Operations								
Expenses	(419,050)	(433,894)	(1,874,407)	(460,907)	(600,531)	(483,495)	(664,674)	(882,556)
Other items	(190,659)	(356,226)	(219,942)	(94,018)	(477,057)	1,573,567	(3,603)	327,987
Comprehensive profit/(loss)	(609,709)	(790,120)	(2,094,349)	(554,925)	(1,077,588)	1,090,072	(668,277)	(554,569)
Basic Profit/(loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	0.01	(0.00)	(0.01)
Diluted profit/(loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	0.01	(0.00)	(0.01)
Financial Position								
Working capital	1,686,095	2,396,484	3,236,870	2,350,166	2,803,903	3,935,156	2,598,191	3,277,010
Total assets	24,827,062	25,000,847	30,597,341	28,756,406	28,455,148	29,133,933	28,759,753	27,218,052
Total non-current liabilities	(6,159,922)	(6,045,964)	(10,812,012)	(9,946,686)	(9,054,376)	(8,620,700)	(9,154,787)	(7,053,874)

Results of Operations

Three Months Ended July 31, 2022, Compared to Three Months Ended April 30, 2022

During the three months ended July 31, 2022 ("Q3 2022") the Company reported a net loss of \$609,709 compared to a reported net loss of \$790,120 for the three months ended April 30, 2022 ("Q2 2022"), a decrease in loss of \$180,411, the decrease in loss mainly due to a reduced loss on revaluation of marketable securities of \$126,036 booked in Q3 2022 compared to \$357,800 in Q2 2022.

Three Months Ended July 31, 2022, Compared to Three Months Ended July 31, 2021

During the three months ended July 31, 2022 ("2022 period"), the Company reported a net loss of \$609,709 compared to a net loss of \$1,077,588 for the three months ended July 31, 2021 ("2021 period"), a decrease in loss of \$467,879, the decrease in loss mainly due to a reduced loss on revaluation of marketable securities of \$126,036 booked in the 2022 period compared to \$430,315 booked in the 2021 period.

Specific expenses of note during three months ended July 31, 2022 are as follows:

- (i) incurred \$97,482 (2021 - \$96,471) for directors and officer's compensation.
- (ii) incurred \$67,500 (2021 - \$55,929) 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 \$29,915 (2021 - \$41,848) for finance and audit out of which the Company incurred \$11,827 (2021 - \$11,398) for accounting services of SKS Business Services along with \$7,373 (2021 - \$19,132) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants;
- (iv) incurred exploration and evaluation expenses of \$26,240 (2021 - \$99,241);
- (v) incurred \$101,437 (2021 - \$136,293) 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, 2022 the Company reported interest income of \$7,375 compared to \$2,880 during the three months' ended July 31, 2021.

During the three months ended July 31, 2022, the Company recorded a foreign exchange loss of \$75,140 due to changes in exchange rates, compared to a loss of \$58,430 during the three months ended July 31, 2021.

Financings

During the three months ended July 31, 2022, 300,000 options were exercised gross proceeds of \$67,500.

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

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

3,200,000 share options were granted during nine months ended July 31, 2022, at an exercise price of \$0.62.

Financial Condition / Capital Resources

During the three months ended July 31, 2022, the Company recorded a net loss of \$609,709 and, as of July 31, 2022, the Company had an accumulated deficit of \$44,598,448 and working capital of \$1,686,095. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs and is conducting ongoing research and development to produce higher value specialty products. The Company is also evaluating a potential restart of production at the Woxna Graphite Mine. The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months however, it will need additional capital to provide working capital and recommence operations at the Woxna Graphite Mine, establish a production facility for the Anode Project, to fund future development of the Norra Karr Property or to complete exploration activities in Romania. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations. See also "COVID-19".

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The company has no proposed transactions.

Critical Accounting Estimates

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

A detailed summary of all the Company's critical accounting estimates is included in Note 3 to the October 31, 2021 audited annual consolidated financial statements.

Changes in Accounting Policies

There is no change in accounting policy during the nine months ended July 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, 2021 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, 2022 and 2021 the following compensation was incurred:

	2022	2021
	\$	\$
Mr. Filip Kozlowski, CEO and former director ⁽¹⁾	192,132	222,778
Mr. Nick DeMare, former CFO and former Corporate Secretary ⁽²⁾	-	10,000
Mr. Lars-Eric Johansson, Chairman and director ⁽¹⁾	22,500	22,500
Mr. Eric Krafft, director ⁽¹⁾	22,500	22,500
Mr. Daniel Major, director ⁽¹⁾	22,500	22,500
Mr. Sanjay Swarup, CFO ⁽³⁾	23,929	11,873
Ms. Manuela Balaj-Coroiu, Corporate Secretary ⁽⁴⁾	11,960	-
	<u>295,521</u>	<u>312,151</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. DeMare, the Company's ex CFO, ceased as Corporate Secretary on April 28, 2022.

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

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

(b) During the nine months ended July 31, 2022, the Company incurred \$35,399 (2021 - \$31,901) for accounting services of SKS Business Services.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As of September 28, 2022, there were 152,523,533 issued and outstanding common shares, 49,079,286 warrants outstanding with exercise prices ranging from \$0.10 to \$0.20 per share and 8,070,000 share options outstanding with exercise prices ranging from \$0.155 to \$0.64 per share.