



# **LEADING EDGE MATERIALS CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
JANUARY 31, 2025

*(Unaudited - Expressed in Canadian Dollars)*

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

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

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

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

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

	Note	January 31, 2025 \$	October 31, 2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,204,653	3,460,217
GST/VAT receivables		159,334	304,568
Prepaid expenses		98,891	114,471
Investments	3	<u>21,887</u>	<u>22,550</u>
<b>Total current assets</b>		<b><u>2,484,765</u></b>	<b><u>3,901,806</u></b>
<b>Non-current assets</b>			
Exploration and evaluation assets	4	20,535,904	19,892,252
Property, plant and equipment	5	5,362,236	5,453,089
Reclamation deposit	6	<u>97,406</u>	<u>96,569</u>
<b>Total non-current assets</b>		<b><u>25,995,546</u></b>	<b><u>25,441,910</u></b>
<b>TOTAL ASSETS</b>		<b><u>28,480,311</u></b>	<b><u>29,343,716</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		286,124	564,120
<b>Non-current liabilities</b>			
Provision for site restoration	6	5,072,228	5,121,374
Property acquisition obligation	4(a), 5	<u>524,141</u>	<u>520,480</u>
<b>Total non-current liabilities</b>		<b><u>5,596,369</u></b>	<b><u>5,641,854</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>5,882,493</u></b>	<b><u>6,205,974</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	63,697,686	63,697,686
Share-based payments reserve	7(d)	8,922,006	8,792,714
Deficit		<u>(50,021,874)</u>	<u>(49,352,658)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>22,597,818</u></b>	<b><u>23,137,742</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>24,480,311</u></b>	<b><u>29,343,716</u></b>

**Nature of Operations** - Note 1

**Events after the Reporting Period** – Note 14

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on March 21, 2025 and are signed on its behalf by:

/s/ Eric Krafft  
Eric Krafft  
Director

/s/ Daniel Major  
Daniel Major  
Director

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

**LEADING EDGE MATERIALS CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

*(Unaudited - Expressed in Canadian Dollars)*

	Notes	Three Months Ended January 31,	
		2025 \$	2024 \$
<b>Expenses</b>			
Accretion of provision for site restoration	6	32,218	31,280
Corporate development		83,274	45,510
Depreciation		11,813	6,370
Directors and officer's compensation	8(a)	77,509	46,419
Research, development and general exploration	4	62,508	117,350
Accounting and audit	8(b)	71,547	52,268
General and administration		37,211	14,922
Listing and regulatory costs		49,945	45,003
Operations		77,919	66,278
Salaries, compensation and benefits		37,525	46,566
Professional fees		5,970	16,261
Share based compensation	8(a)	129,292	159,425
Travel		19,306	12,965
		<u>696,037</u>	<u>660,617</u>
<b>Loss before other items</b>		<u>(696,037)</u>	<u>(660,617)</u>
<b>Other items</b>			
Interest income		25,476	24,792
Foreign exchange gain/(loss)		1,690	35,971
Mark to market adjustment loss		(663)	(86,074)
Other Income		318	-
		<u>26,821</u>	<u>(25,311)</u>
<b>Net loss and comprehensive loss</b>		<u>(669,216)</u>	<u>(685,928)</u>
		<u>(\$0.00)</u>	<u>(\$0.00)</u>
<b>Loss per share - basic and diluted</b>			
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>232,061,949</u>	<u>188,650,008</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)*

	<b>Three Months Ended January 31, 2025</b>				
	<b>Share Capital</b>		<b>Share- Based Payments Reserve</b>	<b>Deficit</b>	<b>Total Equity</b>
	<b>Number of Shares</b>	<b>Amount \$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at October 31, 2024</b>	<b>232,061,949</b>	<b>63,697,686</b>	<b>8,792,714</b>	<b>(49,352,658)</b>	<b>23,137,742</b>
Common shares issued for:					
Share-based compensation	-	-	129,292	-	129,292
Net loss for the period	-	-	-	(669,216)	(669,216)
<b>Balance at January 31, 2025</b>	<b>232,061,949</b>	<b>63,697,686</b>	<b>8,922,006</b>	<b>(50,021,874)</b>	<b>22,597,818</b>

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

*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)*

	<b>Three Months Ended</b>	
	<b>January 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the period	(669,216)	(685,928)
Adjustments for:		
Accretion of provision for site restoration	32,218	31,280
Depreciation	11,813	6,370
Foreign exchange	2,825	11,852
Mark to market adjustment loss	663	86,074
Share based compensation	129,292	159,425
Changes in non-cash working capital items:		
GST/VAT receivables	145,234	54,558
Prepaid expenses and other	15,580	23,279
Accounts payable and accrued liabilities	(277,996)	(44,985)
<b>Net cash from (used in) operating activities</b>	<u>(609,587)</u>	<u>(358,075)</u>
<b>Investing activity</b>		
Expenditures on exploration and evaluation assets	(643,652)	(280,986)
Additions to property, plant and equipment	(2,325)	(11,999)
<b>Net cash from (used in) investing activity</b>	<u>(645,977)</u>	<u>(292,985)</u>
<b>Financing activities</b>		
Issuance of common shares	-	368,929
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>368,929</u>
<b>Net change in cash</b>	(1,255,564)	(282,131)
<b>Cash at beginning of the period</b>	<u>3,460,217</u>	<u>2,427,311</u>
<b>Cash at end of the period</b>	<u>2,204,653</u>	<u>2,145,180</u>

**Supplemental cash flow information** - See Note 11

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

**LEADING EDGE MATERIALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JANUARY 31, 2025**  
*(Unaudited - Expressed in Canadian Dollars)*

**1. Nature of Operations**

The Company is a Canadian public company primarily focused on developing a portfolio of critical raw material projects located in the European Union. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra Kärr HREE project (Sweden) and the 51% owned Bihor Sud Nickel Cobalt exploration alliance (Romania). The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "LEM", on the OTCQB under the symbol "LEMIF", on NASDAQ First North under the symbol "LEMSE" and on Frankfurt under the symbol "7FL". The Company's principal office is located at 14th Floor 1040 West Georgia Street, Vancouver, BC Canada V6E 4H1.

During the year ended January 31, 2025 the Company recorded a net loss of \$669,216 and, as at January 31, 2025, the Company had an accumulated deficit of \$50,021,874 and working capital of \$2,198,641.

For the Woxna Graphite Mine, the Company is maintaining its assets on a "production-ready" basis to minimize costs. The Company continues to review options for Woxna, which include the possibility of contracting with a long-term partner willing to pay for secure natural graphite, higher specialty products such as high purity graphite for battery and other specialty end uses, produced to the highest ESG and sustainability standards.

For the Norra Kärr HREE project, in August 2024, the Company submitted an application for Strategic Project status under the European Union's Critical Raw Materials Act ("CRMA") and, in December 2024, submitted a new application for an Exploitation Concession ("Bearbetningskoncession") 25-year mining lease to the Mining Inspectorate of Sweden ("Bergsstaten"). A decision is expected on Strategic Project status in the first quarter of 2025, and thereafter the Bearbetningskoncession. The Company is also planning for the start of Pre-feasibility ("PFS") in the second quarter of 2025.

Finally, for Bihor Sud project, the Company continued exploration activities during the year, with the appointment of a Chief Geologist in the summer and the start of drilling in gallery G7 in September 2024; following-up on the extensive Cobalt-Nickel-Gold mineralized zone that was identified towards the end of 2023. Activities have included underground diamond drilling, geophysics, core logging, and sampling. The Company's objective at Bihor Sud, is to define a large-scale, mineable mineral resource, and, in 2025, the Company started drilling in gallery G2 which has shown potential for extensive Zinc-Lead-Copper-Silver mineralization. The findings to date are encouraging and highlight the strong potential for discovering a significant polymetallic deposit.

The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months, however, it will need additional capital to recommence operations at the Woxna Graphite Mine and/or modernize the plant to produce value added production and to fund future development of the Norra Kärr Property. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration and development programs, and mining operations.

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

**LEADING EDGE MATERIALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**2. Basis of Preparation**

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS Accounting 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, 2024, 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, 2024.

***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:

<b><u>Company</u></b>	<b><u>Location of Incorporation</u></b>	<b><u>Ownership Interest</u></b>
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:

<b>Particulars</b>	<b>January 31, 2025 \$</b>	<b>October 31, 2024 \$</b>
132,647 shares in United Lithium Corp. (ULTH)	21,887	22,550
<b>Total</b>	<b>21,887</b>	<b>22,550</b>

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



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

	As at January 31, 2025			As at October 31, 2024		
	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	2,209,455	17,612,077	15,402,622	1,932,082	17,334,704
Romania	187,999	2,721,041	2,909,040	187,999	2,354,762	2,542,761
	<b>15,600,702</b>	<b>4,935,202</b>	<b>20,535,904</b>	<b>15,600,702</b>	<b>4,291,550</b>	<b>19,892,252</b>
		<b>Graphite concessions \$</b>	<b>Norra Karr \$</b>	<b>Romania \$</b>	<b>Total \$</b>	
<b>Balance at October 31, 2023 (as restated)</b>		<b>14,787</b>	<b>16,554,050</b>	<b>1,361,001</b>	<b>17,929,838</b>	
<b>Costs</b>						
Additions during the year		-	780,654	1,181,760	1,962,414	
<b>Balance at October 31, 2024</b>		<b>14,787</b>	<b>17,334,704</b>	<b>2,542,761</b>	<b>19,892,252</b>	
<b>Costs</b>						
Additions during the period		-	277,373	366,279	643,652	
<b>Balance at January 31, 2025</b>		<b>14,787</b>	<b>17,612,077</b>	<b>2,909,040</b>	<b>20,535,904</b>	

(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.

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**4. Exploration and Evaluation Assets (continued)**

During fiscal 2014 the technical feasibility and commercial viability of the Kringelgruvan concession and the Woxna Graphite Mine was demonstrated, transitioning the Kringelgruvan concession to the development stage of mining. Accordingly, the costs of the exploration and evaluation assets attributed to the Kringelgruvan concession and the Woxna Graphite Mine were reclassified to property, plant and equipment. See also Note 5.

(b) *Norra Kärr*

The Norra Kärr Property consists of an exploration permit (Norra Kärr nr 1), valid until August 31, 2026, located in south-central Sweden. In August 2024, the Company submitted an application for Strategic Project status under the European Union's Critical Raw Materials Act ("CRMA") and, in December 2024, submitted a new application for an Exploitation Concession ("Bearbetningskoncession") 25-year mining lease to the Mining Inspectorate of Sweden ("Bergsstaten"). A decision is expected on Strategic Project status in the first quarter of 2025, and thereafter the Bearbetningskoncession. The Company is also planning for the start of Pre-feasibility ("PFS") in the second quarter of 2025.

(c) *Anode Project*

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

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

(d) *Romania Exploration Alliance*

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

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

- (i) 550,509 shares upon the signing of an exploration license; (Issued on May 27, 2022)
- (ii) A maximum of 3,670,062 shares upon identification of any historic Ni-Co and/or Ag-base metal mineral resource estimates at various tonnage thresholds;
- (iii) 734,012 shares upon the filing of a NI 43-101 technical report that establishes a mineral resource on any portion of the Project, with an additional maximum 4,404,072 shares subject to such Ni-Co and/or Ag-base metal mineral resource meeting various tonnage thresholds; and
- (iv) 917,515 shares upon the filing of a Feasibility Study technical report.

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**4. Exploration and Evaluation Assets (continued)**

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

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

**5. Property, Plant and Equipment**

<b>Cost:</b>	<b>Vehicles \$</b>	<b>Equipment and Tools \$</b>	<b>Building \$</b>	<b>Manufacturing and Processing Facility \$</b>	<b>Mineral Property Acquisition and Development Costs \$</b>	<b>Total \$</b>
Balance at October 31, 2023	<b>16,094</b>	<b>290,428</b>	<b>344,139</b>	<b>7,567,878</b>	<b>5,661,423</b>	<b>13,879,962</b>
Addition	-	152,688	-	-	-	152,688
Adjustment to site restoration	-	-	-	-	822,759	822,759
Balance at October 31, 2024	<b>16,094</b>	<b>443,116</b>	<b>344,139</b>	<b>7,567,878</b>	<b>6,484,182</b>	<b>14,855,409</b>
Addition	-	2,325	-	-	-	2,325
Adjustment to site restoration	-	-	-	-	(81,364)	(81,364)
<b>Balance at January 31, 2025</b>	<b>16,094</b>	<b>445,441</b>	<b>344,139</b>	<b>7,567,878</b>	<b>6,402,818</b>	<b>14,776,370</b>
<b>Accumulated Depreciation and Impairment:</b>						
Balance at October 31, 2023	<b>(5,174)</b>	<b>(266,537)</b>	<b>(188,928)</b>	<b>(3,910,218)</b>	<b>(5,000,000)</b>	<b>(9,370,857)</b>
Depreciation	(1,000)	(1,877)	(28,586)	-	-	(31,463)
Balance at October 31, 2024	<b>(6,174)</b>	<b>(268,414)</b>	<b>(217,514)</b>	<b>(3,910,218)</b>	<b>(5,000,000)</b>	<b>(9,402,320)</b>
Depreciation	(376)	(705)	(10,733)	-	-	(11,813)
<b>Balance at January 31, 2025</b>	<b>(6,550)</b>	<b>(269,119)</b>	<b>(228,247)</b>	<b>(3,910,218)</b>	<b>(5,000,000)</b>	<b>(9,414,134)</b>
<b>Carrying Value:</b>						
Balance at October 31, 2024	<b>9,920</b>	<b>174,702</b>	<b>126,625</b>	<b>3,657,660</b>	<b>1,484,182</b>	<b>5,453,089</b>
Balance at January 31, 2025	<b>9,544</b>	<b>176,322</b>	<b>115,892</b>	<b>3,657,660</b>	<b>1,402,818</b>	<b>5,362,236</b>

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.

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**5. Property, Plant and Equipment (continued)**

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

As at January 31, 2025 the Company has recognized \$524,141 (October 31, 2024 - \$520,480) for the Property Acquisition Obligation associated with the Kringelgruvan concession, as described in Note 4(a)(i).

**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 2.20% (2024 - 2.097%) and an inflation factor of 2.00% (2024 - 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:

	\$
<b>Balance at October 31, 2023</b>	<b>4,173,494</b>
Accretion	125,121
Revision of estimates	628,188
Foreign exchange adjustment	194,571
<b>Balance at October 31, 2024</b>	<b>5,121,374</b>
Accretion	32,218
Revision of estimates	(117,388)
Foreign exchange adjustment	36,024
<b>Balance at January 31, 2025</b>	<b>5,072,228</b>

As at January 31, 2025 reclamation deposits totaling \$97,406 (October 31, 2024 - \$96,569) have been paid. The reclamation deposits were placed as security for site restoration on the Kringelgruvan concession and on certain exploration and evaluation assets.

As at January 31, 2025 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.

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**7. Share Capital (continued)**

(b) **Equity Financings**

*Three Months ended January 31, 2025*

During the three months ended January 31, 2025, there was no movement in equity.

*Year Ended October 31, 2024*

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

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

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

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at January 31, 2025 and October 31, 2024 and the changes for the periods ended on those dates is as follows:

	2025		2024	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance beginning of period	62,856,130	0.26	57,825,416	0.21
Issued	-		41,110,000	0.20
Exercised	-		(3,689,286)	0.10
Expired	-		(32,390,000)	0.10
Balance end of period	<b>62,856,130</b>	<b>0.26</b>	<b>62,856,130</b>	<b>0.26</b>

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at January 31, 2025:

Number	Exercise Price \$	Expiry Date
7,000	0.225	August 23, 2025
21,739,130	0.225	August 23, 2027
34,400,000	0.20	July 23, 2028
6,710,000	0.20	September 26, 2028
<b>62,856,130</b>	<b>0.26</b>	

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(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.

*Year Ended October 31, 2024*

9,200,000 stock options were granted at an exercise price of \$0.10 during the year ended October 31, 2024 (2023 – 4,200,000). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.08075 (2023 – \$0.15438) was calculated using expected stock price volatility of 111.55%, risk free rate of 3.98% and option life of five years are based on the Company's historical share price volatility and option life.

450,000 stock options were granted at an exercise price of \$0.10 during the year ended October 31, 2024 (2023 – 500,000). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.06191 (2023 – \$0.12430) was calculated using expected stock price volatility of 95.94%, risk free rate of 4.22 % and option life of three 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 January 31, 2025 and October 31, 2024 and the changes for the period ended on those dates is as follows:

	<b>2025</b>		<b>2024</b>	
	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>
Balance beginning of period	18,250,000	0.22	8,600,000	0.36
Issued	-	-	9,650,000	0.10
Exercised	-	-	-	-
Expired	(3,200,000)	0.62	-	-
Balance end of period	<b>15,050,000</b>	<b>0.14</b>	<b>18,250,000</b>	0.22

The following table summarizes information about the share options outstanding and exercisable at January 31, 2025:

<b>Number Outstanding</b>	<b>Number Exercisable</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
500,000	330,000	0.195	April 26, 2026
700,000	462,000	0.20	November 3, 2027
4,200,000	2,772,000	0.195	April 26, 2028
450,000	148,500	0.10	April 26, 2027
9,200,000	3,036,000	0.10	April 25, 2029
<b>15,050,000</b>	<b>6,748,500</b>		

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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.

(a) During the periods ended January 31, 2025 and 2024 the following compensation was incurred:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Directors and officer's compensation (current)	77,509	46,419
Share based compensation (current and former)	<u>120,634</u>	<u>129,191</u>
	<b><u>198,143</u></b>	<b><u>175,610</u></b>

As at January 31, 2025, \$Nil (October 31, 2024 - \$7,236) remained unpaid and has been included in accounts payable and accrued liabilities.

Out of the total Directors' and Officers' compensation of \$87,818, CEO's compensation of \$57,082 has been capitalized to Exploration and Evaluation assets.

(b) SKS Business Services Ltd., a private corporation owned by Sanjay Swarup (appointed as Chief Financial Officer ("CFO") of the Company on March 1, 2021), provides accounting and administrative services. During the year ended January 31, 2025, the Company incurred \$15,164 (2024 - \$14,619) for accounting services by SKS Business Services.

**9. Income per share**

As at January 31, 2025 and 2024, 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:

<b>Particulars</b>	<b>January 31, 2025</b>	<b>January 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Net loss for the period	(669,216)	(685,928)
Basic weighted average number of shares outstanding	232,061,949	188,650,008
Diluted weighted average number of shares outstanding	<u>232,061,949</u>	<u>188,650,008</u>
<b>Loss per share - basic and diluted</b>	<b><u>(\$0.00)</u></b>	<b><u>(\$0.00)</u></b>

**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:

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**10. Financial Instruments and Risk Management (continued)**

<b>Financial Instrument</b>	<b>Category</b>	<b>January 31, 2025 \$</b>	<b>October 31, 2024 \$</b>
Cash	FVTPL	2,204,653	3,460,217
Reclamation deposit	amortized cost	97,406	96,569
Investments	FVTPL	21,887	22,550
Accounts payable and accrued liabilities	amortized cost	(286,124)	(564,120)
Property acquisition obligation	amortized cost	(524,141)	(520,480)

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.

**Contractual Maturity Analysis at January 31, 2025**

	<b>Carrying Amount \$</b>	<b>Contractual Cash Flows \$</b>	<b>Less than 3 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>
Cash	2,204,653	2,204,653	2,204,653	-	-
Reclamation deposit	97,406	97,406	-	-	97,406
Investments	21,887	21,887	-	21,887	-
Accounts payable and accrued liabilities	(286,124)	(286,124)	(286,124)	-	-
Property acquisition obligation	(524,141)	(524,141)	-	(524,141)	-



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**10. Financial Instruments and Risk Management (continued)**

*Market Risk*

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

*Interest Rate Risk*

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

*Foreign Currency Risk*

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars, Swedish Krona ("SEK") and Romanian Leu ("RON"). The Company maintains SEK bank accounts in Sweden and RON bank balances in Romania to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At January 31, 2025, 1 Canadian Dollar was equal to 7.6315 SEK as per Swedish Central Bank and 1 Canadian Dollar was equal to 3.3021 RON as per Romania Bank.

Balances are as follows:

	SEK	CDN \$ Equivalent	RON	CDN \$ Equivalent
Cash	1,480,685	194,022	457,766	138,630
VAT receivable	324,744	42,553	346,589	104,961
Reclamation deposit	743,357	97,406	-	-
Accounts payable and accrued liabilities	(759,696)	(99,547)	(214,097)	(64,837)
Property acquisition obligation	(4,000,000)	(524,141)	-	-
	<u>(2,210,910)</u>	<u>(289,707)</u>	<u>590,258</u>	<u>178,754</u>

Based on the net exposures as of January 31, 2025 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK and RON would result in the Company's net impact being approximately respectively \$28,971 & \$17,875 higher or lower.

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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**11. Supplemental Cash Flow Information**

During the three months ended January 31, 2025 and 2024 non-cash activities were conducted by the Company as follows:

	2025 \$	2024 \$
Operating activity		
Provision for site restoration	(81,364)	768,285
Investing activity		
Revisions of estimates on property, plant and equipment	81,364	(768,285)

**12. Segmented Information**

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

	As at January 31, 2025			
	Corporate Canada \$	Mineral Operations Sweden \$	Mineral Operations Romania \$	Total \$
Current assets	1,961,429	279,745	243,591	2,484,765
Exploration and evaluation assets	-	17,626,864	2,909,040	20,535,904
Property, plant and equipment	-	5,219,203	143,033	5,362,236
Reclamation deposit	-	97,406	-	97,406
	<b>1,961,429</b>	<b>23,223,218</b>	<b>3,295,664</b>	<b>28,480,311</b>

  

	As at October 31, 2024			
	Corporate Canada \$	Mineral Operations Sweden \$	Mineral Operations Romania \$	Total \$
Current assets	3,000,394	472,491	428,921	3,901,806
Exploration and evaluation assets	-	17,349,491	2,542,761	19,892,252
Property, plant and equipment	-	5,306,256	146,833	5,453,089
Reclamation deposit	-	96,569	-	96,569
	<b>3,000,394</b>	<b>23,244,807</b>	<b>3,118,515</b>	<b>29,343,716</b>

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**13. Commitments**

In Romania, for exploration licenses applied through the public bid process, an investment offer is presented for each exploration license, the offer of which represents the total amounts required to be spent in order to maintain possession of the concession area at the end of the five-year investment period. Accordingly, should the Company wish to retain possession of the exploration license in Romania it holds as at October 31, 2023, the Company's expenditure commitment for the five-year period ending May 15, 2027 is \$6,484,813 Euros (approx. \$9,532,675 CAD) of which \$2,909,040 CAD has been spent as at January 31, 2025.

**14. Events after the Reporting Period**

- On February 9, 2025, the Company provided an update for the 100% owned Norra Kärr Heavy Rare Earth Elements ("HREE") Project.
- On February 16, 2025, the Company provided details on its investigations into value creation opportunities for the 100% owned Woxna Graphite Mine ("Woxna") in the context of delivering for Europe's natural graphite needs.



# LEADING EDGE MATERIALS CORP.

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

This Management's Discussion and Analysis ("Interim MD&A") of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"), dated March 21, 2025, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended January 31, 2025, and the most recent annual audited consolidated financial statements and annual Management's Discussion and Analysis. The following disclosure and associated financial statements are presented in accordance with IFRS Accounting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.leadingedgematerials.com](http://www.leadingedgematerials.com).

### Forward Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact, addressing activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in the Company's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and the Company's ability to attract and train key personnel; changes in world metal markets and equity markets beyond the Company's control; the possibility of write-downs and impairments; the risks associated with uninsurable risks arising during the course of exploration; development and production; the risks associated with changes in the mining regulatory regime governing the Company; the risks associated with tenure to the Norra Kärr property; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Woxna 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.

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), the 100% owned Norra Kärr Heavy Rare Earths ("HREE") project (Sweden), and the 51% owned Bihor Sud Nickel Cobalt exploration project (Romania).

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

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

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

## Highlights During and After the Quarter

During the three months ended January 31, 2025:

- On December 8, 2024, the Company applied to the Mining Inspectorate of Sweden ("Bergsstaten") for an Exploitation Concession ("Bearbetningskoncession") 25-year mining lease for Norra Kärr.

After the three months ended January 31, 2025:

- On February 9, 2025, the Company provided an update for the 100% owned Norra Kärr Heavy Rare Earth Elements ("HREE") Project.
- On February 16, 2025, the Company provided details on its investigations into value creation opportunities for the 100% owned Woxna Graphite Mine ("Woxna") in the context of delivering for Europe's natural graphite needs.

## Outlook

In today's world, one message rings clear for critical raw materials—security of supply is paramount. With rising geopolitical tensions and the increasing weaponization of trade through tariffs and export restrictions, the urgency to establish short, regional supply chains has never been greater.

Woxna stands at the forefront of this shift, positioned for a potential production restart—a move that aligns with possible forward integration opportunities. Importantly, the Company believes this restart could be financed with Green Transition funding.

Momentum for Swedish graphite is also growing. In October, Talga Group secured a €70 million EU Innovation Fund grant for its Luleå Anode Refinery, a key component of its Vittangi Anode Project. Adding further support, Sweden's Minister for Energy, Business, and Industry, Ebba Busch, has in recent months underscored the importance of domestic graphite, stating:

"We have large graphite deposits in Sweden that could account for much of what we [Sweden] and Europe need for our cars and batteries."

Woxna has been maintained in production-ready status for years, and now, the Company is growing in confidence that its strategic investment in care and maintenance could be about to pay off. The future is looking brighter.

Considering Norra Kärr, before the end of March, the Company expects a decision by the EU on Strategic Project status; a designation that would set a clear 27-month permitting timeline and facilitate access to finance. Given today's geopolitical landscape—including the U.S. President's push to secure critical raw materials like rare earth elements—it is hard to envision a scenario where Norra Kärr is not recognized as vital to Europe's supply security. With or without Strategic Project status, Norra Kärr will remain the most advanced HREE project in Europe and a significant part of the solution for the EU's supply overdependence on China.

Meanwhile, the Company is advancing a Rapid Development Plan to meet Europe's urgent demand for HREEs. Fast-tracking development is no longer an option—it's a necessity.

By separating extraction from downstream processing, operations at Norra Kärr have been streamlined. The project now functions much like a quarry, with on-site extraction and physical processing producing two high-value products: a HREE magnetic concentrate and nepheline syenite, an industrial mineral previously explored at Norra Kärr by Boliden in the 1970s.

The Company remains committed to accelerating progress, engaging key stakeholders, and exploring all avenues to bring Norra Kärr into production as swiftly as possible.

To accelerate the programme at Bihor Sud, since the start of the year, the Company has hired four new geologists, and in February, a new drill contractor started drilling in gallery G2. The Contractor has been given

an initial 1,500 m programme, with the Company's geological team mapping G2 and taking channel samples for assay to provide the necessary data to validate each drillhole location.

### **Woxna Graphite Mine**

#### Security of Supply

The drive for secure and stable supply chains is shaping the European natural graphite market, bringing existing production assets like Woxna into focus. Woxna is free to serve both the anode and industrial markets and could be positioned as a key regional supplier.

On 9 February, the IEA published a commentary 'Growing geopolitical tensions underscore the need for stronger action on critical minerals security'. In the coverage, the IEA commented that 'Today's markets may be relatively well supplied, but security of supply is far from guaranteed. Trade restrictions affecting critical minerals have proliferated, notably in the form of export controls applied by China' and in the case of natural graphite 'Reliance on a small number of suppliers increases vulnerability to shocks and disruptions, even in a well-supplied market'.

#### Rising Demand

On January 30, 2025, Benchmark Minerals Intelligence published research highlighting the 140% projected growth in natural graphite demand by 2030, requiring an additional 1.7 million tonnes. Their calculations suggest that at least 31 new mines must come online worldwide. However, while anode, cathode, and cell capacity can be developed in less than five years, establishing a new raw material supply chain can take up to 25 years, underscoring the need for immediate action.

#### Policy Momentum in the European Union

Last year marked a turning point for European raw materials policy, with the EU taking decisive steps to secure domestic supply chains. On March 18, 2024, the European Council adopted the Critical Raw Materials Act (CRMA), a key initiative aimed at developing and supporting critical raw materials projects across the region. This policy shift strengthens the case for utilizing existing, permitted graphite resources within Europe.

#### Woxna's Strategic Positioning

Woxna is among the few fully built and permitted natural graphite mines in the region. With its established infrastructure, resources, and strategic location, Woxna is well-positioned to play a significant role in regional natural graphite production.

#### Pathway to Production Restart

In recent months, interest in restarting Woxna's production has grown. An in-house study conducted in early 2022 evaluated processing plant upgrades to produce high-quality flake graphite concentrate for the market. This study will be updated in the second quarter. The Company believes the updated business plan could support discussions around project financing, customer pre-payments, and potential Swedish or European public funding.

#### Opportunities for Forward Integration

Beyond production, the Company sees potential for moving downstream and collaborating with off takers to add value through further processing. Such agreements would provide offtakes with a secure and stable graphite supply, reinforcing their ability to meet end-user demands.

## Anode Project 2021 – A Future Option

While the Anode Project 2021 remains a viable long-term opportunity, it is not currently being pursued. The Company's primary focus remains on a sustainable restart of Woxna's production and securing the mine's role in the European natural graphite supply chain.

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

A decision on the Company's application for Strategic Project status under the Critical Raw Materials Act ("CRMA") is expected before the end of March. Pre-feasibility study ("PFS") work for the upstream and downstream will commence in the second quarter. The Company expects a decision on its application for a new Exploitation Concession ("Bearbetningskoncession") 25-year mining lease later in the year.

Testwork is being carried out on nepheline syenite and aegirine to determine their mineralogy, chemical composition, and leachate chemistry. The results will support further assessment of the market opportunities for nepheline syenite, and possibly aegirine, and the potential environmental impact of any waste materials.

Company has started discussions with nepheline syenite market participants to identify attractive market segments, volumes and pricing. In the Preliminary Economic Assessment completed in 2021 ("PEA 2021"), three nepheline syenite markets were selected, those requiring the least amount of additional processing and product qualification, with pricing ranging from US\$12-65 per tonne. These assumptions were conservative, and the Company is now investigating higher value markets such as functional filler products with comparable prices at the time of US\$100-500 per tonne. In the PEA2021, nepheline syenite contributed 11% of the total revenues when using conservative prices. There is the potential for significant upside in pricing and revenue contribution to the overall project economics.

As part of the PFS, the Company will evaluate the business case for a Rapid Development Plan ("RDP"), whereby Norra Kärr can be in production in the shortest possible timeframe to be supplying REE concentrates to the market in advance of the completion of the downstream processing facility and selling nepheline syenite. This will generate cashflow and mean earlier delivery of REE concentrates onto the European market. Capacity for processing REE concentrates in the region is being developed and this gives the Company options for the downstream.

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

To accelerate the programme at Bihor Sud, since the start of the year, the Company has hired four new geologists and, in February, a new drill contractor started drilling in gallery G2. The Contractor has been given an initial 1,500 m programme, with the Company's geological team mapping G2 and taking channel samples for assay to provide the necessary data to validate each drillhole location.

Bihor Sud remains a very exciting brownfield exploration project. It's a historic mining area with tens of kilometers of underground galleries, or tunnels, developed in the licence area. Between the 1960-90s the responsible division of the Romanian State only targeted what was then called 'strategic metals', principally uranium, and explored for nothing else.

The Company's objective at Bihor Sud, is to define a large-scale, mineable mineral resource. Initially, we are following-up on the work done in gallery G7 last year, and the extensive Cobalt-Nickel-Gold mineralized zone that was identified, and in the new year started to drill in gallery G2 which has shown its potential for extensive Zinc-Lead-Copper-Silver mineralization. We are encouraged by the findings to date, which highlight the strong potential for discovering a significant polymetallic deposit.



## Financial Information

The report for three months ending April 30, 2025, is expected to be published on or about June 20, 2025.

### Selected Financial Data

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

	Fiscal 2025	Fiscal 2024				Fiscal 2023		
Three Months Ended	January 31, 2025 \$	October 31, 2024 \$	July 31, 2024 \$	April 30, 2024 \$	January 31, 2024 \$	October 31, 2023 (Restated) \$	July 31, 2023 (Restated) \$	April 30, 2023 (Restated) \$
<b>Operations</b>								
Expenses	(696,037)	(97,209)	(797,070)	(863,745)	(660,617)	(457,890)	(309,832)	(1,014,364)
Other items	26,821	(222,820)	(25,168)	4,216	(25,311)	195,209	(8,442)	(187,421)
Comprehensive profit/(loss)	(669,216)	(320,029)	(822,238)	(859,529)	(685,928)	(262,681)	(318,274)	(1,201,785)
Basic Profit/(loss) per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
Diluted profit/(loss) per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
<b>Financial Position</b>								
Working capital	2,198,641	3,337,686	3,973,458	1,610,635	2,316,098	2,713,098	848,952	1,344,044
Total assets	28,480,311	29,343,716	28,454,783	24,991,481	26,003,943	25,512,111	23,588,662	24,215,472
Total non-current liabilities	(5,596,369)	(5,641,854)	(5,683,545)	(5,101,289)	(5,489,843)	(4,670,790)	(5,109,575)	(5,404,808)

## Results of Operations

### *Three Months Ended January 31, 2025, Compared to Three Months Ended October 31, 2024*

During the three months ended January 31, 2025 ("Q1 2025") the Company reported a net loss of \$669,216 compared to a reported net loss of \$320,029 for the three months ended October 31, 2024 ("Q4 2024"), an increase in loss by \$349,187, the increase in loss mainly due to \$376,490 is due to capitalization of Research, development and general exploration expense (Q4 2024 - \$843,329), partly off-set by foreign exchange gain \$1,690 (Q4 2024- loss \$82,247) and write off of Inventory \$Nil (Q4 2024- \$165,669).

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

During the three months ended January 31, 2025 ("2025 period"), the Company reported a net loss of \$669,216 compared to a net loss of \$685,928 for the three months ended January 31, 2024 ("2024 period"), an increase in loss of \$16,712, the increase in loss mainly due to corporate development expenses of \$83,274 (Q1 2024- \$45,510).

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

- (i) incurred \$77,509 (2024 - \$46,419) for directors and officer's compensation.
- (ii) incurred \$49,945 (2024 - \$45,003) 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 \$71,547 (2024 - \$52,268) for accounting and audit out of which the Company incurred \$15,164 (2024 - \$14,619) for accounting services of SKS Business Services along with \$6,047 (2024 - \$11,713) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants;

- (iv) incurred Research, development, and general exploration expenses of \$62,508 (2024 - \$117,350);
- (v) incurred \$77,919 (2024 - \$66,278) in costs for operations;

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the three months ended January 31, 2025 the Company reported interest income of \$25,476 compared to \$24,792 during the three months ended January 31, 2024.

During the three months ended January 31, 2025, the Company recorded a foreign exchange gain of \$1,690 due to changes in exchange rates, compared to a gain of \$35,971 during the three months ended January 31, 2024.

#### *Financings*

During three months ended January 31, 2025, 3,200,000 stock options expired.

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

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

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

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

During the three months ended January 31, 2025, the Company recorded a net loss of \$669,216 and, as of January 31, 2025, the Company had an accumulated deficit of \$50,021,874 and working capital of \$2,198,641. 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, 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, 2024 audited annual consolidated financial statements.

## Changes in Accounting Policies

There is no change in accounting policy during the three months ended January 31, 2025.

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the October 31, 2024 audited annual consolidated financial statements.

## Related Party Transactions and Balances

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

(a) During the three months ended January 31, 2025 and 2024 the following compensation was incurred:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Mr. Kurt Budge, CEO <sup>(1)</sup>	30,735	-
Mr. Lars-Eric Johansson, Chairman and director	8,100	8,100
Mr. Eric Krafft, director <sup>(1)</sup>	8,100	8,100
Mr. Daniel Major, director	8,100	8,100
Mr. Sanjay Swarup, CFO	9,874	9,519
Ms. Manuela Balaj-Coroiu, Corporate Secretary	12,600	12,600
	<b><u>77,509</u></b>	<b><u>46,419</u></b>

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

(b) During the three months ended January 31, 2025, the Company incurred \$15,164 (2024 - \$14,619) for accounting services of SKS Business Services.

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Mr. Eric Krafft	43,132	47,773
Mr. Kurt Budge	30,281	-
Mr. Lars-Eric Johansson	21,566	28,875
Mr. Daniel Major	21,566	28,875
Ms. Manuela Balaj-Coroiu	2,437	3,819
Mr. Sanjay Swarup	1,652	1,890
Mr. Filip Kozlowski	-	17,959
	<b>120,634</b>	<b>129,191</b>

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As of March 21, 2025, there were 232,061,949 issued and outstanding common shares 62,856,130 warrants outstanding with exercise prices ranging from \$0.20 to \$0.225 per share and 15,050,000 share options outstanding with exercise prices ranging from \$0.195 to \$0.20 per share.