



# LEADING EDGE MATERIALS CORP.

14<sup>th</sup> Floor – 1040 West Georgia Street, Vancouver, BC, V6E 4H1  
 info@leadingedgematerials.com | www.leadingedgematerials.com  
 TSX.V: LEM | Nasdaq First North: LEMSE | OTCQB: LEMIF | FRA: 7FL

NEWS RELEASE

June 21, 2023

## LEADING EDGE MATERIALS REPORTS QUARTERLY RESULTS TO APRIL 30, 2023

**Vancouver, June 21, 2023 – Leading Edge Materials Corp. (“Leading Edge Materials” or the “Company”) (TSXV: LEM) (Nasdaq First North: LEMSE) (OTCQB: LEMIF) (FRA: 7FL)** second quarter results for the period ending April 30, 2023. All references to dollar amounts in this release are in Canadian dollars.

### Highlights During and After the Quarter

During the three months ended April 30, 2023:

- On March 1, 2023, the Company announced it identified extensive Co-Ni-mineralization 50 metres above the previously reported Gallery 7 at its Bihor Sud project in Romania.

Subsequent to April 30, 2023:

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

### Results of Operations

*Three Months Ended April 30, 2023, Compared to Three Months Ended January 31, 2023*

During the three months ended April 30, 2023 (“Q2 2023”) the Company reported a net loss of \$1,235,603 compared to a reported net loss of \$637,135 for the three months ended January 31, 2023 (“Q1 2023”), an increase in loss by \$598,468, the increase in loss mainly due to share-based compensation related to granting of stock options under the Company’s stock option plan of \$710,563 in Q2 2023 compared to share-based compensation of \$97,029 in Q1 2023.

*Three Months Ended April 30, 2023, Compared to Three Months Ended April 30, 2022*

During the three months ended April 30, 2023 (“2023 period”), the Company reported a net loss of \$1,235,603 compared to a net loss of \$790,120 for the three months ended April 30, 2022 (“2022 period”), an increase in loss of \$445,483, the increase in loss mainly due to share-based compensation of \$710,563 (2022 period-\$Nil), foreign exchange loss of \$187,455 (2022 period -\$4,483), mark to market loss of \$22,178 (2022 period -\$357,800).

### Selected Financial Data

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

Three Months Ended	Fiscal 2023		Fiscal 2022				Fiscal 2021	
	April 30, 2023 \$	January 31, 2023 \$	October 31, 2022 \$	July 31, 2022 \$	April 30, 2022 \$	January 31, 2022 \$	October 31, 2021 \$	July 31, 2021 \$
<b>Operations</b>								
Expenses	(1,048,182)	(570,549)	(425,075)	(419,050)	(433,894)	(1,874,407)	(583,391)	(600,531)
Other items	(187,421)	(66,586)	308,721	(190,659)	(356,226)	(219,942)	28,466	(477,057)
Comprehensive profit/(loss)	(1,235,603)	(637,135)	(116,354)	(609,709)	(790,120)	(2,094,349)	(554,925)	(1,077,588)
Basic Profit/(loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)
Diluted profit/(loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)

<b>Financial Position</b>									
Working capital	1,344,044	2,124,643	1,365,657	1,686,095	2,396,484	3,236,870	2,350,166	2,803,903	
Total assets	24,181,654	24,845,430	23,832,418	24,827,062	25,000,847	30,597,341	28,756,406	28,455,148	
Total non-current liabilities	(5,404,808)	(5,556,603)	(5,292,618)	(6,159,922)	(6,045,964)	(10,812,012)	(9,946,686)	(9,054,376)	

### Financial Condition / Capital Resources

During the three months ended April 30, 2023, the Company recorded a net loss of \$1,235,603 as of April 30, 2023, the Company had an accumulated deficit of \$46,587,540 and working capital of \$1,344,044. 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".

### Outlook

Since our last quarterly update, we are pleased to see additional momentum on political and legislative levels in the European Union. These initiatives are of course all tied to themes around climate change, risk assessment of supply chains, dependence on other countries, etc. All of which are directly relevant to our activities, and where we feel we have an important role to play. Our decision to focus the Company on critical raw materials within the EU feels opportune.

Regarding the EU Critical Raw Materials Act, which was proposed this spring, we hear informal feedback from various sources that it is largely considered a sensible proposal. We can only agree, preferring free market mechanisms rather than making companies dependent on direct subsidies and such. As a reminder, the proposed legislation will require at least 10% of such designated critical raw materials to have been mined in the EU, and for member states to guarantee 24 months permitting process for projects deemed of strategic importance, all within very tight timelines.

Additionally, there are numerous other initiatives also highly relevant to us, for example:

- The EU Parliament has adopted new rules for the design, manufacture and recycling of all types of batteries sold in the EU.<sup>[1]</sup> The background to the content of the regulation, are the proposals for mandatory sustainability criteria for batteries. This is relevant to our Woxna graphite mine (only one in the EU), where we conducted a life cycle analysis to demonstrate its capacity to be an order of magnitude lower GHG emitter as a Swedish anode producer compared to most current Asian alternatives, presented in our 2021 PEA.<sup>[2]</sup>
- Proposals to beef up the European Net-Zero Industry Act.<sup>[3]</sup> This is relevant to the European wind power industry. Our Norra Karr project potentially plays a vital role in possibly making Europe self sufficient for some of the critical rare earth elements without which one can not manufacture the permanent magnets which go into wind turbine generators and electric motors. China has a near full control of these materials today.
- The German government plans to set up a state fund worth up to €2 billion (\$2.2 billion) that will support mining of raw materials critical to the nation's green transition, with the aim of securing access and cutting reliance on China.<sup>[4]</sup>
- Along with the multi-billion France 2030<sup>[5]</sup> plan we have to conclude that there appears to be several alternatives emerging for European companies like ours to access funding to develop and build projects.

Politicians, supported by European citizens, certainly appear to walk the talk in terms of aligning with stated policy aims. What has surprised us is the speed with which these proposals are suggested and rapidly debated to get implemented in short order. It seems everyone is aware and committed to deal with the multiple crises we find ourselves in the middle of: climate change, war in Europe, energy crisis, dependence on Asian supply chains, etc.

We are pleased that we have managed to position the Company at the point where these trends converge providing a convex exposure to events taking place around us.

Our built and permitted Woxna graphite mine and plant continues to be meticulously kept on care and maintenance. As reported, we are evaluating a restart of the mine to initially produce graphite concentrate, as the first step to developing a downstream anode business. Market signals are obviously important to guide us as to when to restart.

The massive forecast demand-supply imbalance of graphite appears one of the most attractive investment cases of any of the battery materials.<sup>[6]</sup> However, natural flake graphite prices have so far (along with many other commodities) come down over 20% this year.<sup>[7]</sup> This suggests that we are not yet at the point where relatively inelastic demand from nascent giga factories meets the tight current supply. With economic slowdown in China, graphite demand as refractory material has also decreased. We are of course monitoring this with interest, bearing in mind price action in Cobalt a few years ago, or Lithium last year.

We believe having a built and permitted graphite mine, in an excellent jurisdiction with proximity to infrastructure and the many new giga factories gradually coming on line is the most compelling exposure one can have set to benefit from this imbalance. Given the EU Critical Raw Materials Act and the numerous other initiatives, the strategic importance, value and scarcity of Woxna is enhanced in our opinion.

For the Norra Karr project, we took the decision to initiate a Natura 2000 permit application process. By doing this based on the new design of the Norra Karr project we will benefit from authorities and other stakeholders evaluating the merits of the project based on the most recent plans that substantially reduce the potential for environmental risk. In parallel, through the various environmental and metallurgical studies that may be required to support the Natura 2000 permit application the Company can further progress the Norra Karr project towards its next stages of feasibility development. We will continue to adapt our path should the legal framework evolve going forward. Aspects of the proposed EUCRMA appear particularly relevant to this project.

As reported, continued work at our Bihor Sud Ni-Co exploration project in Romania has been progressing very encouragingly. Since having received permission to enter underground galleries in January, this has been advancing rapidly. Results have been encouraging: in the first target gallery G7 we have encountered visual Co-Ni mineralisation over 135 m. Additionally, further extensive Co-Ni mineralisation has been identified in G4, 50 m above and in the cross cut and raise connecting these two galleries. This indicates that we are potentially encountering sizeable systems with good potential.

High levels of radon gas readings resulted in time needing to be taken to design, order and have a ventilation system installed. While this was done, we took the opportunity to dig and sample five exploration trenches.

As communicated, in situ samples from gallery walls reported 30% Ni and 4.7% Co. And the trenches have yielded very encouraging results with apparently important Pb-Zn-Ag mineralization continuously over 1 km strike. Basically, we are reassured that these latest results continue to confirm our prior stated beliefs and that this truly is an incredible exploration project with scale and high grade potential.

Now that ventilation has been successful installed in G4, additional ventilation will be added to G7. The company can now engage in its planned underground channel sampling program and follow up on planning an underground drilling program.

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1. <https://www.electrive.com/2023/06/14/eu-parliament-approves-comprehensive-battery-market-regulation/>
  2. See National Instrument 43-101 report entitled "NI 43-101 Technical Report – Woxna Graphite" prepared for Woxna Graphite AB with effective date June 9, 2021 and issue date July 23, 2021. See Leading Edge Materials Corp.'s SEDAR profile on [www.sedar.com](http://www.sedar.com) or [www.leadingedgematerials.com](http://www.leadingedgematerials.com) for report and more information. The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.
  3. <https://windeurope.org/newsroom/press-releases/nzia-act-now-or-europes-wind-turbines-will-be-made-in-china?ref=mainbanner>
  4. <https://financialpost.com/pmn/business-pmn/germany-draws-up-e2-billion-state-fund-to-secure-key-commodities>
  5. <https://www.economie.gouv.fr/france-2030>
  6. [6] <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/executive-summary>
  7. [7] <https://www.fastmarkets.com/commodity-price/graphite-flake-94-c-100-mesh-fob-china-mb-gra-0042>

## Financial Information

The report for three months ending July 31, 2023, is expected to be published on or about September 20, 2023.

## On behalf of the Board of Directors, Leading Edge Materials Corp.

Eric Krafft, Interim CEO

### For further information, please contact the Company at:

info@leadingedgematerials.com

[www.leadingedgematerials.com](http://www.leadingedgematerials.com)

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## About Leading Edge Materials

Leading Edge Materials is a Canadian public company 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 alliance (Romania).

## Additional Information

The Company's unaudited consolidated financial statements for the six months ended April 30, 2023 and related management's discussion and analysis are available on the Company's website at [www.leadingedgematerials.com](http://www.leadingedgematerials.com) or under its profile on SEDAR at [www.sedar.com](http://www.sedar.com)

The information was submitted for publication through the agency of the contact person set out above, on June 21, 2023, at 10:00 am Vancouver time.

Leading Edge Materials is listed on the TSXV under the symbol "LEM", OTCQB under the symbol "LEMIF" and Nasdaq First North Stockholm under the symbol "LEMSE". Mangold Fondkommission AB is the Company's Certified Adviser on Nasdaq First North and may be contacted via email [CA@mangold.se](mailto:CA@mangold.se) or by phone +46 (0) 8 5030 1550.

## Reader Advisory

*Certain information in this news release may constitute forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact, addressing activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in the Company's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and the Company's ability to attract and train key personnel; changes in world metal markets and equity markets beyond the Company's control; the possibility of write-downs and impairments; the risks associated with uninsurable risks arising during the course of exploration; development and production; the risks associated with changes in the mining regulatory regime governing the Company; the risks associated with tenure to the Norra Karr property; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Woxna project has never defined a mineral reserve or a feasibility study and the associated increased risk of technical and economic failure in case of restarting production; risks relating to the preliminary and non-binding nature of the MOU with Sicona. On June 9, 2021, Leading*

Edge announced the results of an independent preliminary economic assessment for the development of Woxna (the "2021 Woxna PEA"), the full details of which are included in a technical report entitled "NI 43-101 Technical Report – Woxna Graphite" prepared for Woxna Graphite AB with effective date June 9, 2021 and issue date July 23, 2021, available on Leading Edge's website [www.leadingedgematerials.com](http://www.leadingedgematerials.com) and under its SEDAR profile [www.sedar.ca](http://www.sedar.ca). The 2021 Woxna PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. On July 22, 2021, Leading Edge announced the results of an independent preliminary economic assessment for the development of Norra Karr (the "2021 Norra Karr PEA"), the full details of which are included in a technical report titled "PRELIMINARY ECONOMIC ASSESSMENT OF NORRA KARR RARE EARTH DEPOSIT AND POTENTIAL BY-PRODUCTS, SWEDEN" prepared for Leading Edge Materials Corp. with effective date August 18, 2021 and issue date August 19, 2021, available on Leading Edge's website [www.leadingedgematerials.com](http://www.leadingedgematerials.com) and under its SEDAR profile [www.sedar.ca](http://www.sedar.ca). The 2021 Norra Karr PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. On March 11, 2020, the World Health Organization ("WHO") declared the novel coronavirus outbreak identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel, as recommended by the various governments. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.