



LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS FOR THE SIX MONTHS ENDED APRIL 30, 2024

This Management's Discussion and Analysis ("Interim MD&A") of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"), dated June 21, 2024, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended April 30, 2024, and the most recent annual audited consolidated financial statements and annual Management's Discussion and Analysis. The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and on the Company's website www.leadingedgematerials.com.

Forward Looking Statements

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

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

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

Corporate Overview

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

Recent Announcements

- On 19 May 2024, the company announced the appointment of Mr. Kurt Budge as Chief Executive Officer.
- On 18 June 2024, the company announced that it has identified extensive Zn-Pb-Ag+/-Cu mineralization in galleries G2 and G7 at the Company's Bihor Sud Project in Romania.

Outlook

European policy continues to move in a positive direction, providing a supportive backdrop for the development of projects in the company's portfolio.

On 18 March 2024, the European Council adopted the regulation to establish a framework to ensure a secure and sustainable supply of critical raw materials, known as the Critical Raw Materials Act (CRMA).

The CRMA introduces clear deadlines for permit procedures for EU extracting projects, allows the Commission and member states to recognise a project as strategic, requires supply-chain risk assessments, requires member states to have national exploration plans and ensures the EU's access to critical and strategic raw materials through ambitious benchmarks on extraction, processing, recycling and diversification of import sources.

The Critical Raw Materials Act, together with the Net Zero Industry Act and the Reform of the electricity market design, is one of the flagship legislative initiatives under the Green Deal Industrial Plan.

On 23 May 2024, a call for Strategic Projects as defined by the CRMA was opened. The CRMA designates strategic projects to increase EU capacity to extract, process and recycle strategic raw materials and diversify EU supplies from third countries. Strategic raw materials are crucial for the success of the green and digital transitions as well as the resilience of the defence and aerospace sectors.

Considering Norra Kärr, the company is reviewing the application process for Strategic Project designation and is motivated to apply in the inaugural round given Norra Kärr's potential importance in ensuring the security of the supply of HREE in Europe.

In Romania, the company plans to start drilling at Bihor Sud in the coming weeks, firstly targeting cobalt-nickel in G7 gallery, before moving onto G2 gallery for which we have high expectations; with the purpose of adding further high-grade drill intercepts and proving up the scale of mineralization. This work should generate strong newsflow in the coming months.

Norra Kärr Heavy Rare Earth Project

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

The Company is preparing a mining lease application (Exploitation Concession or Bearbetningskoncession, "BK"), including Environmental Impact Assessment (Miljökonsekvensbeskrivning, "MKB"); identifying opportunities to accelerate the timeline to submission.

The latest mining lease application is based on the new 2021 design of the project. The redesign has significantly reduced potential environmental impacts. For example, land usage has been reduced by approximately 65% with only mining and physical (non-chemical) concentration of mineralized ore taking place at the mine site. Downstream processing using chemicals will take place on an industrial site, which specifically permits and controls those activities.

On 3 May 2024, consultation commenced with the County Administrative Boards involved. This is an important part of the overall permitting process and the Company is looking forward to listening and responding to stakeholder views.

Woxna Graphite Mine

The Company is maintaining its Woxna graphite mine and plant on care and maintenance, while monitoring markets and considering a restart of graphite concentrate production, as the first step to developing a downstream anode business.

As European policy development seeks to create new regional supply chains and reduce dependency on China, this month, the US has announced 25% tariffs on imports of natural and synthetic graphite anodes from China, following last month's announcement of 25% tariffs on natural graphite imports beginning in 2026. Fastmarkets analyst Georgi Georgiev has said "graphite has emerged as Washington's 'Achilles Heel' in its trade confrontation with Beijing".^[1]

Woxna is well-positioned to play a significant role in the production of natural flake graphite and the establishment of a European anode value chain.

Bihor Sud Nickel-Cobalt Exploration Project

High grade assays reported in October and December last year support our continuing belief in the polymetallic exploration prospectivity of Bihor Sud.

We are excited about the mineralization showing in G2, which opens a significantly larger mineralization extent than seen previously. The LEMR team believes we are just starting to discover the potential of G2. There was reportedly further mineralization encountered in the rear part of G2 and in respective transversals during historical exploration works, also of cobalt-nickel. The company is now preparing for reconnaissance trips to these areas as well, to be followed by systematic geological work to understand the full extent of this mineralized system, both for Zn-Pb-Ag+/-Cu, and for Co-Ni before drilling starts later in the year.

[1]The graphite fight: US tariffs trigger race to build non-Chinese supply chain, Financial Times, 9 June 2024, <https://www.ft.com/content/9117e5e6-baf9-4bdf-8080-9aa019ef1bfc>

Financial Information

The report for three months ending July 31, 2024, is expected to be published on or about September 20, 2024.

Selected Financial Data

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

	Fiscal 2024		Fiscal 2023				Fiscal 2022	
Three Months Ended	April 30, 2024 \$	January 31, 2024 \$	October 31, 2023 \$	July 31, 2023 \$	April 30, 2023 \$	January 31, 2023 \$	October 31, 2022 (Restated) \$	July 31, 2022 (Restated) \$
Operations								
Expenses	(863,745)	(660,617)	(582,552)	(313,950)	(1,048,182)	(489,432)	(860,062)	(685,569)
Other items	4,216	(25,311)	195,209	(8,442)	(187,421)	(147,703)	308,721	(190,659)
Comprehensive profit/(loss)	(859,529)	(685,928)	(387,343)	(322,392)	(1,235,603)	(637,135)	(551,341)	(876,228)
Basic Profit/(loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Diluted profit/(loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Financial Position								
Working capital	1,610,635	2,316,098	2,713,098	848,952	1,344,044	2,124,643	1,365,657	1,686,095
Total assets	24,991,481	26,003,943	25,387,449	23,584,544	24,181,654	24,845,430	23,832,418	24,827,062
Total non-current liabilities	(5,101,289)	(5,489,843)	(4,670,790)	(5,109,575)	(5,404,808)	(5,556,603)	(5,292,618)	(6,159,922)

Results of Operations

Three Months Ended April 30, 2024, Compared to Three Months Ended January 31, 2024

During the three months ended April 30, 2024 ("Q2 2024") the Company reported a net loss of \$859,529 compared to a reported net loss of \$685,928 for the three months ended January 31, 2024 ("Q1 2024"), a increase in loss by \$173,601, the increase in loss mainly due to share based compensation expenses of \$349,923 (Q1 2024- \$159,425), foreign exchange loss \$5,754 (Q1 2024 gain - \$35,971) and net mark to market adjustment loss of \$10,662 (Q1 2024- \$86,074).

Three Months Ended April 30, 2024, Compared to Three Months Ended April 30, 2023

During the three months ended April 30, 2024 ("2024 period"), the Company reported a net loss of \$859,529 compared to a net loss of \$1,235,603 for the three months ended April 30, 2023 ("2023 period"), a decrease in loss of \$376,074, the decrease in loss mainly due to share based compensation of \$349,923 (Q2 2023- 710,563), , foreign exchange loss \$5,754 (Q2 2023 - \$187,455) and operation expenses of \$89,947 (Q2 2023- \$37,590).

Specific expenses of note during three months ended April 30, 2024 are as follows:

- (i) incurred \$46,385 (2023 - \$45,177) for directors and officer's compensation.
- (ii) incurred \$45,115 (2023 - \$42,364) 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 \$57,074 (2023 - \$51,960) for accounting and audit out of which the Company incurred \$14,567 (2023 - \$14,540) for accounting services of SKS Business Services along with \$6,771 (2023 - \$14,868) for bookkeeping and accounting services for subsidiary companies provided by other independent accountants;
- (iv) incurred Research, development and general exploration expenses of \$94,017 (2023 - \$29,664);
- (v) incurred \$89,947 (2023 - \$37,590) in costs for operations;

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the three months ended April 30, 2024 the Company reported interest income of \$20,305 compared to \$15,040 during the three months ended April 30, 2023.

During the three months ended April 30, 2024, the Company recorded a foreign exchange loss of \$5,754 due to changes in exchange rates, compared to a loss of \$187,455 during the three months ended April 30, 2023.

Financings

During six months ended April 30, 2024, 3,689,286 warrants were exercised for gross proceeds of \$368,929.

During six months ended April 30, 2024, 9,650,000 stock options were granted at an exercise price of \$0.10.

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

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

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

Financial Condition / Capital Resources

During the three months ended April 30, 2024, the Company recorded a net loss of \$859,529 and, as of April 30, 2024, the Company had an accumulated deficit of \$48,395,757 and working capital of \$1,610,635. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs and is conducting ongoing research and development to produce higher value specialty products. The Company is also evaluating a potential restart of production at the Woxna Graphite Mine. The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months however, it will need additional capital to provide working capital and recommence operations at the Woxna Graphite Mine, establish a production facility for the Anode Project, to fund future development of the Norra Karr Property or to complete exploration activities in Romania. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The company has no proposed transactions.

Critical Accounting Estimates

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

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

Changes in Accounting Policies

There is no change in accounting policy during the six months ended April 30, 2024.

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the October 31, 2023 audited annual consolidated financial statements.

Related Party Transactions and Balances

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

(a) During the six months ended April 30, 2024 and 2023 the following compensation was incurred:

	2024 \$	2023 \$
Mr. Eric Krafft, director ⁽¹⁾	16,200	15,200
Mr. Lars-Eric Johansson, Chairman and director ⁽¹⁾	16,200	15,200
Mr. Daniel Major, director ⁽¹⁾	16,200	15,209
Mr. Sanjay Swarup, CFO ⁽³⁾	19,004	18,913
Ms. Manuela Balaj-Coroiu, Corporate Secretary ⁽⁴⁾	25,200	25,200
	92,804	89,722

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

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

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

(b) During the six months ended April 30, 2024, the Company incurred \$29,186 (2023 - \$29,046) for accounting services of SKS Business Services.

(c) In addition, during the six months ending April 30, 2024 and 2023 the company incurred share-based compensation for key management personnel as follows:

	2024 \$	2023 \$
Mr. Eric Krafft	165,512	308,767
Mr. Kurt Budge	79,943	-
Mr. Lars-Eric Johansson	87,744	154,384
Mr. Daniel Major	87,744	154,384
Ms. Manuela Balaj-Coroiu	10,302	43,161
Mr. Sanjay Swarup	6,444	15,438
Mr. Filip Kozlowski	17,959	-
	455,648	676,134

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As of June 21, 2024, there were 190,951,949 issued and outstanding common shares 53,746,130 warrants outstanding with exercise prices ranging from \$0.20 to \$0.225 per share and 18,250,000 share options outstanding with exercise prices ranging from \$0.10 to \$0.62 per share.