



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 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.

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) \$
Operations								
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)
Financial Position								
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:

	2025	2024
	\$	\$
Mr. Kurt Budge, CEO ⁽¹⁾	30,735	-
Mr. Lars-Eric Johansson, Chairman and director	8,100	8,100
Mr. Eric Krafft, director ⁽¹⁾	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
	77,509	46,419

(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:

	2025	2024
	\$	\$
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
	120,634	129,191

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.