



LEADING EDGE MATERIALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JANUARY 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Note	January 31, 2022 \$	October 31, 2021 \$
ASSETS			
Current assets			
Cash		2,423,149	1,316,797
GST/VAT receivables		25,499	19,729
Prepaid expenses		43,997	61,553
Investments	3	762,523	981,732
Inventory		84,272	84,060
Plant stores and supplies		85,701	91,545
		<u>3,425,141</u>	<u>2,555,416</u>
Total current assets			
Non-current assets			
Exploration and evaluation assets	4	16,295,521	16,203,140
Property, plant and equipment	5	10,777,785	9,892,213
Reclamation deposit	6	98,894	105,637
		<u>27,172,200</u>	<u>26,200,990</u>
Total non-current assets			
		<u>30,597,341</u>	<u>28,756,406</u>
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		188,271	205,250
Non-current liabilities			
Provision for site restoration	6	10,269,411	9,367,086
Property acquisition obligation	4(a), 5	542,601	579,600
		<u>10,812,012</u>	<u>9,946,686</u>
Total non-current liabilities			
		<u>11,000,283</u>	<u>10,151,936</u>
TOTAL LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7	55,186,554	53,521,055
Share-based payments reserve	7(d)	7,609,123	6,187,686
Deficit		(43,198,619)	(41,104,271)
		<u>19,597,058</u>	<u>18,604,470</u>
TOTAL SHAREHOLDERS' EQUITY			
		<u>30,597,341</u>	<u>28,756,406</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period - Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on March 24, 2022 and are signed on its behalf by:

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

/s/ Eric Krafft
Eric Krafft
Director

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

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months Ended	
		January 31,	
		2022	2021
		\$	\$
Expenses			
Accretion of provision for site restoration	6	10,201	7,890
Corporate development and IR		39,649	34,259
Depreciation	5	6,552	7,047
Directors and officer's compensation	8a)	99,666	109,664
Exploration and evaluation		28,141	210,502
Finance and audit	8(b)	28,040	103,619
General and administration		16,424	15,632
Listing and regulatory costs		56,679	42,620
Operations		140,477	125,837
Sharebased compensation		1,421,437	-
Professional fees		26,360	7,557
Travel		781	48
		<u>1,874,407</u>	<u>664,675</u>
Loss before other items		<u>(1,874,407)</u>	<u>(664,675)</u>
Other items			
Foreign exchange		(6,154)	(10,632)
Interest income		3,726	5,423
Mark to market adjustment loss		(219,208)	-
Other income		1,694	1,606
		<u>(219,942)</u>	<u>(3,603)</u>
Net loss and comprehensive loss		<u>(2,094,349)</u>	<u>(668,278)</u>
Loss per share - basic and diluted		<u>(\$0.01)</u>	<u>(\$0.00)</u>
Weighted average number of common shares outstanding - basic and diluted		<u>150,808,457</u>	<u>146,616,269</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)

Three Months Ended January 31, 2022

	Share Capital		Share-Based Payments Reserve	Deficit	Total Equity
	Number of Shares	Amount \$			
Balance at October 31, 2021	147,024,071	53,521,054	6,187,686	(41,104,270)	18,604,470
Common shares issued for:					
Options exercised	200,000	45,000	-	-	45,000
Share-based compensation	-	-	1,421,437	-	1,421,437
Warrants exercised	4,421,428	1,620,500	-	-	1,620,500
Net loss for the period	-	-	-	(2,094,349)	(2,094,349)
Balance at January 31, 2022	151,645,499	55,186,554	7,609,123	(43,198,619)	19,597,058

Three Months Ended January 31, 2021

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

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

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended	
	January 31,	
	2022	2021
	\$	\$
Operating activities		
Net loss for the period	(2,094,349)	(668,278)
Adjustments for:		
Accretion of provision for site restoration	10,201	7,890
Depreciation	6,552	7,047
Foreign exchange	(24,623)	8022
Mark to market adjustment loss	219,208	-
Share-based compensation	1,421,437	-
Changes in non-cash working capital items:		
Amounts receivable	-	(30,575)
GST/VAT receivables	(5,770)	(30,387)
Prepaid expenses and other	17,556	(25,824)
Accounts payable and accrued liabilities	(16,979)	29,201
Net cash used in operating activities	<u>(466,767)</u>	<u>(702,904)</u>
Investing activity		
Expenditures on exploration and evaluation assets	<u>(92,381)</u>	<u>(118,609)</u>
Net cash from (used in) investing activity	<u>(92,381)</u>	<u>(118,609)</u>
Financing activities		
Issuance of common shares	<u>1,665,500</u>	<u>79,863</u>
Net cash provided by financing activities	<u>1,665,500</u>	<u>79,863</u>
Net change in cash	1,106,352	(741,650)
Cash at beginning of the period	<u>1,316,797</u>	<u>3,361,424</u>
Cash at end of the period	<u>2,423,149</u>	<u>2,619,774</u>

Supplemental cash flow information - See Note 10

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

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 31, 2022
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

The Company is a Canadian public company primarily focused on developing a portfolio of critical raw material projects located in the European Union. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra 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 #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

During the three months ended January 31, 2022 the Company recorded a net loss of \$2,094,349 and, as at January 31, 2022, the Company had an accumulated deficit of \$43,198,619 and working capital of \$3,236,870. For the Woxna Graphite Mine the Company maintains ongoing research and development to produce higher specialty products such as high purity graphite for battery and other specialty end uses. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs whilst such development work is ongoing. For the Norra Kärr HREE project the Company's main focus is progressing the ongoing mining lease application process and development work to increase resource efficiency and minimize local environmental footprint for the project. Finally, for the Bihor Sud exploration alliance the Company is awaiting the conclusion of the current legal proceedings to which the Company is not a party and subsequent adjudication of its lodged exploration license application. 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, to fund future development of the Norra Kärr Property and complete the tendering process and, if successful, exploration activities in Romania. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration and development programs, and mining operations.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Federal, regional, and local authorities in Canada, the United States, and other nations continue to restrict the ability of people to leave their homes and carry out normal day-to-day activities. These measures will have a significant, negative effect on the economy of all nations for an uncertain period of time. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

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

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended October 31, 2021.

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Flinders Holdings Limited ("Flinders Holdings")	British Columbia	100%
Woxna Graphite AB ("Woxna")	Sweden	100%
Tasman Metals Ltd.	British Columbia	100%
GREENNA Mineral AB (Formerly "Tasman Metals AB")	Sweden	100%
LEM Resources SRL ("LEM Romania")	Romania	51%

3. Investments

Investments held by the Company are as follows:

Particulars	January 31, 2022 \$	October 31, 2021 \$
Shares in United Lithium Corp.	552,047	722,305
Warrants in United Lithium Corp.	210,476	259,427
Total	762,523	981,732

The investment in United Lithium Corp will be revalued with level 1 input at each reporting date. The value of warrants was determined using the Black-Scholes pricing model using level 2 inputs, the value was calculated based on risk-free rate of 1.56%, expected stock volatility of 286% and forfeiture rate of 0.0%.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. Exploration and Evaluation Assets

	As at January 31, 2022			As at October 31, 2021		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Graphite Concessions	10,081	4,706	14,787	10,081	4,706	14,787
Norra Kärr	15,402,622	852,342	16,254,964	15,402,622	785,731	16,188,353
Anode Project	-	25,770	25,770	-	-	-
	15,412,703	882,818	16,295,521	15,412,703	790,437	16,203,140

	Graphite concessions \$	Anode Project \$	Bergby \$	Norra Kärr \$	Total \$
Balance at October 31, 2020	14,787		425,551	15,892,517	16,332,855
Costs					
Geological	-	-	2,786	-	2,786
Permitting	-	-	10,227	25,006	35,233
Technical studies	-	-	-	270,830	270,830
Sale of property	-	-	(438,564)	-	(438,564)
	-	-	(425,551)	295,836	(129,715)
Balance at October 31, 2021	14,787	-	-	16,188,353	16,203,140
Costs					
Geological	-	-	-	8,435	8,435
Metallurgical	-	25,770	-	-	25,770
Permitting	-	-	-	58,176	58,176
Balance at January 31, 2022	14,787	25,770	-	16,254,964	16,295,521

(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

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4. Exploration and Evaluation Assets (continued)

concessions. No production has commenced on the Mattsmyra, Gropabo and Mansberg concessions and the additional payments are considered to be contingent amounts and will only be recognized as obligations when production commences on these concessions.

During fiscal 2014 the technical feasibility and commercial viability of the Kringelgruvan concession and the Woxna Graphite Mine was demonstrated, transitioning the Kringelgruvan concession to the development stage of mining. Accordingly, the costs of the exploration and evaluation assets attributed to the Kringelgruvan concession and the Woxna Graphite Mine were reclassified to property, plant and equipment. See also Note 6.

(b) *Norra Kärr*

The Norra Kärr Property consists of an exploration license, valid until August 31, 2025, and a mining lease reapplication, located in south-central Sweden. The exploration license and the mining lease application have been subject to ongoing legal opposition and appeals. In June 2020 the Company received confirmation from the Mining Inspectorate of Sweden that the exploration license was extended to August 31, 2025. The extension decision is under appeal. The Company believes that it will continue to be successful in defending its tenure over the Norra Kärr Property. In May 2021, the Norra Kärr Mining lease application was rejected by the Mining Inspectorate of Sweden, subsequently the Company has made an appeal against this decision to the Government of Sweden.

(c) *Bergby*

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

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

The ULTH Shares are escrowed and will be released in tranches over a 20-month period as at January 31, 2022 412,745 shares have been released. ULTH also paid an additional CAD 250,000 in cash on October 21st, 2021.

(d) *Anode Project*

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

(e) *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. On August 9, 2018, the Company and REMAT completed a share purchase agreement (the "Share Purchase Agreement") and executed a shareholders' joint venture 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

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4. Exploration and Evaluation Assets (continued)

no assets or liabilities at the time of acquisition of the initial interest, the Company has recorded the initial consideration as general exploration expenses. The permitting process for an exclusive exploration license for the area is ongoing and only once such exclusive license is obtained will costs be capitalized. Until such time all costs will be expensed.

The Company can acquire an additional 39% interest in LEM Romania (for an aggregate 90% interest) by issuing up to an additional 2,202,036 common shares, as follows:

- (i) 550,509 common shares following the granting of an exploration license;
- (ii) 734,012 common shares on completion of a National Instrument 43-101 compliant resource estimate (the "Resource Estimate"); and
- (iii) 917,515 common shares on completion of a feasibility study.

The Company was required to fund all exploration expenditures and was required to incur a minimum of EUR 150,000 on exploration expenditures by April 26, 2020, which has been met. The Company is also required to issue up to 8,074,136 common shares (the "Bonus Shares"), which will be based on certain historic resource estimates and the Resource Estimate. A finder's fee of 5% (the "Finder's Fee") will be paid in stages, concurrently with the issuance of common shares under the Share Purchase Agreement. On August 9, 2018 the Company issued 18,350 common shares, at a fair value of \$8,258. for the initial Finder's Fee. The initial Finder's Fee consideration was also recorded as general exploration expenses

5. Property, Plant and Equipment

Cost:	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Balance at October 31, 2020	16,094	287,018	344,139	7,567,878	8,123,928	16,339,057
Adjustment to site restoration	-	-	-	-	2,876,917	2,876,917
Balance at October 31, 2021	16,094	287,018	344,139	7,567,878	11,000,845	19,215,974
Adjustment to site restoration	-	-	-	-	892,124	892,124
Balance at January 31, 2022	16,094	287,018	344,139	7,567,878	11,892,969	20,108,098
Accumulated Depreciation and Impairment:						
Balance at October 31, 2020	(2,606)	(261,717)	(115,515)	(3,910,218)	(5,000,000)	(9,290,056)
Depreciation	(1,071)	(2,011)	(30,623)	-	-	(33,705)
Balance at October 31, 2021	(3,677)	(263,728)	(146,138)	(3,910,218)	(5,000,000)	(9,323,761)
Depreciation	(208)	(391)	(5,953)	-	-	(6,552)
Balance at January 31, 2022	(3,885)	(264,119)	(152,091)	(3,910,218)	(5,000,000)	(9,330,313)
Carrying Value:						
Balance at October 31, 2021	12,417	23,290	198,001	3,657,660	6,000,845	9,892,213
Balance at January 31, 2022	12,209	22,899	192,048	3,657,660	6,892,969	10,777,785

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5. Property, Plant and Equipment (continued)

During fiscal 2014 technical feasibility and commercial viability of the extraction of mineral resources at the Woxna Graphite Mine was demonstrated, transitioning the Company to the development stage of mining. Upon the transition, costs on the exploration and evaluation assets attributed to the mine were reclassified to property, plant and equipment. On August 1, 2015, the refurbishment and commissioning of the Woxna Graphite Mine was completed.

During fiscal 2019 management assessed whether there were any indications of impairment of the Company's property, plant and equipment as required by IAS 36. In light of the continued suspension of the operations of the Woxna Graphite Mine, large net loss and the low trading value of the Company's common shares, management concluded there were indications of impairment.

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

As at January 31, 2022 the Company has recognized \$542,601 (October 31, 2021 - \$579,600) 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 0.40% (2021 - 0.36%) and an inflation factor of 3.7% (2021- 2.8%). Settlement of the obligation is expected to be funded from general corporate funds at the time of decommissioning. Changes to the decommissioning obligation were as follows:

	\$
Balance at October 31, 2020	6,458,606
Accretion	31,564
Revision of estimates	3,043,769
Foreign exchange adjustment	<u>(166,853)</u>
Balance at October 31, 2021	9,367,086
Accretion	10,201
Revision of estimates	1,038,167
Foreign exchange adjustment	<u>(146,043)</u>
Balance at January 31, 2022	<u>10,269,411</u>

As at January 31, 2022 reclamation deposits totaling \$98,894 (October 31, 2021 - \$105,637) have been paid. The reclamation deposits were placed as security for site restoration on the Kringelgruvan concession and on certain exploration and evaluation assets.

As at January 31, 2022 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

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7. Share Capital

(a) **Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) **Equity Financings**

Three Months ended January 31, 2022

During three months ended January 31, 2022, 4,421,428 warrants and 200,000 options were exercised for gross proceeds of \$1,620,500 and \$45,000 respectively.

Year Ended October 31, 2021

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

(c) **Warrants**

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

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

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

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

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

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7. Share Capital (continued)

(d) **Share Option Plan**

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

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

During the three-month ended January 31, 2022, 200,000 options were exercised at an average price of \$0.225 per share for gross proceeds of \$45,000.

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

	2021		2021	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance beginning of period	5,870,000	0.31	10,008,109	0.34
Issued	3,200,000	0.62	-	-
Exercised	(200,000)	0.225	(493,109)	0.19
Cancelled	(400,000)	0.64	-	-
Expired	-	-	(3,645,000)	0.40
Balance end of period	8,470,000	0.42	5,870,000	0.31

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

Number	Exercise Price \$	Expiry Date
400,000	0.225	May 30, 2022
1,320,000	0.64	November 2, 2022
3,400,000	0.155	August 11, 2023
150,000	0.33	August 14, 2023
3,200,000	0.62	January 27, 2025
8,470,000		

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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 period ended January 31, 2022 and 2021 the following compensation was incurred:

	2022	2021
	\$	\$
Directors and officer's compensation (current and former)	99,666	109,664
Share based compensation	-	-
	<u>99,666</u>	<u>109,664</u>

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

(b) SKS Business Services Ltd., a private corporation owned by Sanjay Swarup (appointed as Chief Financial Officer ("CFO") of the Company on March 1, 2021), provides accounting and administrative services. During the period ended January 31, 2022, the Company incurred \$11,832 (2021 - \$7,880) for accounting services by SKS Business Services.

Chase Management Ltd. ("Chase"), a private corporation owned by the Corporate Secretary of the Company, provides administrative services. During the three months ended January 31, 2022, the Company incurred \$300 (2021 - \$30,651) for services provided by Chase personnel and \$NIL (2021 - \$1,340) for rent. As at January 31, 2022, \$NIL (2021 - \$15,785) remained unpaid.

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	January 31, 2022	October 31, 2021
		\$	\$
Cash	FVTPL	2,423,149	1,316,797
Reclamation deposit	amortized cost	98,894	105,637
Investments	FVTPL	762,523	981,732
Accounts payable and accrued liabilities	amortized cost	(188,271)	(205,250)
Property acquisition obligation	amortized cost	(542,601)	(579,600)

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

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

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9. Financial Instruments and Risk Management (continued)

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 approximates 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, 2022

	Carrying Amount \$	Contractual Cash Flows \$	Less than 3 Months \$	1 - 5 Years \$	Over 5 Years \$
Cash	2,423,149	2,423,149	2,423,149	-	-
Reclamation deposit	98,894	98,894	-	-	98,894
Investments	762,523	762,523	220,819	541,704	-
Accounts payable and accrued liabilities	(188,271)	(188,271)	(188,271)	-	-
Property acquisition obligation	(542,601)	(542,601)	-	(542,601)	-

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.

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9. Financial Instruments and Risk Management (continued)

Foreign Currency Risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars and Swedish Krona ("SEK"). The Company maintains SEK bank accounts in Sweden to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At Jamnagar 31, 2022, 1 Canadian Dollar was equal to 7.37 SEK as per Swedish Central Bank.

Balances are as follows:

	SEK	CDN \$ Equivalent
Cash	1,840,063	249,605
VAT receivable	177,655	24,099
Inventories	621,245	84,272
Plant stores and supplies	631,779	85,701
Reclamation deposit	729,037	98,894
Accounts payable and accrued liabilities	(345,978)	(46,392)
Property acquisition obligation	<u>(4,000,000)</u>	<u>(542,601)</u>
	<u>(346,199)</u>	<u>(46,422)</u>

Based on the net exposures as of January 31, 2022 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK would result in the Company's net impact being approximately \$4,642 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. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Supplemental Cash Flow Information

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

	2022 \$	2021 \$
Operating activity		
Provision for site restoration	<u>892,124</u>	<u>(714,302)</u>
Investing activity		
Revisions of estimates on property, plant and equipment	<u>(892,124)</u>	<u>714,302</u>

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11. 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:

	Corporate Canada \$	Mineral Operations Sweden \$	Mineral Operations Romania \$	Total \$
Current assets	2,192,792	1,228,744	3,605	3,425,141
Exploration and evaluation assets	-	16,295,521	-	16,295,521
Property, plant and equipment	-	10,777,785	-	10,777,785
Reclamation deposit	-	98,894	-	98,894
	<u>2,192,792</u>	<u>28,400,944</u>	<u>3,605</u>	<u>30,597,341</u>

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

12. Events after the Reporting Period

On February 11, 2022 the Company announced the commencement of an internal review focused on the potential to restart production at the Company's fully-owned Woxna graphite mine in Sweden.