

LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED OCTOBER 31, 2018

This discussion and analysis of financial position and results of operation is prepared as at January 23, 2019 and should be read in conjunction with the audited consolidated financial statements for the years ended October 31, 2018 and 2017 of Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable 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 the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Company's preliminary economic assessment on Woxna is no longer current or valid as a result of the filing of a new NI 43-101 Technical Report effective March 24, 2015, and the Company has no plans to complete a new preliminary economic assessment, a pre-feasibility or feasibility study on the project, as such there is an increased risk of technical and economic failure for the Woxna graphite project; dealings with non-governmental organizations. 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.

Company Overview

Leading Edge Materials is a Canadian and Swedish listed public company focused on production of high value critical raw materials for the European market. Leading Edge Material's flagship asset is the fully built and permitted Woxna graphite production facility located in central Sweden. As lithium ion batteries are comprised of approximately 15% high purity graphite, ongoing investment at Woxna is directed towards production of specialty materials for this emerging high growth market.

In addition to Woxna, Leading Edge Materials holds a portfolio of raw material assets suitable for lithium ion batteries (graphite, lithium, cobalt); increased efficiency of building products (graphite, silica, nepheline); and improvement in the efficiency of energy generation (dysprosium, neodymium, hafnium). The Company continues to seek out prospective battery material projects in Europe and will provide updates as information becomes available.

With a focus on Europe and assets in innovation-rich Scandinavia, Leading Edge Materials is ideally placed to play a pivotal role in the sustainable supply of technology critical materials.

Change in Officer and Director

Effective January 31, 2019 Mr. Blair Way, due to personal reasons, has resigned as a director, Chief Executive Officer (“CEO”) and President of the Company. Mr. Way will continue to act as a consultant to the Company, available to assist the Company in advancing the Woxna graphite business. Mr. Mark Saxon, currently a director of the Company, has been named interim CEO and President.

Company History:

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” and on the Nasdaq First North, trading under the symbol “LEMSE”. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Achievements:

Work undertaken by Leading Edge Materials during fiscal 2018 has been in line with the Board’s strategic roadmap to support and benefit from the electrification of transportation in Europe. Key elements of the Company’s ongoing investment strategy includes high value product development work on the Woxna graphite mine; increasing community engagement at the Norra Karr rare earth element project while identifying project improvements that reduce the environmental footprint; ongoing discovery of lithium at the Bergby project and in the surrounding region; and rapidly advancing various opportunities in cobalt across Europe including Finnish and Romanian assets.

Graphite:

At the Woxna graphite production facility, the Company is focused on optimization of the purification and shaping processes required to convert low value graphite into high value lithium ion battery-ready anode material. Laboratory based work to date has produced battery-ready anode materials by both chemical and thermal purification methods that meet the electrochemical specifications of battery cell manufacturers. Larger scale test work is ongoing targeting optimization of a purification flow sheet and definition of equipment requirements to produce battery grade materials and other salable by-products. The research focus is directed towards commercially proven process improvements which can be installed on the Woxna mine site within existing operating permits.

To facilitate process trade off and equipment selection decisions, the Company has undertaken additional test work for the thermal purification of graphite at the in-house laboratory of a large European company. The 2018 test program follows on from preliminary testing carried out in 2017 and has delivered a matrix of results where time, temperature and gas conditions are systematically varied. The performance data from this program will facilitate selection of the furnace equipment that can meet the required temperature while providing insight into the energy needs to produce various high purity graphite products.

The 2018 program has been highly instructive in defining the process conditions that achieve purities from 98%C through to 99.99%C. Based on test work to date, purity up to the highest value nuclear materials (99.999%C) can be achieved using Woxna graphite and a thermal purification system. Leading Edge Materials have tested both chemical and thermal graphite purification technologies, with both achieving “battery grade” material purity. As the Woxna site already has ample power capacity for thermal purification, and northern Sweden provides access to very low-price hydro power, thermal purification presents as a cost effective and low-carbon generation choice. Furthermore,

thermal purification removes the need to transport, handle and dispose of the toxic chemicals typically required for natural graphite purification, so ensuring minimum environmental impact and contributing to the sustainability of battery materials supplied from Woxna.

The Company also undertook comparative spheronising work programs. Results are very promising, having demonstrated process repeatability, while providing further insight into product yield and costs. The average yield to anode material achieved in the test program was 57.7%, significantly higher than prior assumptions with further yield gains possible in a future commercial operation.

More than 10 kgs of spheronised material was produced, which will be purified to battery grade and used in lithium ion battery cell testing. Scanning Electron Microscope imagery of the spheronised product shows grain morphology to be well rounded, smooth and without particle agglomeration, in line with current commercial natural graphite anode products.

Samples used for the test programs was refractory concentrate inventory.

Subject to financing, the Company plans to advance the development of an onsite demonstration plant to produce battery-ready anode graphite within 12 months. This demonstration plant will allow engagement with customers by providing volumes of anode materials that are adequate to be used within customer test circuits. Additionally, the demonstration plant will enable evaluation of by-products to develop markets for all materials produced at Woxna. A demonstration plant will also enable the Company to optimize technical and economic steps to define a commercial scale plant.

EU Battery Alliance:

In late May 2018 the Company presented at an EU Battery Alliance event in Malmö, Sweden, held as part of Nordic Clean Energy Week. Nordic Clean Energy Week is a high profile European event held in Sweden and Denmark focusing on the environmental and financial opportunities to arise from low carbon energy generation and energy storage.

In February 2018 the Company announced participation as a raw material industry representative within the EU Battery Alliance, which is comprised of more than 50 of Europe's strongest corporate voices within the emerging lithium ion battery sector, plus numerous support and government agencies. The Company is the only potential supplier of natural graphite anode material within the EU Battery Alliance, which allows the Company's voice to be clearly heard with regard to the sustainable supply of European raw materials.

The EU Battery Alliance was formed in response to the recognition that despite world-leading fundamental research and a broad customer base, particularly in the automotive industry, Europe is not playing a significant role in the industrial production of lithium ion batteries. European Commission research estimates that by 2025, the European battery market will have an annual value in the order of €250 billion, reflecting approximately 200 GWh of energy storage capacity per year, an industry too large to be left to global competitors.

Woxna Graphite Production Facility

The Woxna graphite production facility, which comprises four graphite deposits, and open pit mine, a fully permitted 100,000 ton per annum processing plant and tailings dam, is located some 8 kilometres ("km") WNW of the town of Edsbyn, Sweden, approximately 3.5 hour drive north of Stockholm. Access is via 10 km of all-weather forest road from Highway 301. The principal property is the Kringelgruvan concession, where permission to mine remains current for approximately 25 years.

Investment at Woxna is focused on the production of graphite materials with much higher values than those previously supplied from the mine. The Company maintains the Woxna processing plant in an operation ready status, running it on an as needed basis to provide feedstock product for value added test work. The Company is working with potential customers to identify products that can be produced from the Woxna Graphite Mine. The Company is working to position itself as a supplier of choice in terms of price, supply security and quality to the European lithium ion battery and graphite markets. The production model being implemented aims to displace Chinese produced synthetic graphite with Swedish produced natural graphite products.

Previous Value Adding Projects

In May 2017 the Company announced test results from ten 18650 lithium ion battery cells manufactured using high purity graphite from the Woxna mine and processing facility. 18650 battery cells are the “industry standard” for testing battery performance, equivalent to those manufactured by Panasonic and used in Tesla electric vehicles.

Highlights of the latest test work included a strong and consistent battery cell capacity over 2 ampere hours with high coulombic efficiency (“CE”) trending over 99%. The Company is very pleased with the test results for its high purity natural flake graphite anode materials.

A large quantity of commercial graphite flotation concentrate from the Woxna mine was shipped to an independent laboratory in the United States for spheronising and thermal purification. This high purity graphite was used to produce anode material for the manufacture of 18650 battery cells. These cells were tested with high precision coulometry (“HPC”) to estimate the cell life cycle capability. HPC measures CE which is the loss of electrons per cycle, by accurately measuring the charge delivered during discharge against the charge stored during charging. The closer the CE gets to 100% the longer the life of the battery. At 100% CE the battery life is infinite, which has not been achieved to date in any lithium ion battery. The Company will provide further updates as test work and qualification progresses.

Production of 18650 format cells has enabled a more comprehensive test of the performance of Woxna high purity graphite in lithium ion batteries. The batteries bearing Woxna graphite were tested using HPC to measure anode performance and stability under “real-world” conditions. Test results are positive and encourage the Company to proceed further with battery material qualification.

Product from the Woxna graphite plant has been purified using a number of commercial techniques. Commercial Chinese chemical leaching technology and US thermal purification processes have been utilized to produce a number of different high purity spherical graphite samples for testing in lithium ion batteries. The results received to date have been excellent. The Company has been working with European and North American laboratories and equipment suppliers to better define the shaping and purification processes to value add the Woxna product lines. The results of these activities are being utilized for an internal evaluation of the most effective way to modify the Woxna production facility to meet the future demands of the battery industry.

In 2017 the Company announced four government funded R&D projects using graphite materials from Woxna that remain in progress. Projects include “Graphene Modified Composites for Long-Term and High-Temperature Applications”; Establishment of a large-scale battery manufacturing project in Sweden”; “Natural Swedish Graphite for Future Lithium Ion Batteries”; and “Graphene Energy”.

Technical Report

The Company commissioned Reed Leyton Consulting (“Reed Leyton”) to prepare a technical report (the “Technical Report”) in accordance with Canadian National Instrument 43-101 (“NI 43-101”) for the Kringelgruven graphite deposit (“Kringelgruven”), Gropabo graphite deposit (“Gropabo”), Mattsmyra graphite deposit (“Mattsmyra”) and Månsberg graphite deposit (“Månsberg”) that forms part of the Company’s 100% owned Woxna graphite plant. The Technical Report is dated with an effective date of March 24, 2015 and was prepared in accordance with NI 43-101 Standards of Disclosure for Mineral Projects. The Qualified Person responsible for the Technical Report is Mr. Geoff Reed, consulting geologist for Reed Leyton.

Mineral Resources

Woxna owns four mining concessions over graphite deposits (Kringelgruvan, Gropabo, Mattsmyra and Månsberg - the Woxna Project) located along a 40km trend in central Sweden. The partially mined Kringelgruvan deposit lies adjacent to the processing plant, tailings dam and related infrastructure.

Table 1: Total Measured and Indicated Mineral Resources at the Woxna Graphite Project, Sweden.
Effective date March 24, 2015

Mining Lease	Classification	Tonnes x 1,000,000 (Mt)	Graphite ("Cg") %
Gropabo	Indicated	1.5	8.8
Mattsmyra	Indicated	3.4	8.4
Kringelgruven*	Measured	1.0	10.7
Kringelgruven*	Indicated	1.8	10.7
TOTAL	Measured + Indicated	7.7	9.3

*Previously reported, refer to Company's press release September 3, 2013 and November 5, 2013 with an effective date of October 11, 2013

Table 2: Total Inferred Mineral Resources at the Woxna Graphite Project, Sweden.
Effective date March 24, 2015

Mining Lease	Classification	Tonnes (Mt)	Cg %
Gropabo	Inferred	0.7	8.7
Mattsmyra	Inferred	1.2	8.4
TOTAL	Inferred	1.9	8.5

Cautionary Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

In addition to the Kringelgruvan, Gropabo, and Mattsmyra, the Månsberg flake graphite deposit contains historic resources. Månsberg will continue to be classified as historic resources.

Readers are encouraged to read the entire Technical Report which is available for download on the Company's website at www.leadingedgematerials.com or under the Company's Profile on SEDAR at www.sedar.com

As a result of the new estimated mineral resources for the Woxna Project, effective March 24, 2015, there is no longer a current PEA for the Woxna Project and the previous PEA released by the Company in 2013 is no longer current or valid as it does not consider these additional mineral resources. The Company cautions that it has no plans to complete a new preliminary economic assessment, a pre-feasibility or feasibility study at this time on the Woxna Project, as a result, there is an increased risk of technical and economic failure for the Woxna Project.

The decision to recommence mining at Woxna was not based on a feasibility study of mineral reserves demonstrating economic and technical viability as the Company is of the view that the establishment of mineral reserves is not necessary. There is increased uncertainty and risk of economic and technical failure associated with such production decisions. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing or other relevant issues.

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. The Woxna processing facility was refurbished and upgraded with new equipment in the first half of 2014 after which the processing plant commenced operation by feeding stockpiled graphitic material into the plant during July 2014. The plant was operated until the end of 2014 on stockpiled graphitic rock and mining of fresh graphitic rock commenced in Q1 2015. The freshly mined graphitic rock was fed into the Woxna processing facility and operated at normal design capacity producing graphite concentrate inventory. This inventory was stockpiled instead of sold due to declining global flake graphite demand during 2015. Effective August 1, 2015 the Company determined that the refurbishment and commissioning of the Woxna Graphite Mine was complete. The Company elected to stockpile and not sell any graphite concentrate due to low demand and the resultant poor pricing of graphite concentrates. The Woxna Graphite Mine is currently not operating and will not commence meaningful production until market conditions warrant it. The Company is currently pursuing opportunities to produce higher value specialty products such as high purity graphite for lithium ion batteries and other specialty end uses.

The Company's Board of Directors is of the view that the costs of undertaking a feasibility study for a brownfield project of this type and scale is cost prohibitive. Therefore, the Company determined it was the most responsible utilization of financial resources to restart the mine and processing plant to establish itself in the graphite market as quickly as possible to develop credible sales and marketing presence. The Company acknowledges that there is increased uncertainty and risk of economic and technical failure associated with such production decisions not supported by pre-feasibility and feasibility studies that are structured for a large greenfield project. With the cost of this brownfield project, the Company believes its financial decision to restart the Woxna mine was justified without the contribution from an extensive series of studies.

It is noteworthy that the Woxna mine and processing facility currently has all environmental, permitting, legal, title, sociopolitical approvals in place and is production ready. It was concluded that the risk of restarting the plant was manageable which is demonstrated in the cost effective manner the facility was refurbished and restarted for a low capital cost. Although prices for graphite have been on the rise since mid-2016, the Woxna plant remains on a production ready status and can be restarted if graphite products demonstrate consistent price rises to a profitable level.

Cobalt:

Romanian Exploration Alliance

The Exploration Alliance is focused on the discovery and development of lithium ion battery raw materials.

The principal efforts of the Exploration Alliance to date have been directed towards cobalt mineralization within the Upper Cretaceous Carpathian magmatic belt of the Balkan region. The Carpathian is a well mineralized intrusive arc that extends from Western Turkey to Hungary, forming the western end of the Tethyan Metallogenic Belt.

Following technical and commercial due diligence, Leading Edge Materials established a local branch company ("LEM Romania") of which it is the majority shareholder with the right to earn a 90% interest. LEM Romania is owner of the 25.5 sq km (2,550 ha) Bihor Sud Prospecting Permit in central western Romania. Bihor Sud lies within the same intrusive belt and less than 400km north of Nevsun Resources Ltd.'s Timok copper-gold project in Serbia which is currently subject to a friendly takeover bid by Zijin Mining Group Co. Ltd. Other notable deposits in the West Tethyan Metallogenic Belt include Skouries, Chelopech, Bor and Majdanpek.

Staff and consultants to LEM Romania have been active on Bihor Sud Prospecting Permit over the summer period, compiling historic data, sampling historic mine waste dumps, completing preliminary ground geophysics and soil sampling. Review of progress and results to date are considered highly encouraging, and it is anticipated that LEM Romania shall proceed to Exploration License application across prospective areas.

In August 2018 the Company closed on the exploration alliance focused on lithium ion battery materials in Romania announced in April, 2018.

In late April 2018 the Company announced initiation of an exploration alliance focused on lithium ion battery materials in Romania. The exploration alliance has highlighted cobalt and lithium opportunities, for which secure tenure is now being sought. The Company signed a share purchase agreement with an arm's length party under which a local company has been incorporated in Romania. Under the terms of the share purchase agreement, the Company will hold an initial 51% interest in a partnership company and the right to acquire up to 90% interest by making certain payments in shares of Leading Edge Materials.

After evaluation work both the Vena cobalt project in Sweden and the Kontio cobalt project in Finland were released in 2018.

Norra Kärr REE Project

Norra Kärr lies in south-central Sweden, 15 km northeast of the township of Gränna and 300 km southwest of the capital Stockholm in mixed forestry and farming land. The project is 100% owned by the Company via an exploration licence granted on August 31, 2009.

Mining Lease (ML)

The mining lease for Norra Kärr, is presently under reassessment by the Swedish Mines Inspectorate following a recommendation by the Swedish Supreme Administrative Court (“SAC”). In 2016, a Swedish governmental review of a Supreme Administrative Court (“SAC”) interpretation of the Swedish Mining Act lead the Swedish Mining Inspectorate (“Bergsstaten”) to reassess four granted Mining Leases. This review included the Company’s Norra Kärr Mining Lease. The Company has been advised by Swedish legal counsel that the Norra Kärr Mining Lease remains in force and is 100% owned by the Company during this review period. The Swedish Mines Inspectorate has requested additional information a number of times to complete their reassessment. Subsequent to the submission of the supplementary information, the Company was made aware that the status of the Norra Kärr Mining Lease has reverted from “granted” to “application”. The Company continues to hold exclusive rights to the Norra Kärr project throughout the Mining Lease application process.

The Bergsstaten requested supplementary information from Mining Lease applicants to proceed with the reassessment process. In mid-January 2018 the Company submitted all required information to Bergsstaten, to complement the original Norra Kärr Mining Lease application documentation submitted in 2013. As part of the review process, the Bergsstaten forwarded this supplementary information to various stakeholders for opinion, including the County Administration Board (“Länsstyrelsen”). The Länsstyrelsen published their response in Sweden June 15, 2018, requesting further information before an opinion on the Norra Kärr Mining Lease application can be delivered. Subsequent to this discussions were held with the mining inspector and this additional information was submitted in December 2018.

Exploration License (“EL”)

The Norra Kärr mining lease is surrounded by an Exploration License (“EL”) which was first granted to Tasman on August 31, 2009 for a period of six years until August 31 2015. On August 31, 2015, Tasman applied for a two-year extension of this EL, which was granted by the Swedish Mines Inspectorate. Subsequently, the renewal of the EL was appealed to the Administrative Court in Falun. The Company was advised late August 2016 that the appeal was upheld by the Administrative Court, which determined that the Mines Inspectorate was incorrect in granting the renewal to Tasman. Leading Edge Materials subsequently appealed the decision of the Administrative Court to the Kamarrätten in Sundsvall. The Company’s appeal was upheld, and the Norra Kärr EL was reinstated in with full legal effect February 21, 2017. A further 2 year extension of the Norra Kärr exploration license was submitted in late 2017 under the guidance of the mining inspector. On March 19, 2018 the Company was advised by Swedish Mines Inspectorate that the EL had been extended until August 31, 2019.

Process Development:

Process development research on Norra Kärr completed under the European Commission funded EURARE project achieved significant technical milestones. Hydrometallurgical research targeted optimized REE extraction from eudialyte, and successfully developed a new process delivering high REE recovery with a substantial reduction in process water consumed. In addition, this new process provided the opportunity for the efficient recovery of the additional high value metals hafnium and zirconium. Research culminated with the production of approximately 25 kg of mixed REE carbonate produced from a eudialyte concentrate, using a new and optimized hydrometallurgical flowsheet.

Magnetic separation was chosen as the preferred beneficiation pathway, in line with the processing research previously completed by the Company that indicated REE recovery of 86%. A total of approximately 500 kg of eudialyte mineral concentrate was produced from beneficiation of more than 5 tonnes of representative mineralized drill core.

In addition, more than 1 tonne of non-magnetic nepheline/feldspar by-product was produced, which has been delivered to the Company in Sweden. High purity nepheline and feldspar are highly sought for use in ceramic, paint, glass, cement and building products, and the Company shall seek to further optimize material for these markets.

In 2018 testwork completed at the Geological Survey of Finland (“GTK”) on a bulk sample originally collected under the EURARE Horizon2020 project delivered promising results. Nine tests were completed where the nepheline/feldspar sample was passed through a second phase of magnetic separation under varying conditions to remove any remaining iron impurity. This “clean-up” stage was highly effective in removing iron, which was lowered

to a level consistent with peer materials that are sold within Europe today. Once sub-20 micron material was screened out, iron oxide (“Fe₂O₃”) content of 0.1% was achieved with an iron oxide (ppm) to aluminum (%) ratio ranging from 45 to 50.

EURARE was a 5-year research project co-funded by the European Commission under the Seventh Framework Programme of the European Community for Research, Technological Development and Demonstration Activities (Grant Agreement NMP2-LA-2012-309373). The project completed research on Norra Kärr and other European REE deposits with a final technical meeting in November 2017.

In March 2015, Tasman published a comprehensive Pre-Feasibility Study (“PFS”) for the Norra Kärr project. The project now stands out as one of very few advanced heavy REE projects globally, and the only one that can produce more than 200 tonnes per year of dysprosium oxide for more than 20 years with a capital investment of less than US \$400 million.

PFS conclusions are supported by very extensive drilling, sampling, process testwork and REE consumer discussions. The PFS is a complete study, addressing in addition to mining and processing, all required on site and off site infrastructure, land access, reagent and fuel transport and storage, power access, water recycling and purification, waste rock and tailings storage, and final closure. Engineering work focused on applying the lowest risk process solutions using commercially available technology.

A technical report supporting the PFS is available in its entirety, on the SEDAR website at www.sedar.com, under Tasman’s SEDAR profile, or the Company’s website at www.leadingedgematerials.com. The PFS was prepared by GBM Minerals Engineering Consultants Limited (“GBM”), under the guidance of Michael Short, Principal Consultant for GBM who is a “Qualified Person” in accordance with NI 43-101.

The Mineral Resource and Mineral Reserve estimates were completed by Wardell Armstrong International Limited under the supervision of Greg Moseley and Mark Mounde, who are both “Qualified Persons” in accordance with NI 43-101. The process for the integrated processing plant for the PFS was completed by GBM under the supervision of Thomas Apelt who is a “Qualified Person” in accordance with NI 43-101. The infrastructure design and cost estimation for the PFS was completed by GBM under the supervision of Michael Short who is a “Qualified Person” in accordance with NI 43-101. The environmental and social section and the permitting review for the PFS was completed by Golder Associate Oy under the supervision of Gareth Digges La Touche who is a “Qualified Person” in accordance with NI 43-101.

The Norra Kärr mining lease is surrounded by an Exploration License (“EL”) which was first granted to Tasman on August 31, 2009 for a period of six years until August 31 2015. Since that date the Company has filed for extensions to the EL and most recently on March 19, 2018 the Company was advised by Swedish Mines Inspectorate that the EL had been extended until August 31, 2019.

Norra Kärr is a zirconium (“Zr”) and heavy REE enriched peralkaline nepheline syenite intrusion which covers 450m x 1,500m in area. The deepest extents of the REE mineralized intrusion exceed 350m. The rock units comprising the Norra Kärr intrusion include mineral phases that are comprised of or associated with REEs, Zr, Nb, Y and Hf.

Mineralogical studies show nearly all of the REE in the deposit is found within the mineral eudialyte. Eudialyte at Norra Kärr is relatively rich in REE’s compared to most other similar deposits globally, and also contains a very high proportion of high value heavy REE’s. The first phase drill program by Tasman at Norra Kärr commenced in mid-December 2009. A total of 121 exploration holes have now been completed, typically on 50m sections.

Bergby Lithium

The Bergby project is a lithium project located in central Sweden, 25km north of the town of Gävle. The claim area totals 1,903 hectares. The site is close to infrastructure, with major roads, rail and power supply passing immediately adjacent to the claim boundaries. Mapping and sampling of the Bergby claim in late 2016 and early 2017 located a large number of angular pegmatitic and aplitic lithium-mineralized boulders within an area of 650 metres by 250 metres. Lithium is hosted within the minerals spodumene and petalite. Analytical results for the 27 boulder samples averaged 0.85% Li₂O (lithium oxide) and ranged from 0.08% Li₂O to 2.3% Li₂O. The boulders are anomalous in other elements which characterize lithium-caesium-tantalum (“LCT”) pegmatites that are regularly associated with lithium deposits.

Bergby has been tested by a total of 33 drill holes to a maximum depth of 131.1m over an approximate 1500m strike length.

Mineralization drilled to date lies very close to surface, and extends from the outcrop beneath thin glacial soil cover. Intersections often include elevated levels of tantalum. Preliminary petrographic studies indicate the presence of the lithium minerals spodumene and petalite, which should support a traditional mineral processing path.

Qualified Person

The qualified person for the Company's project, Mr. Blair Way, B.Sc. (Geology), M.B.A., a Fellow of the Australasian Institute of Mining and Metallurgy, the Company's President and CEO, has reviewed and verified the contents of this document.

Financial Information

The report for the quarter-ended January 31, 2019 is expected to be published on or about March 28, 2019.

Selected Financial Data

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

	Year Ended October 31,		
	October 31, 2018 \$	October 31, 2017 \$	October 31, 2016 \$
Operations			
Expenses	(4,493,336)	(2,772,709)	(3,567,926)
Other items	107,051	(147,319)	113,032
Net loss	(4,386,285)	(2,920,028)	(3,454,894)
Basic and diluted loss per share	(0.05)	(0.03)	(0.07)
Dividends per share	Nil	Nil	Nil
Balance Sheet			
Working capital	960,707	3,490,760	2,436,641
Total assets	35,075,446	37,915,728	36,037,751
Total non-current liabilities	(8,306,212)	(8,330,321)	(8,072,937)

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 2018				Fiscal 2017			
	October 31, 2018 \$	July 31, 2018 \$	April 30, 2018 \$	January 31, 2018 \$	October 31, 2017 \$	July 31, 2017 \$	April 30, 2017 \$	January 31, 2017 \$
Operations								
Expenses	(1,151,305)	(697,426)	(665,364)	(1,979,241)	(843,952)	(598,339)	(661,022)	(669,396)
Other items	39,448	(7,721)	32,508	42,816	75,938	(85,392)	(59,749)	(78,116)
Comprehensive loss	(1,111,857)	(705,147)	(632,856)	(1,936,425)	(768,014)	(683,731)	(720,771)	(747,512)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)	(0.00)	(0.01)	(0.01)	(0.01)
Financial Position								
Working capital	960,707	1,369,748	2,041,550	2,698,150	3,490,760	4,430,469	3,980,145	3,582,767
Total assets	35,075,446	36,132,517	36,139,745	36,902,593	37,915,728	39,267,743	38,320,958	36,893,309
Total non-current liabilities	(8,306,212)	(8,902,310)	(8,157,203)	(8,204,190)	(8,330,321)	(9,557,984)	(8,967,308)	(7,942,687)

Results of Operations

Three Months Ended October 31, 2018 Compared to Three Months Ended October 31, 2017

During the three months ended October 31, 2018 (the “Q4/2018”) the Company reported a net loss of \$1,111,857 compared to a net loss of \$768,014 for the prior three months ended October 31, 2017 (the “Q4/2017”), for an increase in loss of \$243,843. The increase in loss was primarily attributed to general exploration work associated with the exploration alliance in Romania in Q4/2018 and the recognition of the initial common shares issued, at an ascribed amount of \$173,410, under the share purchase agreement.

Year Ended October 31, 2018 Compared to Year Ended October 31, 2017

During the year ended October 31, 2018 (“fiscal 2018”), the Company incurred a net loss of \$4,386,285 compared to a loss of \$2,920,028 during the year ended October 31, 2017 (“fiscal 2017”), an increase in loss of \$1,466,257. The increase in loss is primarily attributed to the recognition of share-based compensation of \$1,216,525 on the granting of stock options in fiscal 2018. No stock options were granted or vested during fiscal 2017. In addition during fiscal 2018 the Company recorded \$490,322 general exploration compared to \$nil in fiscal 2017.

Excluding share-based compensation, expenses increased by \$513,447, from \$2,772,709 during fiscal 2017 to \$3,286,156 during fiscal 2018. Specific expenses of note during fiscal 2018 are as follows:

- (i) incurred \$443,652 (2017 - \$415,807) for director and officer compensation charged by the Company’s directors and officers. See also “Related Party Transactions and Balances”;
- (ii) incurred \$278,341 (2017 - \$47,000) for regulatory fees. The increase in regulatory fees was attributed to services provided to the Company and additional fees incurred for the listing of its common shares on Nasdaq First North;
- (iii) incurred a total of \$102,764 (2017 - \$96,523) for accounting and administration services of which \$56,500 (2017 - \$54,000) was for accounting and administration services provided by Chase Management Ltd. (“Chase”), a private corporation controlled by Mr. DeMare, and \$46,164 (2017 - \$42,523) was for bookkeeping and accounting services provided by an independent accountant in Sweden;
- (iv) the Company recorded \$41,185 accretion of property acquisition obligation during fiscal 2017. As at October 31, 2017 the Company has fully accreted the SEK 4,000,000 additional consideration associated with the Kringelgruvan concession;
- (v) shareholder costs increased by \$14,225, from \$26,346 during fiscal 2017 to \$40,571 during fiscal 2018. During fiscal 2018 the Company incurred increased costs for additional ongoing news dissemination as a result of the Nasdaq First North listing;
- (vi) incurred a total of \$215,884 (2017 - \$196,729) for legal expenses;
- (vii) the Company has engaged a consultant to assist in the identification and review of marketing and development of commercial relationships for the Company’s graphite products. During fiscal 2017 the Company paid \$178,495 to the consultant. Services provided in fiscal 2018 was significantly reduced and the Company paid \$1,028;
- (viii) recorded research and development expenses of \$185,407 (2017 - \$316,443). The Company has continued to conduct research and development to optimize and improve the purification process;
- (ix) incurred a total of \$185,852 (2017 - \$267,038) for corporate development expenses. During fiscal 2017 the Company participated in several market awareness programs and engaged a consultant to provide corporate information on the Company; and
- (x) general exploration expenses of \$490,322 (2017 - \$nil) was recorded during fiscal 2018, of which \$316,912 was for exploration work in Romania and \$173,410 was the ascribed value of the 385,356 common shares issued under the share purchase agreement.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During fiscal 2018 the Company reported interest of \$36,062, a decrease of \$6,551, compared to \$42,613 during fiscal 2017 due to lower levels of cash held during fiscal 2018. During fiscal 2018 the Company also recorded other income of \$27,646. The Company received a government grant in Sweden for their research and development in production and marketing of graphite.

During fiscal 2018 the Company reviewed accounts payable balances due to former directors and officers of Tasman. It was agreed that the amounts, totalling \$63,000, were forgiven and, accordingly, the Company has recorded the amount as a recovery.

Financings

No financings were undertaken during fiscal 2018. The Company issued 400,000 common shares on the exercise of share options for \$156,000.

During fiscal 2017 the Company completed private placement financings of 4,004,222 units at \$0.45 per unit and 3,636,364 units at \$0.55 per unit for total gross proceeds of \$3,801,900. The net proceeds from these financings were used to conduct testwork toward the production of high-purity graphite at the Woxna graphite project, to further lithium and cobalt exploration activities and for general corporate requirements. In addition the Company issued 1,026,916 common shares on the exercise of share options and warrants for \$427,491.

Property, Plant and Equipment

	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Cost:						
Balance - October 31, 2016	81,147	280,188	344,139	7,567,878	9,292,180	17,565,532
Additions	-	6,830	-	-	2,806	9,636
Adjustment to site restoration	-	-	-	-	192,170	192,170
Balance - October 31, 2017	81,147	287,018	344,139	7,567,878	9,487,156	17,767,338
Adjustment to site restoration	-	-	-	-	(42,742)	(42,742)
Balance - October 31, 2018	81,147	287,018	344,139	7,567,878	9,444,414	17,724,596
Accumulated Depreciation:						
Balance - October 31, 2017	(41,985)	(217,767)	(27,477)	(99,953)	-	(387,182)
Depreciation	(11,466)	(30,457)	(22,007)	(10,265)	-	(74,195)
Balance - October 31, 2017	(53,451)	(248,224)	(49,484)	(110,218)	-	(461,377)
Depreciation	(6,720)	(8,079)	(22,013)	-	-	(36,812)
Balance - October 31, 2018	(60,171)	(256,303)	(71,497)	(110,218)	-	(498,199)
Carrying Value:						
Balance - October 31, 2017	27,696	38,794	294,655	7,457,660	9,487,156	17,305,961
Balance - October 31, 2018	20,976	30,715	272,642	7,457,660	9,444,414	17,226,407

Exploration and Evaluation Assets

	Graphite Exploration Concessions \$	Norra Kärr \$	Bergby \$	Other \$	Total \$
Balance at October 31, 2016	29,357	15,417,169	49,791	172,782	15,669,099
Exploration costs					
Consulting	-	102,610	138,177	-	240,787
Drilling	-	-	173,153	-	173,153
Exploration site	-	-	8,023	-	8,023
Geochemical	-	-	21,918	-	21,918
Mapping	-	920	461	-	1,381
	-	103,530	341,732	-	445,262

	Graphite Exploration Concessions \$	Norra Kärr \$	Bergby \$	Other \$	Total \$
Acquisition costs					
Mining rights	12,006	-	-	4,569	16,575
Impairment	-	(37,735)	-	(88,295)	(126,030)
Balance at October 31, 2017	41,363	15,482,964	391,523	89,056	16,004,906
Exploration costs					
Consulting	-	52,548	-	-	52,548
Environmental	-	155,389	-	-	155,389
Exploration site	-	-	1,035	-	1,035
Geochemical	-	-	5,345	-	5,345
Geological	-	17,634	9,127	-	26,761
Geophysical	-	-	-	1,231	1,231
Legal	-	19,288	-	-	19,288
	-	244,859	15,507	1,231	261,597
Acquisition costs					
Mining rights	6,599	8,583	-	2,290	17,472
Impairment	(29,159)	-	-	(92,577)	(121,736)
Balance at October 31, 2018	18,803	15,736,406	407,030	-	16,162,239

During fiscal 2018 the Company recorded total additions of \$279,069 (2017 - \$461,837) and \$121,736 (2017 - \$126,030) impairment of certain minor claims.

Financial Condition / Capital Resources

During fiscal 2018 the Company recorded a net loss of \$4,386,285 and, as at October 31, 2018, the Company had an accumulated deficit of \$27,054,324 and working capital of \$960,707. The Company is maintaining its Woxna Graphite Mine on a “production-ready” basis to minimize costs. The Company currently has no significant budget allocated for the Norra Kärr Project. Although the Company has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months it anticipates that it will need additional capital to maintain current levels of research and development, recommence operations at the Woxna Graphite Mine and/or upgrade the plant to produce value added production. 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. Whether the Company can generate positive cash flow and, ultimately, achieve profitability is uncertain. These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

Subsequent to October 31, 2018 the Company completed a private placement financing of 6,027,855 units for gross proceeds of \$1,687,800.

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, 2018 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the October 31, 2018 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 consists of members of the Company's Board of Directors and its executive officers.

(a) During fiscal 2018 and 2017 the following compensation was incurred:

	2018 \$	2017 \$
Management fees - Mr. Way, President, CEO and director	199,992	199,992
Consulting fees - Mr. Hudson, Chairman and director	30,000	16,000
Consulting fees - Mr. DeMare, CFO, Corporate Secretary and former director ⁽¹⁾	30,000	19,500
Consulting fees - Mr. Saxon, director ⁽²⁾	144,000	84,500
Consulting fees - Mr. Ranggard, former director ⁽³⁾	-	62,475
Consulting fees - Mr. Kozlowski, director ⁽⁴⁾	30,000	7,500
Consulting fees - Ms. Bermudez, Corporate Secretary ⁽⁵⁾	9,660	25,840
Share-based compensation - Mr. Way	172,000	-
Share-based compensation - Mr. Hudson	172,000	-
Share-based compensation - Mr. DeMare	118,250	-
Share-based compensation - Mr. Saxon	172,000	-
Share-based compensation - Mr. Kozlowski	172,000	-
Share-based compensation - Ms. Bermudez	86,000	-
	<u>1,335,902</u>	<u>415,807</u>

(1) Mr. DeMare resigned as a director on December 15, 2017 but remains as the Company's CFO and was appointed as Corporate Secretary on April 30, 2018.

(2) Mr. Saxon received \$30,000 (2017 - \$16,500) for director fees and \$114,000 (2017 - \$68,500) for being a member of the technical advisory committee.

(3) During the 2017 period Mr. Ranggard received \$4,500 for director fees and \$57,975 for being a member of the legal advisory committee. Mr. Ranggard resigned as a director on July 11, 2017.

(4) Mr. Kozlowski was appointed as a director on August 2, 2017.

(5) Ms. Bermudez resigned as corporate secretary on April 30, 2018.

As at October 31, 2018 \$31,500 (\$89,860) remained unpaid.

The Company has a management agreement with Mr. Way which provides that in the event Mr. Way's services are terminated without cause or upon a change of control of the Company, a termination payment of one year of compensation, at \$16,666 per month, is payable. If the termination had occurred on October 31, 2018, the amount payable under the agreement would be \$199,992. The Company has agreed to pay this termination amount to Mr. Way upon his resignation, effective January 31, 2019.

(ii) During fiscal 2018 the Company incurred \$56,500 (2017 - \$54,000) to Chase, for accounting and administrative services provided by Chase personnel, exclusive of Mr. DeMare, and \$4,020 (2017 - \$4,020) for rent. As at October 31, 2018, \$4,170 (2017 - \$4,170) remained unpaid. In addition the Company recorded \$53,750 (2017 - \$nil) for share-based compensation for share options granted to Chase.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at January 23, 2019, there were 95,517,391 issued and outstanding common shares, 13,764,595 warrants outstanding with exercise prices ranging from \$0.37 to \$0.80 per share and 8,963,109 share options outstanding with exercise prices ranging from \$0.165 to \$0.64 per share.