

LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED APRIL 30, 2020

This discussion and analysis of financial position and results of operation is prepared as at June 24, 2020 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended April 30, 2020 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.

COVID-19

Recently, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020 the World Health Organization ("WHO") declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel, as recommended by the

various governments. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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" 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. The Company's strategy is to acquire and develop a portfolio of critical raw material projects in Europe to provide European industry with a long term secure and sustainable supply.

In May 2020 the Company announced changes to the Board of Directors and senior Management. Mr. Michael Hudson, Mr. Mark Saxon and Mr. Filip Kozłowski resigned as Directors and Mr. Lars-Eric Johansson, Mr. Daniel Major and Mr. Eric Krafft were appointed as new Directors. Concurrently, a change in senior Management was announced with the appointment of Mr. Filip Kozłowski as Chief Executive Officer ("CEO"). Mr. Kozłowski replaced Mr. Mark Saxon, former Interim CEO and President.

As at the date of this MD&A the Board of Directors and Officers of the Company are:

Lars-Eric Johansson	- Director and Non-Executive Chairman
Eric Krafft	- Director
Daniel Major	- Director
Filip Kozłowski	- CEO
Nick DeMare	- Chief Financial Officer ("CFO") and Corporate Secretary

Outlook

The Company's projects are linked to disruptive high growth industrial applications such as electromobility, renewable energy and energy storage that underpin the transition to a sustainable society. The COVID-19 crisis has left no industry unaffected and in the near-term forecasts for the growth of for example electric vehicle sales have been lowered. At the same time announced and planned lithium-ion battery production capacity in Europe is incrementally growing. Further on, as a response to the crisis policy action is increasingly directed towards supporting the industries that contribute to a transition to a more sustainable society. At the same time the European Union and the US are accelerating measures to reduce reliance on third countries such as China for the supply of critical raw materials.

Woxna Graphite Mine and Production Facility

The Woxna graphite mine and production facility is comprised of four graphite deposits, an open pit mine, a permit to process 100,000 tonnes of mineralized material per annum, a processing plant and tailings dam, 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 until 2041. Ongoing development has been directed towards test work focused on the possible production and modification of high purity graphite using thermal purification technologies for emerging high growth high value markets, one such example being the lithium-ion battery industry. Other potential high-value end-markets being investigated are purified micronized graphite for metallurgical and electroconductive additives and purified large flake graphite as a precursor for the production of expandable graphite suitable as a feed for graphite foil and fuel cell bipolar plates.

Norra Kärr Heavy Rare Earth Elements Project

Norra Kärr is highly significant within Europe and can deliver a secure long-term source of rare earth elements (“REE”), zirconium, hafnium and niobium to European renewable energy and electric vehicle industries. The Norra Kärr REE deposit was first discovered and drill tested by Leading Edge Materials (then Tasman Metals Ltd.) in 2009. Following thick intersections of mineralized rock, the project progressed quickly through drill out, metallurgical testing, resource calculation, Preliminary Economic Assessment (“PEA”), environmental and social studies, and Mining Lease application, culminating in a Pre-Feasibility Study (“PFS”) completed in 2015. Relevant supporting documentation can be found on the Company’s website.

A 25-year Mining Lease (exploitation concession) was granted to Tasman Metals AB covering Norra Kärr in 2013. In 2016, following an appeal to the Supreme Administrative Court in Sweden regarding the decision-making process of the Bergsstaten under the Minerals Act, the Norra Kärr Mining Lease reverted from Granted to Application status. The mining lease application work is ongoing.

In addition, the Company received confirmation that the exploration license underlying the mining lease application received an extension with the Bergsstaten to August 31, 2024. Evaluation of appropriate next steps for the project are continuing.

Bergby Lithium Project

Bergby is a lithium project located in central Sweden, 25km north of the town of Gävle. The claim area consists of three exploration permits, Bergby 1, 2 and 3, located in central Sweden. Bergby 1 expires June 16, 2022 and Bergby 2 and 3 expire December 7, 2022 and totals 1,903 hectares 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 and demonstrated spodumene and petalite host minerals. 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. The Company has identified potential for further exploration of the project and are investigating the next appropriate steps.

Bihor Sud Cobalt Nickel Project

In 2018 Leading Edge Materials initiated an Exploration Alliance (the “Exploration Alliance”) in Romania focused on the discovery and development of lithium ion battery raw materials. The Exploration Alliance has principally been directed towards cobalt mineralization within the Upper Cretaceous Carpathian magmatic belt of the Balkan region, with an eye to identifying other opportunities. 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. During 2018 and early 2019, LEM Romania completed various prospecting, sampling and geological activity across an area of 25.5 sq km (2,550 ha) pertaining to the Bihor Sud Prospecting Permit in central western Romania.

On the basis of positive results, in October 2019 LEM Romania elected to submit an Exploration License application to the permitting authority Agenția Națională pentru Resurse Minerale (“NAMR”) for the Bihor Sud area in a competitive tender process. The LEM Romania tender document was declared as compliant by NAMR. The Company was notified that one other application (submitted by Romanian private company Global Centurions SRL) was received under the competitive tender process. The tender is adjudicated on the basis of technical and financial merit, with substantial credit given to the work completed under the prior Prospecting Permit.

During January 2020 Leading Edge Materials was advised that Global Centurions SRL lodged an appeal to the Bucharest Court of Appeal against NAMR. The appeal seeks to cancel the outcome of the tender process for the Bihor Sud Exploration License before a winner is declared. Adjudication of the tender has been suspended until the appeal by the Second Bid Party has been definitively resolved.

The courts in Romania have been adversely impacted by the COVID-19 crisis and hearing dates have been repeatedly postponed. The most recent hearing on June 19, 2020, adjourned the case for a next hearing set for July 17, 2020.

Qualified Person

The qualified person for the Company’s project, Mr. Mark Saxon, B.Sc. Hons (Geology), a Fellow of the Australasian Institute of Mining and Metallurgy, technical adviser to the Company, has reviewed and verified the contents of this document.

Financial Information

The report for the quarter ended July 31, 2020 is expected to be published on or about September 25, 2020.

Selected Financial Data

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

Three Months Ended	Fiscal 2020		Fiscal 2019				Fiscal 2018	
	April 30, 2020 \$	January 31, 2020 \$	October 31, 2019 \$	July 31, 2019 \$	April 30, 2019 \$	January 31, 2019 \$	October 31, 2018 \$	July 31, 2018 \$
Operations								
Expenses	(337,609)	(375,930)	(409,297)	(561,771)	(571,749)	(850,681)	(1,151,305)	(697,426)
Other items	20,187	(31,374)	(8,799,476)	27,101	46,864	1,602	39,448	(7,721)
Comprehensive loss	(317,422)	(407,304)	(9,208,773)	(534,670)	(524,885)	(849,079)	(1,111,857)	(705,147)
Basic and diluted loss per share	(0.00)	(0.00)	(0.09)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Financial Position								
Working capital	499,883	711,727	132,551	518,129	929,183	1,438,895	960,707	1,369,748
Total assets	24,722,718	24,803,562	24,825,107	34,088,219	35,359,241	35,766,406	35,075,446	36,132,517
Total non-current liabilities	7,452,242	(7,154,761)	(7,701,324)	(7,876,382)	(8,637,726)	(8,515,027)	(8,306,212)	(8,902,310)

Results of Operations

Three Months Ended April 30, 2020 Compared to Three Months Ended January 31, 2020

During the three months ended April 30, 2020 (“Q2”) the Company reported a net loss of \$317,422 compared to a net loss of \$407,304 for the three months ended January 31, 2020 (“Q1”), a decrease in loss of \$89,882 primarily attributed to a foreign exchange gain of \$5,324 in Q2 compared to a foreign exchange loss of \$36,519 in Q1 and a decrease in general administrative expenses from \$375,930 in Q1 to \$337,609 during Q2.

Six Months Ended April 30, 2020 Compared to Six Months Ended April 30, 2019

During the six months ended April 30, 2020 (the “2020 period”) the Company reported a net loss of \$724,726, compared to a net loss of \$1,373,964 for the six months ended April 30, 2019 (the “2019 period”), a decrease in loss of \$649,238. The decrease in loss is primarily attributed to a \$708,891 decrease in expenses, from \$1,422,430 during the 2019 period to \$713,539 during the 2020 period partially offset by cost recoveries of \$35,873 recorded in the 2019 period.

Specific expenses of note during the 2020 period are as follows:

- (i) incurred \$117,000 (2019 - \$366,998) for directors and officers compensation. During the 2019 period a \$200,000 severance fee and \$49,998 management fees were paid to Mr. Way, the Company’s former President and CEO, pursuant to the management contract. See also “Related Party Transactions and Balances”;
- (ii) incurred \$68,629 (2019 - \$88,074) for regulatory fees with respect to ongoing fees for the Company’s listing of its common shares on Nasdaq First North and the TSXV;

- (iii) incurred a total of \$51,057 (2019- \$53,448) for accounting and administration services of which \$33,550 (2019 - \$32,100) was for accounting and administration services provided by Chase Management Ltd. (“Chase”), a private corporation controlled by Mr. DeMare, and \$17,507 (2019 - \$21,348) was for bookkeeping and accounting services provided by an independent accountant in Sweden;
- (iv) incurred a total of \$15,665 (2019 - \$58,258) for consulting services provided by consultants for administrative and financial services;
- (v) incurred research and development expenses of \$22,160 (2019 - \$90,327). The Company has continued to conduct research and development to optimize and improve the purification process;
- (vi) incurred general exploration expenses of \$3,879 (2019 -\$56,152) for ongoing application process on the Bihor Sud Project in Romania;
- (vii) incurred \$19,981 (2019 - \$34,874) for travel expenses. During the 2019 period, Company personnel visited various mineral exploration properties and attended several investment conferences. These activities were curtailed in the 2020 period due to COVID-19;
- (viii) incurred a total of \$1,535 (2019- \$77,569) for corporate development expenses. During the 2019 period the Company participated in several market awareness programs; and
- (ix) incurred a total of \$144,095 (2019- \$212,406) for salaries, compensation and benefits. During the 2020 period the Company reduced staffing at the Woxna Graphite Mine to minimize further costs.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the 2020 period the Company reported interest income of \$7,364 compared to \$15,508 during the 2019 period due to lower levels of cash held during the 2020 period. The Company also recorded a foreign exchange loss of \$31,195 during the 2020 period compared to a loss of \$2,315 during the 2019 period. In addition during the 2020 period the Company recorded a gain on disposal of capital assets of \$12,644. During the 2019 period the Company recorded cost recoveries of \$35,273 due to the Company receiving public research funding for Woxna Graphite AB to conduct research on developing a shared lithium refinery in the Nordic region.

Financings

During the 2020 period the Company completed a private placement financing of 18,000,000 units at \$0.056 per unit for gross proceeds of \$1,008,000. The net proceeds from this financing have been designated to maintain the Company’s projects, located in Sweden and Romania and for general working capital and corporate purposes.

During the 2019 period the Company completed a private placement financing of 6,027,855 units at \$0.28 per unit for gross proceeds of \$1,687,799. The net proceeds from this financing has been designated for general corporate requirements.

Property, Plant and Equipment

	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Cost:						
Balance - October 31, 2018	81,147	287,018	344,139	7,567,878	9,444,414	17,724,596
Addition	-	-	-	-	4,917	4,917
Adjustment to site restoration	-	-	-	-	(613,692)	(613,692)
Balance - October 31, 2019	81,147	287,018	344,139	7,567,878	8,835,639	17,115,821
Addition	-	-	-	-	2,590	2,590
Adjustment to site restoration	-	-	-	-	(289,366)	(289,366)
Disposal	(65,053)	-	-	-	-	(65,053)
Balance - April 30, 2020	16,094	287,018	344,139	7,567,878	8,548,863	16,763,992

	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Accumulated Depreciation:						
Balance - October 31, 2018	(60,171)	(256,303)	(71,497)	(110,218)	-	(498,189)
Depreciation	(6,718)	(3,969)	(22,009)	-	-	(32,696)
Impairment	-	-	-	(3,800,000)	(5,000,000)	(8,800,000)
Balance - October 31, 2019	(66,889)	(260,272)	(93,506)	(3,910,218)	(5,000,000)	(9,330,885)
Depreciation	(574)	(885)	(11,004)	-	-	(12,463)
Disposal	65,053	-	-	-	-	65,053
Balance - April 30, 2019	(2,410)	(261,157)	(104,510)	(3,910,218)	(5,000,000)	(9,278,295)
Carrying Value:						
Balance - October 31, 2019	14,258	26,746	250,633	3,657,660	3,835,639	7,784,936
Balance - April 30, 2020	13,971	26,208	245,131	3,657,660	3,274,718	7,217,688

Exploration and Evaluation Assets

	Graphite Concessions \$	Norra Kärr \$	Bergby \$	Total \$
Balance at October 31, 2018	18,803	15,736,406	407,030	16,162,239
Exploration costs				
Geological	-	23,258	1,297	24,555
Permitting	-	29,564	-	29,564
Balance at October 31, 2019	-	52,822	1,297	54,119
Acquisition costs				
Mining rights	1,972	9,437	4,942	16,351
Recovery	(5,988)	-	-	(5,988)
	(4,016)	9,437	4,942	10,363
Balance at October 31, 2019	14,787	15,798,665	413,269	16,226,721
Exploration costs				
Geological	-	1,136	426	1,562
Permitting	-	8,731	-	8,731
Balance at October 31, 2019	-	9,867	426	10,293
Acquisition costs				
Mining rights	-	-	11,846	11,846
Balance at April 30, 2020	14,787	15,808,532	425,541	16,248,860

Financial Condition / Capital Resources

During the 2020 period the Company recorded a net loss of \$724,726 and, as at April 30, 2020, the Company had an accumulated deficit of \$38,896,457 and working capital of \$399,883. The Company is maintaining its Woxna Graphite Mine on a “production-ready” basis to minimize costs. The Company anticipates that it does not have sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months and it will need additional capital to provide working capital and 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 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. See also "COVID-19".

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, 2019 audited annual consolidated financial statements.

Changes in Accounting Policies

The Company adopted all of the requirements of IFRS 16 - *Leases* ("IFRS 16"), effective November 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Management has determined that there was no impact on the Company's condensed consolidated interim financial statements upon the adoption of this new standard.

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, 2019 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 current and former Board of Directors and its executive officers.

(a) During the 2020 and 2019 periods the following compensation was incurred:

	2020 \$	2019 \$
Management fees - Mr. Way, former President, CEO and director ⁽¹⁾	-	49,998
Termination fee - Mr. Way ⁽¹⁾	-	200,000
Consulting fees - Mr. Saxon, interim CEO, interim President and director ⁽²⁾	72,000	72,000
Consulting fees - Mr. Hudson, Chairman and director	15,000	15,000
Consulting fees - Mr. Kozlowski, director	15,000	15,000
Consulting fees - Mr. DeMare, CFO, Corporate Secretary and former director ⁽³⁾	15,000	15,000
	<u>117,000</u>	<u>366,998</u>

- (1) Mr. Way resigned as CEO, President and a director on January 31, 2019 and Mr. Saxon was appointed interim CEO and President. The \$200,000 was paid to Mr. Way pursuant to the terms of his employment agreement.
- (2) Mr. Saxon received \$7,500 (2019 - \$7,500) for director fees and \$28,500 (2019 - \$28,500) for being a member of the technical advisory committee. On January 31, 2019, Mr. Saxon was appointed interim CEO and President.
- (3) 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.

As at April 30, 2020 \$33,000 (October 31, 2019 - \$91,500) remained unpaid.

- (b) During the 2020 period the Company incurred \$33,550 (2019 - \$32,100) to Chase, for accounting and administrative services provided by Chase personnel, exclusive of Mr. DeMare, and \$2,010 (2019 - \$2,010) for rent. As at April 30, 2020 \$335 (October 31, 2019 - \$335) remained unpaid.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at June 24, 2020, there were 114,467,391 issued and outstanding common shares, 23,227,855 warrants outstanding with exercise prices ranging from \$0.10 to \$0.37 per share and 7,163,109 share options outstanding with exercise prices ranging from \$0.165 to \$0.64 per share.