



LEADING EDGE MATERIALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
APRIL 30, 2021

(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.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	April 30, 2021 \$	October 31, 2020 \$
ASSETS			
Current assets			
Cash		2,121,189	3,361,424
GST/VAT receivables		46,595	43,895
Amounts receivable	4	261,883	-
Prepaid expenses		62,841	55,775
Investments	5	1,537,278	74,143
Inventory		90,294	92,452
Plant stores and supplies		97,681	100,015
Total current assets		<u>4,217,761</u>	<u>3,727,704</u>
Non-current assets			
Exploration and evaluation assets	6	16,210,208	16,332,855
Property, plant and equipment	7	8,600,004	7,049,001
Reclamation deposit	8	105,960	108,492
Total non-current assets		<u>24,916,172</u>	<u>23,490,348</u>
TOTAL ASSETS		<u>29,133,933</u>	<u>27,218,052</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		282,605	450,694
Total current liabilities		<u>282,605</u>	<u>450,694</u>
Non-current liabilities			
Provision for site restoration	8	8,039,324	6,458,606
Property acquisition obligation	6(a), 7	581,376	595,268
Total non-current liabilities		<u>8,620,700</u>	<u>7,053,874</u>
TOTAL LIABILITIES		<u>8,903,305</u>	<u>7,504,568</u>
SHAREHOLDERS' EQUITY			
Share capital	9	56,386,871	56,291,523
Share issue costs		(2,872,173)	(2,872,173)
Share-based payments reserve	9(d)	6,187,686	6,187,686
Deficit		(39,471,756)	(39,893,552)
TOTAL SHAREHOLDERS' EQUITY		<u>20,230,628</u>	<u>19,713,484</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>29,133,933</u>	<u>27,218,052</u>

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period - Note 14

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on June 23, 2021 and are signed on its behalf by:

/s/ Eric Krafft
Eric Krafft
Director

/s/ Daniel Major
Daniel Major
Director

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

LEADING EDGE MATERIALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note s	Three Months Ended April 30,		Six Months Ended April 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
Expenses					
Accounting and administration	10(b)	24,882	19,778	78,833	51,057
Accretion of provision for site restoration	8	7,891	1,942	15,782	3,884
Audit		14,755	8,953	63,141	48,953
Bank charges		485	642	1,767	1,788
Conferences		5,582	177	5,769	8,897
Corporate Development		19,412	6,576	53,484	17,200
Depreciation	7	6,886	6,136	13,933	12,463
Directors and officer's compensation	10(a)	106,016	58,500	215,680	117,000
Environmental		18,430	12,055	34,870	22,851
Fuel, electricity and utilities		31,939	19,014	58,129	45,534
General exploration		-	1,978	7,802	3,879
Insurance		4,536	4,460	9,219	10,421
Legal		22,624	1,174	30,181	7,536
Office		8,546	14,065	19,494	24,755
Plant maintenance		11,907	27,327	11,314	36,672
Plant supplies and consumables		8,182	7,114	14,470	12,047
Regulatory		23,326	40,240	49,961	68,629
Research and development		37,301	4,632	240,001	22,160
Salaries, compensation and benefits		92,719	79,321	170,231	144,095
Shareholder costs		9,025	9,673	17,000	21,422
Transfer agent		29,051	3,800	37,061	12,315
Travel		-	10,052	47	19,981
		<u>483,495</u>	<u>337,609</u>	<u>1,148,169</u>	<u>713,539</u>
Loss before other items		<u>(483,495)</u>	<u>(337,609)</u>	<u>(1,148,169)</u>	<u>(713,539)</u>
Other items					
Interest income		3,695	2,219	9,119	7,364
Other Income		20,572	-	22,178	-
Foreign exchange		77,045	5,324	66,413	(31,195)
Gain on sale of property		1,472,255		1,472,255	
Gain on disposal of capital assets		-	12,644	-	12,644
		<u>1,573,567</u>	<u>20,187</u>	<u>1,569,965</u>	<u>(11,187)</u>
Net Profit (Loss) and comprehensive loss		<u>1,090,072</u>	<u>(317,422)</u>	<u>421,796</u>	<u>(724,726)</u>
Profit (Loss) per share -					
Basic		\$0.01	(\$0.00)	\$0.00	(\$0.01)
Diluted		\$0.01	(\$0.00)	\$0.00	(\$0.01)
Weighted average number of common shares outstanding					
Basic		146,944,770	113,667,391	146,833,404	107,867,391
Diluted		172,266,784	113,667,391	174,180,439	107,867,391

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

LEADING EDGE MATERIALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Six Months Ended April 30, 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	-	-	-	421,796	421,796
Balance at April 30, 2021	146,960,500	53,514,698	6,187,686	(39,471,756)	20,230,628

Six Months Ended April 30, 2020

	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance at October 31, 2019	95,667,391	48,874,669	5,837,686	(38,171,731)	16,540,624
Common shares issued for:					
Private placement	18,000,000	1,008,000	-	-	1,008,000
Share issue costs	-	(37,342)	-	-	(37,342)
Net loss for the period	-	-	-	(724,726)	(724,726)
Balance at April 30, 2020	113,667,391	49,845,327	5,837,686	(38,896,457)	16,786,556

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

LEADING EDGE MATERIALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended	
	April 30,	
	2021	2020
	\$	\$
Operating activities		
Net Profit (Loss) for the period	421,796	(724,726)
Adjustments for:		
Accretion of provision for site restoration	15,782	3,884
Depreciation	13,933	12,463
Foreign exchange	(6,867)	18,224
Gain on disposal of property	(1,472,255)	(12,644)
Changes in non-cash working capital items:		
Amounts receivable	(4,604)	(790)
GST/VAT receivables	(2,699)	170
Prepaid expenses and other	(66,661)	(1,537)
Accounts payable and accrued liabilities	(168,091)	(99,239)
Net cash used in operating activities	<u>(1,269,666)</u>	<u>(804,195)</u>
Investing activity		
Additions to property, plant and equipment	-	(2,590)
Proceeds on disposal of property	250,000	12,644
Expenditures on exploration and evaluation assets	(315,917)	(22,139)
Net cash used in investing activity	<u>(65,917)</u>	<u>(12,085)</u>
Financing activities		
Issuance of common shares	95,348	1,008,000
Share issue costs	-	(37,342)
Net cash provided by financing activities	<u>95,348</u>	<u>970,658</u>
Net change in cash	(1,240,235)	154,378
Cash at beginning of period	<u>3,361,424</u>	<u>395,609</u>
Cash at end of period	<u>2,121,189</u>	<u>549,987</u>

Supplemental cash flow information - See Note 12

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

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2021
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

The Company is a Canadian public company primarily focussed 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" and on NASDAQ First North under the symbol "LEMSE". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

During the six months ended April 30, 2021 the Company recorded a net profit of \$421,796 and, as at April 30, 2021, the Company had an accumulated deficit of \$39,471,756 and working capital of \$3,935,156. 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 programs and mining operations.

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.

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, 2020, 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, 2020.

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2021
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Measurement

The Company's condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

3. Subsidiaries

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%
Acp Akku Oy	Finland	100%
LEM Resources SRL ("LEM Romania")	Romania	51%

4. Amounts Receivable

The amounts receivable of the Company are as follows:

Particulars	April 30, 2021 \$	October 31, 2020 \$
Cash consideration receivable	250,000	-
Other receivable	11,883	-
Total	<u>261,883</u>	<u>-</u>

The cash consideration is due to be received on October 29, 2021, as a part of total consideration received against sale of Bergby project (see note 6(c)).

5. Investments

Investments made by the company are as follows:

Particulars	April 30, 2021 \$	October 31, 2020 \$
Shares in United Lithium Corp.	1,031,864	-
Warrants in United Lithium Corp.	371,675	-
Other investments	133,739	74,143
Total	<u>1,537,278</u>	<u>74,143</u>

The investment in United Lithium Corp will be revalued with level 1 input at each reporting period.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2021
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

	As at April 30, 2021			As at October 31, 2020		
	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	792,799	16,195,421	15,402,622	489,895	15,892,517
Bergby	-	-	-	66,579	358,972	425,551
	15,479,282	769,610	16,210,208	15,479,282	853,573	16,332,855

	Graphite concessions	Norra Kärr	Bergby	Total
	\$	\$	\$	\$
Balance at October 31, 2019	14,787	15,798,665	413,269	16,226,721
Exploration costs				
Geological	-	6,102	436	6,538
Permitting	-	10,339	-	10,339
Preliminary economic assessment	-	77,411	-	77,411
	-	93,852	436	94,288
Acquisition costs				
Mining rights	-	-	11,846	11,846
Recovery	-	-	-	-
	-	-	11,846	11,846
Balance at October 31, 2020	14,787	15,892,517	425,551	16,332,855
Exploration costs				
Permitting	-	18,331	10,300	28,558
Geological	-	-	2,786	2,786
Preliminary economic assessment	-	284,573	-	284,573
Sale of property			(438,564)	(438,564)
Balance at April 30, 2021	14,787	16,195,421	-	16,210,208

(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").

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2021
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6. Exploration and Evaluation Assets (continued)

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 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 7.

(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*

The Bergby Project 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. 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. 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 Tasman Metals to acquire, for a period of 36 months from the closing date of the Transaction, 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 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 over a 20-month period. ULTH shall also pay an additional CAD 250,000 in cash on October 29, 2021.

(d) *Romania Permit Applications*

In fiscal 2017 the Company and REMAT Group Management SRL ("REMAT") agreed to pursue the investigation and initiate a prospecting permit application over the Bihor area of 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 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

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6. Exploration and Evaluation Assets (continued)

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.

7. 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, 2019	81,147	287,018	344,139	7,567,878	8,835,639	17,115,821
Addition	-	-	-	-	2,591	2,591
Adjustment to site restoration	-	-	-	-	(714,302)	(714,302)
Disposal	(65,053)	-	-	-	-	(65,053)
Balance at October 31, 2020	16,094	287,018	344,139	7,567,878	8,123,928	16,339,057
Adjustment to site restoration	-	-	-	-	1,564,936	1,564,936
Balance at April 30, 2021	16,094	287,018	344,139	7,567,878	9,688,864	17,903,993
Accumulated Depreciation and Impairment:						
Balance at October 31, 2019	(66,889)	(260,272)	(93,506)	(3,910,218)	(5,000,000)	(9,330,885)
Depreciation	(770)	(1,445)	(22,009)	-	-	(24,224)
Disposal	65,053	-	-	-	-	65,053
Balance at October 31, 2020	(2,606)	(261,717)	(115,515)	(3,910,218)	(5,000,000)	(9,290,056)
Depreciation	(443)	(830)	(12,660)	-	-	(13,933)
Balance at April 30, 2021	(3,049)	(262,547)	(128,175)	(3,910,218)	(5,000,000)	(9,303,989)
Carrying Value:						
Balance at October 31, 2020	13,488	25,301	228,624	3,657,660	3,123,928	7,049,001
Balance at April 30, 2021	13,045	24,471	215,964	3,657,660	4,688,864	8,600,004

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(Unaudited - Expressed in Canadian Dollars)

7. 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 does 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 takes 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 April 30, 2021 the Company has recognized \$581,376 (October 31, 2020 - \$595,268) for the Property Acquisition Obligation associated with the Kringelgruvan concession, as described in Note 6(a)(i).

8. 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 0.4% (2020 - 0%) and an inflation factor of 2.0% (2020 - 0.3%). 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, 2019	7,165,140
Accretion	7,768
Revision of estimates	(1,450,913)
Foreign exchange adjustment	736,611
Balance at October 31, 2020	6,458,606
Accretion	15,782
Revision of estimates	1,712,876
Foreign exchange adjustment	(147,940)
Balance at April 30, 2021	<u>8,039,324</u>

As at April 30, 2021 reclamation deposits totaling \$105,960 (October 31, 2020 - \$108,492) 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 April 30, 2021 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

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9. 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**

Six Months Ended April 30, 2021

During the period ended 30th April 2021, 493,109 options were exercised at a price of \$0.19 per share for gross proceeds of \$95,348.

Fiscal 2020

- i. On December 30, 2019, the Company completed a private placement financing of 18,000,000 units at a price of \$0.056 per unit for gross proceeds of \$1,008,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share, an exercise price of \$0.10 per share, expiring December 30, 2023. A significant minority shareholder of the Company acquired 13,000,000 units of the private placement.
- ii. On August 7, 2020, the Company completed a non-brokered private placement and issued 32,000,000 units at a price of \$0.11 per unit for gross proceeds of \$3,520,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company at an exercise price of \$0.20 per share, expiring on August 7, 2024. Directors and officers of the Company acquired a total of 27,770,000 units of the private placement.
- iii. In addition, the Company issued 800,000 common shares on the exercise of warrants for \$80,000. The net proceeds from these financings and warrant exercises have been designated to maintain the Company's projects in Sweden and Romania and for general working capital and corporate purposes.

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at April 30, 2021 and 2020 and the changes for the six months ended on those dates is as follows:

	2021		2020	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance beginning of period	55,277,855	0.19	13,764,595	0.58
Issued	-	-	18,000,000	0.10
Expired	-	-	(4,010,376)	0.70
Balance end of period	55,277,855	0.19	27,754,219	0.25

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9. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at April 30, 2021:

Number	Exercise Price \$	Expiry Date
6,027,855	0.37	November 21, 2021
17,200,000	0.10	December 30, 2023
<u>32,000,000</u>	0.20	August 7, 2024
<u>55,277,855</u>		

(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.

No share options were granted during the six months ended April 30, 2021.

During the six months ended April 30, 2021, 493,109 options were exercised at a price of \$0.19 per share for gross proceeds of \$95,348.

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 April 30, 2021 and 2020 and the changes for the six months ended on those dates is as follows:

	2021		2020	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance beginning of period	10,008,109	0.34	7,163,109	0.44
Exercised	<u>(493,109)</u>	0.19	<u>-</u>	-
Balance end of period	<u>9,515,000</u>	0.34	<u>7,163,109</u>	0.44

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9. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at April 30, 2021:

Number	Exercise Price \$	Expiry Date
3,465,000	0.39	October 14, 2021
600,000	0.225	May 30, 2022
1,900,000	0.64	November 2, 2022
3,400,000	0.155	August 11, 2023
150,000	0.33	August 14, 2023
<u>9,515,000</u>		

10. 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 six months ended April 30, 2021 and 2020 the following compensation was incurred:

	2021 \$	2020 \$
Directors and officer's compensation (current and former)	<u>215,680</u>	<u>117,000</u>

As at April 30, 2021 \$15,188 (October 31, 2020 - \$65,858) 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 six months ended April 30, 2021, the Company incurred \$20,503 (2020 - \$NIL) for accounting services by SKS Business Services.

Chase Management Ltd. ("Chase"), a private corporation owned by the Former Chief Financial Officer ("CFO") of the Company, provides accounting and administrative services. During the six months ended April 30, 2021 the Company incurred \$36,099 (2020 - \$33,550) for services provided by Chase personnel, exclusive of the CFO, and \$1,675 (2020 - \$2,010) for rent. As at April, 2021 \$1,813.85 (October 31, 2020 - \$5,835) remained unpaid and has been included in accounts payable and accrued liabilities.

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11. 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	April 30, 2021 \$	October 31, 2020 \$
Cash	FVTPL	2,121,189	3,361,424
Amounts receivable	amortized cost	261,883	-
Reclamation deposit	amortized cost	105,960	108,492
Investments	FVTPL	1,537,278	74,143
Accounts payable and accrued liabilities	amortized cost	(282,605)	(450,694)
Property acquisition obligation	amortized cost	(581,376)	(595,268)

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.

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 approximate 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.

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11. Financial Instruments and Risk Management (continued)

Contractual Maturity Analysis at April 30, 2021

	Carrying Amount \$	Contractual Cash Flows \$	Less than 3 Months \$	1 - 5 Years \$	Over 5 Years \$
Cash	2,121,189	2,121,189	2,121,189	-	-
Amounts receivable	261,883	261,883	-	261,883	-
Reclamation deposit	105,960	105,960	-	-	105,960
Investments	1,537,278	1,537,278	-	1,537,278	-
Accounts payable and accrued liabilities	(282,605)	(282,605)	(282,605)	-	-
Property acquisition obligation	(581,376)	(581,376)	-	(581,376)	-

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.

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 April 30, 2021, 1 Canadian Dollar was equal to 6.83 SEK as per Swedish Central Bank.

Balances are as follows:

	SEK	CDN \$ Equivalent
Cash	3,093,730	452,962
VAT receivable	1,919,722	281,072
Inventories	616,708	90,294
Plant stores and supplies	667,161	97,681
Reclamation deposit	723,707	105,960
Accounts payable and accrued liabilities	(1,194,615)	(174,907)
Property acquisition obligation	(4,000,000)	(581,376)
	<u>1,826,413</u>	<u>271,686</u>

Based on the net exposures as of April 30, 2021 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 loss being approximately \$187,000 higher or lower.

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11. Financial Instruments and Risk Management (continued)

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.

12. Supplemental Cash Flow Information

During the six months ended April 30, 2021 and 2020 non-cash activities were conducted by the Company as follows:

	2021	2020
	\$	\$
Operating activity		
Provision for site restoration	1,564,936	(289,366)
Investing activity		
Revisions of estimates on property, plant and equipment	(1,564,936)	289,366

13. 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:

	As at April 30, 2021			
	Corporate Canada \$	Mineral Operations Sweden \$	Mineral Operations Romania \$	Total \$
Current assets	2,219,960	960,800	8,766	3,189,527
Exploration and evaluation assets	-	16,210,108	-	16,210,208
Property, plant and equipment	-	8,600,004	-	8,600,004
Reclamation deposit	-	105,960	-	105,960
	<u>2,219,960</u>	<u>25,876,972</u>	<u>8,766</u>	<u>28,105,699</u>

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13. Segmented Information (continued)

	As at October 31, 2020			Total
	Corporate Canada	Mineral Operations Sweden	Mineral Operations Romania	
	\$	\$	\$	\$
Current assets	3,307,444	419,740	520	3,727,704
Exploration and evaluation assets	-	16,332,855	-	16,332,855
Property, plant and equipment	-	7,049,001	-	7,049,001
Reclamation deposit	-	108,492	-	108,492
	<u>3,307,444</u>	<u>23,910,088</u>	<u>520</u>	<u>27,218,052</u>

14. Events after the Reporting Period

- a) In May 2021, the Norra Karr 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.
- b) On June 9, 2021, the Company announced robust preliminary economic assessment results for its Woxna graphite anode project.
- c) On June 21, 2021, the Company announced preliminary life cycle assessment results on the Woxna Graphite project demonstrating a potential 90% lower carbon footprint compared with currently dominating Chinese supply alternatives.
- d) The company changed the name of its subsidiary from Tasman Metals AB to GREENNA Mineral AB.
- e) The company has filed the documents for dissolution of its subsidiary ACP Akku Oy.