LEADING EDGE MATERIALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JULY 31, 2019

(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	July 31, 2019 $	October 31, 2018 $
ASSETS			
Current assets			
Cash		667,992	1,184,420
GST/VAT receivables		45,998	56,448
Amounts receivable		115	658
Prepaid expenses and other		129,885	150,812
Inventory		85,380	90,307
Plant stores and supplies		88,699	93,818
Total current assets		1,018,069	1,576,463
Non-current assets			
Exploration and evaluation assets	4	16,203,874	16,162,239
Property, plant and equipment	5	16,766,645	17,226,407
Reclamation deposit	6	99,631	105,540
Deferred costs	7(b)	-	4,797
Total non-current assets		33,070,150	33,498,983
TOTAL ASSETS		34,088,219	35,075,446
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		499,940	615,756
Non-current liabilities			
Provision for site restoration	6	7,329,906	7,728,200
Property acquisition obligation	5	546,476	578,012
Total non-current liabilities		7,876,382	8,306,212
TOTAL LIABILITIES		8,376,322	8,921,968
SHAREHOLDERS' EQUITY			
Share capital	7	48,837,169	47,186,389
Share subscriptions received	7(b)	-	410,000
Share-based payments reserve		5,837,686	5,611,413
Deficit		(28,962,958)	(27,054,324)
TOTAL SHAREHOLDERS' EQUITY		25,711,897	26,153,478
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		34,088,219	35,075,446

Nature of Operations and Going Concern - Note 1

Events After the Reporting Period - Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on September 27, 2019 and are signed on its behalf by:

/s/ ***Mark Saxon***	/s/ ***Michael Hudson***
Mark Saxon	Michael Hudson
Director	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)

	Notes	Three Months Ended July 31, 2019 $	Three Months Ended July 31, 2018 $	Nine Months Ended July 31, 2019 $	Nine Months Ended July 31, 2018 $
Expenses					
Accounting and administration	8(b)	18,891	19,441	72,339	81,486
Accretion of provision for site restoration	6	13,200	15,383	39,600	46,149
Audit		-	-	52,509	53,822
Bank charges		786	1,025	3,488	3,097
Consulting		21,152	9,923	79,410	21,828
Corporate development		49,719	37,873	127,288	146,722
Depreciation	5	8,087	8,389	24,582	28,422
Directors and officers compensation	8(a)	58,500	108,498	425,498	335,154
Environmental		11,196	5,902	17,492	31,419
Equipment rentals and related		748	689	3,113	5,413
Fuel, electricity and utilities		15,230	21,208	51,180	90,305
General exploration		30,866	91,044	87,018	91,044
Insurance		5,896	3,876	18,290	12,656
Investment conferences		-	21,600	7,703	37,144
Legal		6,167	14,767	12,675	154,565
Marketing		-	-	-	1,028
Office		6,831	25,057	27,191	60,012
Plant maintenance		7,157	20,484	34,957	45,616
Plant supplies and consumables		5,326	6,228	8,368	18,764
Regulatory		19,868	60,932	107,942	211,796
Rent		10,414	1,005	31,441	3,015
Research and development		9,434	72,993	99,761	161,671
Salaries, compensation and benefits		107,071	107,778	319,477	342,477
Share-based compensation	7(d)	126,000	-	226,273	1,168,525
Shareholder costs		13,984	12,078	42,327	30,498
Transfer agent		11,126	10,594	25,283	28,906
Travel		4,122	20,659	38,996	130,497
		561,771	697,426	1,984,201	3,342,031
Loss before other items		(561,771)	(697,426)	(1,984,201)	(3,342,031)
Other items					
Interest and other income		3,933	7,410	19,441	30,874
Foreign exchange		23,168	(15,131)	20,853	35,330
Cost recoveries		-	-	35,273	20,983
Impairment of exploration and evaluation assets		-	-	-	(19,584)
		27,101	(7,721)	75,567	67,603
Net loss and comprehensive loss		(534,670)	(705,147)	(1,908,634)	(3,274,428)
Loss per share - basic and diluted		$(0.01)	$(0.01)	$(0.02)	$(0.04)
Weighted average number of common shares outstanding - basic and diluted		95,517,391	89,099,513	95,115,534	88,982,921

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)

	Nine Months Ended July 31, 2019					
	Share Capital					
	Number of Shares	Amount $	Share Subscriptions Received $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at October 31, 2018	89,489,536	47,186,389	410,000	5,611,413	(27,054,324)	26,153,478
Common shares issued for:						
- private placement	6,027,855	1,687,799	(410,000)	-	-	1,277,799
Share issue costs	-	(37,019)	-	-	-	(37,019)
Share-based compensation	-	-	-	226,273	-	226,273
Net loss for the period	-	-	-	-	(1,908,634)	(1,908,634)
Balance at July 31, 2019	95,517,391	48,837,169	-	5,837,686	(28,962,958)	25,711,897

	Nine Months Ended July 31, 2018				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at October 31, 2017	88,704,180	46,748,979	4,502,888	(22,668,039)	28,583,828
Common shares issued for:					
- share options exercised	400,000	156,000	-	-	156,000
Transfer on exercise of share options	-	108,000	(108,000)	-	-
Share-based compensation	-	-	1,168,525	-	1,168,525
Net loss for the period	-	-	-	(3,274,428)	(3,274,428)
Balance at July 31, 2018	89,104,180	47,012,979	5,563,413	(25,942,467)	26,633,925

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)

	Nine Months Ended July 31,	
	2019	2018
	$	$
Operating activities		
Net loss for the period	(1,908,634)	(3,274,428)
Adjustments for:		
Accretion of provision for site restoration	39,600	46,149
Depreciation	24,582	28,422
Foreign exchange	(15,581)	(14,335)
Share-based compensation	226,273	1,168,525
Impairment of exploration and evaluation assets	-	19,584
Changes in non-cash working capital items:		
Amounts receivable	543	23,937
GST/VAT receivables	10,450	46,766
Prepaid expenses and deposit	20,927	58,820
Accounts payable and accrued liabilities	(115,816)	(405,297)
Net cash used in operating activities	(1,717,656)	(2,301,857)
Investing activities		
Expenditures on exploration and evaluation assets	(41,635)	(241,603)
Additions to property, plant and equipment	(2,714)	-
Net cash used in investing activities	(44,349)	(241,603)
Financing activities		
Issuance of common shares	1,277,799	156,000
Share issue costs	(32,222)	-
Net cash provided by financing activities	1,245,577	156,000
Net change in cash during the period	(516,428)	(2,387,460)
Cash at beginning of period	1,184,420	3,979,914
Cash at end of period	667,992	1,592,454

Supplemental cash flow information - See Note 10

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

1. Nature of Operations and Going Concern

The Company is a junior mining company currently engaged in the operation of its 100% owned Woxna Graphite Mine located in central Sweden. 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 nine months ended July 31, 2019 the Company recorded a net loss of $1,908,634 and, as at July 31, 2019, the Company had an accumulated deficit of $28,962,958 and working capital of $518,129. During fiscal 2015 the Company conducted the refurbishment of the Woxna Graphite Mine. On August 1, 2015 the Company determined it had completed the refurbishment and commissioning of 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. The Company anticipates that it will require additional capital to meet anticipated levels of corporate administration and overheads for the ensuing twelve months, to recommence operations at the Woxna Graphite Mine and/or modernize the plant to produce value added production. In addition the Norra Kärr Property will require significant funds for development. 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.

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, 2018, 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, 2018 other than the adoption of IFRS 9 - *Financial Instruments* ("IFRS 9").

Changes in Accounting Policies - IFRS 9

Effective November 1, 2018, the Company adopted IFRS 9 - *Financial Instruments* ("IFRS 9") using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

2. Basis of Preparation (continued)

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

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:

Company	Location of Incorporation	Ownership Interest
Flinders Holdings Limited ("Flinders Holdings")	British Columbia	100%
Woxna Graphite AB ("Woxna")	Sweden	100%
Tasman Metals Ltd.	British Columbia	100%
Tasman Metals AB	Sweden	100%
Acp Akku Oy	Finland	100%
LEM Resources SRL ("LEM Romania")	Romania	51%

4. Exploration and Evaluation Assets

	As at July 31, 2019			As at October 31, 2018		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Graphite Exploration Concessions	16,050	4,706	20,756	14,097	4,706	18,803
Norra Kärr	15,393,185	382,903	15,776,088	15,393,185	343,221	15,736,406
Bergby	49,791	357,239	407,030	49,791	357,239	407,030
	15,459,026	744,848	16,203,874	15,457,073	705,166	16,162,239

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	Graphite Exploration Concessions $	Norra Kärr $	Bergby $	Other $	Total $
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
Permitting	-	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
Exploration costs					
Geological	-	10,472	-	-	10,472
Permitting	-	29,210	-	-	29,210
	-	39,682	-	-	39,682
Acquisition costs					
Mining rights	1,953	-	-	-	1,953
Balance at July 31, 2019	20,756	15,776,088	407,030	-	16,203,874

(a) *Graphite Exploration Concessions*

Through Woxna, the Company holds a 100% interest in the Woxna Graphite Mine, comprising four exploitation concessions, known as Kringelgruven, 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 Kringelgruven concession for an initial payment of SEK 150,000 and a further amount of SEK 4,000,000 (the "property acquisition obligation") is to be paid upon the commencement of production from the Kringelgruven concession; and
(ii) the Mattsmyra, Gropabo and Mansberg concessions (the "Graphite Exploration Concessions") for an initial payment of SEK 32,500 and a further payment of SEK 1,000,000 on each of the three concessions is to be paid upon commencement of production from these concessions.

Payments of the additional considerations are 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 if profits are 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.

4. Exploration and Evaluation Assets (continued)

During fiscal 2014 the technical feasibility and commercial viability of the Kringelgruven concession and the Woxna Graphite Mine was demonstrated, transitioning the Kringelgruven concession to the development stage of mining. Accordingly the costs of the exploration and evaluation assets attributed to the Kringelgruven concession and the Woxna Graphite Mine were reclassified to property, plant and equipment. See also Note 5.

(b) *Norra Kärr*

The Norra Kärr Property consists of an exploration license and a mining lease, located in south-central Sweden. The exploration license and the mining lease have been subject to ongoing legal opposition and appeals. The Company believes that it will continue to be successful in defending its tenure over the Norra Kärr Property.

(c) *Bergby*

The Bergby Project consists of three exploration permits located in central Sweden.

(d) *Other Properties*

(i) 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 kilometres 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 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 within the Permit;
(ii) 734,012 common shares on completion of a National Instrument 43-101 compliant resource estimate (the "Resource Estimate") within the Permit; and
(iii) 917,515 common shares on completion of a positive pre-feasibility study within the Permit.

The Company shall fund all exploration expenditures and is required to incur a minimum of EUR 150,000 on exploration expenditures on or before April 26, 2020.

The Company is also required to issued 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.

(ii) During fiscal 2018 the Company recorded an impairment charge of $121,736 on the relinquishment of claims in Sweden and Finland.

(Unaudited - Expressed in Canadian Dollars)

5. Property, Plant and Equipment

Cost:	**Vehicles** $	**Equipment and Tools** $	**Building** $	**Manufacturing and Processing Facility** $	**Mineral Property Acquisition and Development Costs** $	**Total** $
Balance at October 31, 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 at October 31, 2018	81,147	287,018	344,139	7,567,878	9,444,414	17,724,596
Addition	-	-	-	-	2,714	2,714
Adjustment to site restoration	-	-	-	-	(437,894)	(437,894)
Balance at July 31, 2019	81,147	287,018	344,139	7,567,878	9,009,234	17,289,416
Accumulated Depreciation:						
Balance at October 31, 2017	(53,451)	(248,224)	(49,484)	(110,218)	-	(461,377)
Depreciation	(6,720)	(8,079)	(22,013)	-	-	(36,812)
Balance at October 31, 2018	(60,171)	(256,303)	(71,497)	(110,218)	-	(498,189)
Depreciation	(5,040)	(3,193)	(16,349)	-	-	(24,582)
Balance at July 31, 2019	(65,211)	(259,496)	(87,846)	(110,218)	-	(522,771)
Carrying Value:						
Balance at October 31, 2018	20,976	30,715	272,642	7,457,660	9,444,414	17,226,407
Balance at July 31, 2019	15,936	27,522	256,293	7,457,660	9,009,234	16,766,645

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.

The Company has recognized the SEK 4,000,000 additional consideration associated with the Kringelgruven concession. An obligation is recognized when a legal obligation is established, a reasonable estimate can be made of the obligation, and is measured at the discounted value for expected future payments. The discounted value is then accreted to the estimated future value over the period of the payment obligation. During fiscal 2017 the Company applied a discount rate of 17%. The obligation was fully accreted as at October 31, 2017.

A continuity of the property acquisition obligation for the Kringelgruven concession is as follows:

	$
Balance at October 31, 2017	618,908
Foreign exchange adjustment	(40,896)
Balance at October 31, 2018	578,012
Foreign exchange adjustment	(31,536)
Balance at July 31, 2019	546,476

(Unaudited - Expressed in Canadian Dollars)

6. Provision for Site Restoration

Although the ultimate amount of the decommissioning obligation for the Kringelgruven concession is uncertain, the fair value of this obligation is based on information currently available, including closure plans and applicable regulations. 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 41,500,000 to be incurred over the next 18 years with the majority of the costs to be incurred between 2036 and 2037.

The fair value of the decommissioning obligation was calculated using a discounted cash flow approach based on a risk free rate of 0.0% (October 31, 2018 - 0.67%) and an inflation factor of 1.0% (October 31, 2018 - 2.1%). 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, 2017	7,711,413
Accretion	59,529
Revision of estimates	444,415
Foreign exchange adjustment	(487,157)
Balance at October 31, 2018	7,728,200
Accretion	39,600
Revision of estimates	26,940
Foreign exchange adjustment	(464,834)
Balance at July 31, 2019	7,329,906

As at July 31, 2019 reclamation deposits of $99,631 (SEK 729,265) has been paid and accounted for as a non-current deposit. The reclamation deposits were placed as security for site restoration on the Kringelgruven concession and on certain exploration and evaluation assets.

As at July 31, 2019 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

7. Share Capital

(a) *Authorized Share Capital*

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

(b) *Equity Financings*

Nine Months Ended July 31, 2019

During November 2018 the Company completed a private placement financing of 6,027,855 units at a price of $0.28 per unit for gross proceeds of $1,687,799. 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 $0.37 per share, expiring November 21, 2021. The Company paid finders' fees of $6,384 cash.

The Company incurred $30,635 legal and filing costs associated with this private placement.

At October 31, 2018 the Company had received $410,000 on account of the private placement and incurred $4,797 share issue costs.

(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

Fiscal 2018

No equity financing was conducted by the Company during fiscal 2018.

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at July 31, 2019 and 2018 and the changes for the nine months ended on those dates is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance beginning of period	7,736,740	0.75	7,736,740	0.75
Issued	6,027,855	0.37	-	-
Balance end of period	13,764,595	0.58	7,736,740	0.75

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at July 31, 2019:

Number	Exercise Price $	Expiry Date
4,010,376	0.70	December 14, 2019
3,726,364	0.80	May 3, 2020
6,027,855	0.37	November 21, 2021
13,764,595		

(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.

During the nine months ended July 31, 2019 the Company granted share options to purchase 2,393,109 (2018 - 2,717,500) common shares and recorded compensation expense of $226,273 (2018 - $1,168,525).

The fair value of share options granted was estimated using the Black-Scholes option pricing model using the following assumptions:

	2019	2018
Risk-free interest rate	1.47% - 1.89%	1.65%
Estimated volatility	84% - 89%	85%
Expected life	3 years - 5 years	5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted, using the Black-Scholes option pricing model, during the nine months ended July 31, 2019 was $0.09 (2018 - $ 0.43) per share option.

(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

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 July 31, 2019 and 2018 and the changes for the nine months ended on those dates is as follows:

	2019		2018	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance beginning of period	8,575,000	0.47	6,152,500	0.39
Issued	2,393,109	0.20	2,717,500	0.64
Exercised	-	-	(400,000)	0.39
Expired	(1,355,000)	0.48	-	-
Forfeited	(1,740,000)	0.34	-	-
Balance end of period	7,873,109	0.40	8,470,000	0.47

The following table summarizes information about the share options outstanding and exercisable at July 31, 2019:

Number	Exercise Price $	Expiry Date
210,000	0.20	October 18, 2019
3,520,000	0.39	October 14, 2021
643,109	0.165	January 11, 2022
1,050,000	0.225	May 30, 2022
2,300,000	0.64	November 2, 2022
150,000	0.33	August 14, 2023
7,873,109		

8. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) During the nine months ended July 31, 2019 and 2018 the following compensation was incurred:

	2019 $	2018 $
Directors and officers compensation (current and former)	425,498	335,154
Share-based compensation	-	892,250
	425,498	1,227,404

As at July 31, 2019, $58,000 (October 31, 2018 - $31,500) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(b) Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer ("CFO") of the Company, provides accounting and administrative services. During the nine months ended July 31, 2019 the Company incurred $42,600 (2018 - $46,000) for services provided by Chase personnel, exclusive of the CFO, and $3,015 (2018 - $3,015) for rent. As at July 31, 2019, $335 (October 31, 2018 - $4,170) remained unpaid and has been included in accounts payable and accrued liabilities.

During the nine months ended July 31, 2018 the Company also recorded $53,750 for share-based compensation for share options granted to Chase.

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: 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	July 31, 2019 $	October 31, 2018 $
Cash	FVTPL	667,992	1,184,420
Amounts receivable	amortized cost	115	658
Reclamation deposit	amortized cost	99,631	105,540
Accounts payable and accrued liabilities	amortized cost	(499,940)	(615,756)
Property acquisition obligation	amortized cost	(546,476)	(578,012)

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 market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for the reclamation deposit and property acquisition obligation approximates their fair value. The Company's fair value of cash under the fair value hierarchy is measured using Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, reclamation deposit and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash, amounts receivable and reclamation deposit is remote.

9. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and liabilities and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at July 31, 2019				
	Carrying Amount $	Contractual Cash Flows $	Less than 3 Months $	1 - 5 Years $	Over 5 Years $
Cash	667,992	667,992	667,992	-	-
Amounts receivable	115	115	115	-	-
Reclamation deposit	99,631	99,631	-	-	99,631
Accounts payable and accrued liabilities	(499,940)	(499,940)	(499,940)	-	-
Property acquisition obligation	(546,476)	(546,476)	-	(546,476)	-

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 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 July 31, 2019, 1 Canadian Dollar was equal to SEK 7.32. Balances are as follows:

	SEK	CDN $ Equivalent
Cash	578,805	79,072
VAT receivable	79,886	45,998
Inventories	624,948	85,380
Plant stores and supplies	649,245	88,699
Reclamation deposit	729,265	99,631
Accounts payable and accrued liabilities	(838,642)	(114,569)
Property acquisition obligation	(4,000,000)	(546,476)
	(2,176,493)	(262,265)

Based on the net exposures as of July 31, 2019 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 $65,000 higher or lower.

(Unaudited - Expressed in Canadian Dollars)

9. 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.

10. Supplemental Cash Flow Information

During the nine months ended July 31, 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019 $	2018 $
Operating activity		
Provision for site restoration	(437,894)	554,152
Investing activity		
Revisions of estimates on property, plant and equipment	437,894	(554,152)
Financing activities		
Issuance of common shares	410,000	108,000
Share issue costs	(4,797)	
Deferred share issue costs	4,797	-
Share subscriptions	(410,000)	-
Share-based payments reserve	-	(108,000)
	-	-

11. Segmented Information

The Company is involved in the exploration and development of resource properties in Sweden and Finland, 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 July 31, 2019				
	Corporate Canada $	Mineral Operations Sweden $	Mineral Operations Finland $	Mineral Operations Romania $	Total $
Current assets	697,853	314,424	4,734	1,058	1,018,069
Exploration and evaluation assets	-	16,203,874	-	-	16,203,874
Property, plant and equipment	-	16,766,645	-	-	16,766,645
Reclamation deposit	-	99,631	-	-	99,631
	697,853	33,384,574	4,734	1,058	34,088,219

(Unaudited - Expressed in Canadian Dollars)

11. Segmented Information (continued)

	As at October 31, 2018				
	Corporate Canada $	Mineral Operations Sweden $	Mineral Operations Finland $	Mineral Operations Romania $	Total $
Current assets	1,223,596	340,221	4,840	7,806	1,576,463
Exploration and evaluation assets	-	16,162,239	-	-	16,162,239
Property, plant and equipment	-	17,226,407	-	-	17,226,407
Reclamation deposit	-	105,540	-	-	105,540
Deferred costs	4,797	-	-	-	4,797
	1,228,393	33,834,407	4,840	7,806	35,075,446

12. Events after the Reporting Period

Subsequent to July 31, 2019 the Company:

(i) granted share options to purchase 150,000 common shares at an exercise price of $0.16 per share expiring August 18, 2020; and

(ii) issued 150,000 common shares for proceeds of $24,000 on the exercise of share options.

LEADING EDGE MATERIALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED JULY 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at September 27, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended July 31, 2019 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 the discovery and 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) and high strength permanent magnets (rare earth elements including neodymium and dysprosium). 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 a fast moving sector, Leading Edge Materials is ideally placed to play a pivotal role in the sustainable supply of technology critical materials.

Officers and Directors

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

Mark Saxon	- Director, Interim Chief Executive Officer ("CEO") & President
Mike Hudson	- Director, Non-Executive Chairman
Filip Kozlowski	- Director
Nick DeMare	- Chief Financial Officer ("CFO") and Corporate Secretary

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.

Update on Developments in the European Battery Industry

Lithium-ion battery and electric vehicle ("EV") markets are showing very rapid potential growth through the aligned interests of battery manufacturers, the automotive industry and the European Commission. Industry news during the reporting period has continued to be very positive for future battery raw material demand, with Europe cementing a leading position.

The world's largest light vehicle manufacturer Volkswagen AG have expressed in their "Strategy 2025" the ambition to offer more than 50 EV models by 2025. The planned roll out shall consume at least 150 GWh of annual battery capacity, equivalent to six of Tesla's Nevada giga-factories.

As one of numerous battery supply solutions, Volkswagen AG and Swedish battery manufacturer Northvolt AB recently announced a 50/50 joint venture to build a lithium-ion battery factory in Salzgitter, Germany. Start of production is planned for the end of 2023 with an initial annual output of 16 GWh.

Daimler's recent "Ambition 2039" statement outlined the aim to have plug-in hybrids or EVs comprise more than 50% of its car sales by 2030. In line with this aim, Daimler announced a partnership with Farasis Energy, a Chinese developer and supplier of lithium-ion battery technologies, to build batteries in Germany. A site for this manufacturing is yet to be announced, however the factory is planned to be carbon neutral.

Such developments are on top of existing commitments by Northvolt who have received €886 million funding from the Volkswagen Group, Goldman Sachs, BMW Group, AMF, Folksam Group and IMAS Foundation. Strength of the market is confirmed by Northvolt reporting €13 billion in battery pre-sales through to 2030. First production is planned for 2021, with Northvolt aiming build the world's greenest battery cell with a minimal carbon footprint and a high proportion of locally sourced materials. Based on typical industry figures, the Stage 1 facility will require between 14,000 and 18,000 tonnes of blended natural and synthetic graphite anode per year.

The European Commission forecasts 400 GWh of annual battery demand in Europe by 2025, with a market value of approximately €250 billion. The European Commission's Vice President for the Energy Union, Maroš Šefčovič continues to express the urgency for a secure, transparent and integrated European battery materials supply chain that combines domestic mined materials, recycled materials and imports.

After a recent EU Battery Alliance meeting, Mr Šefčovič stated: “We must also show that we mean business when filling the remaining gaps in the value chain, notably mining and refining. EU companies need to be better supported to invest in sustainable mining and refining of raw materials – both in EU and third countries. We plan to launch a European Raw materials investment facility with the EBRD and the EIB - hopefully at the end of the year.”

And even more succinctly, Mr Šefčovič was quoted at the European Investment Bank (EIB) Board of Directors' meeting on 12th June 2019 stating: “We still have a major gap in the battery value chain: I would like to address the critical issue of access to raw materials. Without undertaking its own exploration, the EU will have no mining projects. This, in turn, means no refineries and, without refining capacity, the EU will continue to be in great part dependent on foreign supplies of high quality materials. In a nutshell: we cannot sit idle while China is taking control of all the supply.”

Leading Edge Materials remains an active core member of the EU Battery Alliance.

Achievements

Work undertaken by Leading Edge Materials during the third quarter of 2019 was in line with the Board's plan to benefit from the roll out of transport electrification in Europe, while responding to the findings of an internal strategic review completed May 2019 and reflecting current market conditions for exploration and mining financing.

The strategic review highlighted that the Company's combination of discovery-stage and development-stage assets may present different requirements with regard to operational structure, capital needs and investor preferences. The Board elected to seek direct funding into its Swedish subsidiary Woxna Graphite AB and, if successful, initiate the transition of Woxna Graphite AB into a freestanding company. A freestanding structure may enable Woxna Graphite AB to execute more effectively upon a high value graphite materials business plan, undertake financings independent of Leading Edge Materials, and allow the local team to be expanded to focus on customer and stakeholder relationships. Furthermore, it is anticipated that Woxna Graphite AB will be in a stronger position to benefit from Swedish and European public funding opportunities that are developing in the battery materials sector.

Direct funding opportunities have been sought during the reporting period. The Board is reviewing potential alternatives, along with identifying appropriate leadership and other resources. The Board will communicate these findings as they become available. The Board emphasizes that Leading Edge Materials will continue to hold significant exposure to the success of the Woxna graphite mine as a future graphite materials supplier.

The Board is continuing to execute on other assets within the Company's portfolio in the Nordic region and Romania, including supporting mine lease permitting the Norra Kärr rare earth element project while identifying project improvements that reduce the environmental footprint; and progressing the Romanian exploration alliance towards exploration licence status at Bihor Sud.

Woxna Graphite Mine and Production Facility

The Woxna graphite mine and production facility is comprised of four graphite deposits, an open pit mine, a fully permitted 100,000 ton per annum 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. It is noteworthy that the Woxna mine and processing facility is currently held on a production ready basis.

At Woxna, the Company is focused on optimization of the processes required to convert low value graphite into high value finished products including lithium-ion battery-ready anode material.

During the reporting period, research was completed to manufacture expandable graphite using material from Woxna. Research was completed in Germany with leading consultancy ProGraphite GmbH. ProGraphite used run-of-mine +80 mesh (>180 micron) material from the Woxna mine to test a range of standard process variables. Testing demonstrated that a combination of sulphuric acid and potassium permanganate delivered optimal results, expanding up to 215 ml/g (480 times) when heated to 1000°C.

This degree of expansion is in line with expandable graphite products available in the market today. Additional process optimization and product improvement is anticipated through further research. The methods tested did not require the use of toxic chromium, lead, or bromine-bearing chemicals that are used in the manufacture of some Chinese expandable graphite.

Expandable natural graphite is a critical industrial material, with a significant and growing market. Current market size is estimated to be 70,000 to 80,000 tonnes per year, with approximately 45% of demand coming from manufacture of fire-resistant materials. Other market segments include flexible foils, conductivity additives, and a small volume as a graphene manufacturing pre-cursor. Pricing of expandable graphite is based on flake size, expansion ratio and purity, and lies in the range of US $2000 - US $4000 per tonne. Of note, the purity requirements for expandable graphite are substantially lower than battery materials. Leading Edge Materials is now preparing for follow up test work with increased sample size to optimize process conditions and material economics.

Subject to financing, the Company plans to advance the development of an onsite demonstration plant to produce battery-ready graphite anode. 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 including expandable graphite to develop markets for all materials produced at Woxna, and optimize technical and economic steps to progress to commercial anode production.

An engineering study (the "Study") was completed by a leading global engineering firm during May 2019, using data from the extensive purification and spheronisation test work completed by the Company over past years. The Study provides design, installation and cost estimate criteria for a spheronisation and thermal purification process that can deliver approximately 100kg per day of high purity natural graphite anode suitable for lithium ion batteries.

The thermal purification process is designed with a high degree of flexibility. Recent test work by Leading Edge Materials has produced ultra-high purity graphite up to 99.998% carbon and the process flexibility will allow purity to be tailored to customers' performance and price requirements. Spheronisation test work produced D50 size ranges from 15-25 micron with D10 ranges of 7-12 micron and D90 from 28-35 micron. These ranges meet specifications provided by potential customers and are consistent with anode materials used by all current lithium ion battery manufacturers.

Furthermore, thermal purification removes the need to transport, handle and dispose of the toxic chemicals typically required for natural graphite purification. Today, 100% of natural graphite anode is manufactured in China using chemical leaching which emits waste streams for treatment or disposal. In contrast, the thermal purification process designed for the Woxna demonstration plant requires no chemicals, instead using elevated temperature to remove impurities. The purification furnace at Woxna will be operated using cost competitive Swedish hydroelectric power which is expected to result in a low carbon footprint.

The demonstration plant is designed to deliver essential operating data, including energy requirements, cost, environmental and health and safety considerations that can be incorporated into mine scale design. The demonstration plant costing incorporates equipment manufacturer quotations, and is designed to be installed on the Leading Edge Materials Woxna mine site, where space, adequate power, skilled personnel and waste management facilities are already in place.

Leading Edge Materials has received written confirmation from the Gävleborg Länsstyrelsen ("County Administration Board") that based on the engineered design, the demonstration will conform with current site permits.

The Company maintains the Woxna processing plant in an operation ready status and can be run on an as needed basis. Leading Edge Materials is positioning Woxna as the supplier of choice in terms of price, supply security, sustainability 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.

Technical Report

In 2014, Leading Edge Materials 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 ("Kringelgruven"), Gropabo ("Gropabo"), Mattsmyra ("Mattsmyra") and Månsberg ("Månsberg") graphite deposits that form part of the Company's 100% owned Woxna graphite assets. 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

Leading Edge Materials' four graphite deposits (Kringelgruvan, Gropabo, Mattsmyra and Månsberg) located along a 40km trend in central Sweden, and are each held on Mining Leases. 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 in 2014 was not based on a feasibility study of mineral reserves demonstrating economic and technical viability as the Company was of the view that the establishment of mineral reserves was 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 of the extraction of mineral resources at the Woxna graphite mine was demonstrated, transitioning Leading Edge Materials 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 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 Woxna graphite mine is not currently operating and will not commence meaningful production until market conditions warrant. The Company is pursuing opportunities to produce higher value specialty products including high purity graphite for lithium ion batteries.

The Company's Board of Directors formed the view that the costs of undertaking a feasibility study for a brownfield project of this type and scale was cost prohibitive. Therefore, the Company determined the most responsible utilization of financial resources was to restart the mine and processing plant to establish itself in the graphite market as quickly as possible. The Company acknowledges an increased uncertainty and risk of economic and technical failure associated with 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 was concluded that the risk of restarting the plant was manageable, demonstrated in the cost effective manner the facility was refurbished and restarted for a low capital cost. Although prices for some graphite products 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.

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 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.

Results from the Bihor Sud Prospecting Permit were considered encouraging, and consequently LEM Romania submitted a request that the Romanian Mining Inspectorate ("Agenția Națională pentru Resurse Minerale") publish an Exploration License tender across the prospective areas. Publication of the request for tenders for the Bihor Sud Exploration License occurred during August 2019 and a tender document is now being prepared.

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 ("EL") granted August 31, 2009. On March 19, 2018 the Company was advised by Swedish Mines Inspectorate ("Bergsstaten") that the EL had been extended until August 31, 2019. During August 2019, an application to extend the EL for an additional 3 years was submitted to the Bergsstaten.

Process development testwork and other activity at Norra Kärr remains restricted while permitting of a Mining Lease is resolved.

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.

Norra Kärr is a peralkaline nepheline syenite intrusion which covers 450m x 1,500m in area. The deepest extents of the REE mineralized intrusion have not been delineated but exceed 350m. Mineralogical studies show nearly all REE in the deposit is found within the mineral eudialyte, which is enriched in heavy REEs, in particular dysprosium.

Due to the unique status of Norra Kärr, being one of only two NI43-101 REE resources on mainland Europe, the project was identified as potentially significant for European REE security ("ERECON study"), and well supported by European Commission funding for process research (Horizon2020 funded EURARE study). Subsequent to the publication of the PFS, research by EURARE identified an optimized flowsheet for eudialyte processing, and produced 25kg of REE oxalate from Norra Kärr mineral concentrates. Furthermore, a by-product of high purity nepheline/feldspar was produced which is believed suitable for European ceramic and glass markets.

Mining Lease

A mining lease for Norra Kärr, is presently under reapplication with the Bergsstaten 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 Bergsstaten to reassess four granted Mining Leases. This review included the Company's Norra Kärr Mining Lease. The Company continues to hold exclusive rights to the Norra Kärr project throughout the Mining Lease application process.

The Bergsstaten requested additional information from Leading Edge Materials to complete their reassessment. 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.

Subsequently, discussions were held with the Bergsstaten and this additional information was submitted in December 2018. On March 8, 2019, Länsstyrelsen submitted their opinion that more information is required for them to support re-granting of the Norra Kärr Mining Lease. Leading Edge Materials reviewed the comments of the Länsstyrelsen, and has initiated a Natura2000 permit application on Natura2000 areas in the Norra Kärr region which may be influenced by a future mining operation. The Natura2000 permit application will be progressed within the Swedish summer months and submitted to support the Mining Lease application.

The environmental data to support the Natura2000 permit application has largely been collected by the Company as part of previous work conducted including during the PFS study. During the reporting period, a summary of the Natura2000 assessment was submitted to the Länsstyrelsen for review and public comment. Responses are awaited.

For granting of a Mining Lease in Sweden, conditions include that the Bergsstaten and Länsstyrelsen must be in agreement. In the circumstance that the Bergsstaten and Länsstyrelsen have contrasting opinions, the decision is referred to the Regeringen ("Swedish Government") for adjudication. For reference, when the Norra Kärr Mining Lease was granted in 2013, the Bergsstaten and Länsstyrelsen were aligned in support of the Mining Lease granting, and referral to the Regeringen was not required.

Previous Process Development

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. A total of 121 exploration holes have been completed since work began in 2009, typically on 50m sections.

Previous process development research on Norra Kärr achieved significant technical milestones. Hydrometallurgical research targeted optimized REE extraction from eudialyte, and 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 the Geological Survey of Finland ("GTK") undertook testwork on a bulk sample originally collected under the EURARE Horizon 2020 project. 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. 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.

Bergby Lithium Project

Bergby is a lithium project located in central Sweden, 25km north of the town of Gävle. The claim area 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% Li_2O (lithium oxide) and ranged from 0.08% Li_2O to 2.3% Li_2O. The boulders are anomalous in other elements which characterize lithium-cesium-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.

Leading Edge Materials, through its Swedish subsidiary Woxna Graphite AB, is a project member of the EIT Rawmaterials' LiRef project. The project is validating two conversion processes with the target to develop one robust and flexible process transforming spodumene concentrate into battery grade lithium chemical. It aims to foster the development of a sustainable European value chain. The partners include four mining companies (Savannah Resources, Leading Edge, Keliber and Europena Lithium) as well as Aurora Lithium AB, Outotec, FLSmidth, GTK and Luleå University of Technology.

Additional targets are being reviewed at Bergby and the surrounding areas.

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, the Company's Interim President and CEO, has reviewed and verified the contents of this document.

Financial Information

The report for the year-ended October 31, 2019 is expected to be published on or about January 30, 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.

	Fiscal 2019			Fiscal 2018				Fiscal 2017
Three Months Ended	**July 31, 2019 $**	**April 30, 2019 $**	**January 31, 2019 $**	**October 31, 2018 $**	**July 31, 2018 $**	**April 30, 2018 $**	**January 31, 2018 $**	**October 31, 2017 $**
Operations								
Expenses	(561,771)	(571,749)	(850,681)	(1,151,305)	(697,426)	(665,364)	(1,976,066)	(843,952)
Other items	27,101	46,864	1,602	39,448	(7,721)	32,508	39,641	75,938
Comprehensive loss	(534,670)	(524,885)	(849,079)	(1,111,857)	(705,147)	(632,856)	(1,936,425)	(768,014)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.00)
Financial Position								
Working capital	518,129	929,183	1,438,895	960,707	1,369,748	2,041,550	2,698,150	3,490,760
Total assets	34,088,219	35,359,241	35,766,406	35,075,446	36,132,517	36,139,745	36,902,593	37,915,728
Total non-current liabilities	(7,876,382)	(8,637,726)	(8,515,027)	(8,306,212)	(8,902,310)	(8,157,203)	(8,204,190)	(8,330,321)

Results of Operations

Three Months Ended July 31, 2019 Compared to Three Months Ended April 30, 2019

During the three months ended July 31, 2019 (the "Q3") the Company reported a net loss of $534,670 compared to a net loss of $524,885 for the prior three months ended April 30, 2019 (the "Q2"), for a minimal increase in loss of $9,785. During Q3 the Company recognized $126,000 share based compensation compared to $23,100 in Q2 due to increases in share option grants. The increase was primarily offset by a general reduction in expense and foreign exchange gains recorded in Q3.

Nine Months Ended July 31, 2019 Compared to Nine Months Ended July 31, 2018

During the nine months ended July 31, 2019 (the "2019 period") the Company reported a comprehensive loss of $1,908,634 compared to a comprehensive loss of $3,274,428 for the nine months ended July 31, 2018 (the "2018 period"), a decrease in loss of $1,365,794. The decrease in loss is primarily attributed to the recognition of share-based compensation of $1,168,525 on the granting of stock options in the 2018 period compared to $226,273 during the 2019 period.

Excluding share-based compensation expenses decreased by $415,578, from $2,173,506 during the 2018 period to $1,757,928 during the 2019 period. Specific expenses of note during the 2019 period are as follows:

(i) incurred $425,498 (2018 - $335,154) for directors and officers compensation. During the 2019 period a $200,000 severance fee was 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 $107,942 (2018 - $211,796) for regulatory fees. During the 2018 period the Company incurred significant fees for the application and listing of its common shares on the Nasdaq First North Exchange;
(iii) incurred a total of $72,339 (2018 - $81,486) for accounting and administration services of which $42,600 (2018 - $46,000) was for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private corporation controlled by Mr. DeMare, and $29,739 (2018 - $35,486) was for bookkeeping and accounting services provided by an independent accountant in Sweden;
(iv) shareholder costs increased by $11,829, from $30,498 during the 2018 period to $42,327 during the 2019 period for increased costs for news dissemination;
(v) incurred a total of $12,675 (2018 - $154,565) for legal expenses. During the 2018 period the Company incurred significant legal fees for the Company's listing of its common shares on the NASDAQ First North Exchange;
(vi) incurred a total of $79,410 (2018 - $21,828) for consulting fees. During the 2019 period the Company engaged a number of consultants for administrative and financial services;
(vii) recorded research and development expenses of $99,761 (2018 - $161,671);
(viii) recorded rent expense of $31, 441 (2018 - $3,015) . During the 2019 period the Company incurred rent for an additional exploration office in Romania;
(ix) incurred a total of $127,288 (2018 - $146,722) for corporate development expenses. During the 2019 and 2018 periods the Company participated in several market awareness programs;
(x) general exploration expenses of $87,018 (2018 -$91,044) was recorded during the 2019 period for exploration and licensing performed on the Bihor Sud Project in Romania; and
(xi) incurred $38,996 (2018 - $130,497) for travel expenses. During the 2018 period, Company personnel visited various mineral exploration properties, attended several investment conferences and reviewed research and development projects on the Woxna Graphite Mine; and
(xii) incurred $7,703 (2018 - $37,144) for investment conference fees. During the 2018 period Company personnel attended several investment conferences.

Interest income is primarily generated from cash held on deposit with the Bank of Montreal. During the 2019 period the Company reported interest income of $19,441 compared to $30,874 during the 2018 period due to lower levels of cash held during the 2019 period.

Financings

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.

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

Property, Plant and Equipment

	Vehicles $	Equipment and Tools $	Building $	Manufacturing and Processing Facility $	Mineral Property Acquisition and Development Costs $	Total $
Cost:						
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
Addition	-	-	-	-	2,714	2,714
Adjustment to site restoration	-	-	-	-	(437,894)	(437,894)
Balance - July 31, 2019	81,147	287,018	344,139	7,567,878	9,009,234	17,289,416

	Vehicles $	Equipment and Tools $	Building $	Manufacturing and Processing Facility $	Mineral Property Acquisition and Development Costs $	Total $
Accumulated Depreciation:						
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)	-	(498,189)
Depreciation	(5,040)	(3,193)	(16,349)	-	-	(24,582)
Balance - July 31, 2019	(65,211)	(259,496)	(87,846)	(110,218)	-	(522,771)
Carrying Value:						
Balance - October 31, 2018	20,976	30,715	272,642	7,457,660	9,444,414	17,226,407
Balance - July 31, 2019	15,936	27,522	256,293	7,457,660	9,009,234	16,766,645

During the 2019 period the Company recorded total additions of $2,714 (2018 - $nil) and recognized a credit adjustment to site restoration of $437,894 (2018 - debit of $554,152) primarily due to the impact of foreign exchange movements on the site restoration provision.

Exploration and Evaluation Assets

	Graphite Exploration Concessions $	Norra Kärr $	Bergby $	Other $	Total $
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
Permitting	-	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
Exploration costs					
Geological	-	10,472	-	-	10,472
Permitting	-	29,210	-	-	29,210
	-	39,682	-	-	39,682
Acquisition costs					
Mining rights	1,953	-	-	-	1,953
Balance at July 31, 2019	20,756	15,776,088	407,030	-	16,203,874

During the 2019 period the Company recorded total additions of $37,729 (2018 - $241,603) and recognized an impairment of $nil (2018 - $19,584.)

Financial Condition / Capital Resources

During the 2019 period the Company recorded a net loss of $1,908,634 and, as at July 31, 2019, the Company had an accumulated deficit of $28,962,958 and working capital of $518,129. 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. The Company anticipates that it will require additional capital to meet anticipated levels of corporate administration and overheads for the ensuing twelve months, to recommence operations at the Woxna Graphite Mine and/or modernize the plant to produce value added production. The Company is conducting a strategic review which may result in direct funding of Woxna Graphite AB. There are no assurances that the Company will be successful in obtaining funding. In addition the Norra Kärr Property will require significant funds for development. 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.

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 other than:

Financial Instruments

Effective November 1, 2018, the Company adopted IFRS 9 - *Financial Instruments* ("IFRS 9") using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

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

(a) During the 2019 and 2018 period the following compensation was incurred:

	2019 **$**	**2018** **$**
Management fees - Mr. Way, former President, CEO and director [(1)]	49,998	149,994
Termination fee - Mr. Way [(1)]	200,000	-
Consulting fees - Mr. Hudson, Chairman and director	22,500	22,500
Consulting fees - Mr. Kozlowski, director	22,500	22,500
Consulting fees - Mr. DeMare, CFO, Corporate Secretary and former director [(3)]	22,500	22,500
Consulting fees - Mr. Saxon, interim CEO, interim President and director[(2)]	108,000	108,000
Consulting fees - Ms. Bermudez, former Corporate Secretary[(4)]	-	9,660
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
	425,498	1,227,404

(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 $22,500 (2018 - $22,500) for director fees and $85,500 (2018 - $85,500) 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.
(4) Ms. Bermudez resigned as corporate secretary on April 30, 2018.

As at July 31, 2019, $58,000 (October 31, 2018 - $31,500) remained unpaid.

(b) During the 2019 period the Company incurred $42,600 (2018 - $46,000) to Chase, for accounting and administrative services provided by Chase personnel, exclusive of Mr. DeMare, and $3,015 (2018 - $3,015) for rent. As at July 31, 2019, $335 (October 31, 2018 - $4,170) remained unpaid.

During the 2018 period the Company also recorded $53,750 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 September 27, 2019, there were 95,667,391 issued and outstanding common shares, 13,764,595 warrants outstanding with exercise prices ranging from $0.37 to $0.80 per share and 7,873,109 share options outstanding with exercise prices ranging from $0.165 to $0.64 per share.