



## LEADING EDGE MATERIALS CORP.

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TSX.V: LEM | Nasdaq First North: LEMSE | OTCQB: LEMIF | FRA: 7FL

NEWS RELEASE

January 25, 2023

### LEADING EDGE MATERIALS REPORTS FISCAL 2022 RESULTS

**Vancouver, January 25, 2023 – Leading Edge Materials Corp. ("Leading Edge Materials" or the "Company") (TSXV: LEM) (Nasdaq First North: LEMSE) (OTCQB: LEMIF) (FRA: 7FL) announces results for the fiscal year ending October 31, 2022. All references to dollar amounts in this release are in Canadian dollars.**

#### Highlights During and After Fiscal 2022

During the fiscal year ended October 31, 2022, the Company:

- On October 15, 2022, the Company received confirmation that NAMR approved the first-year exploration program for the Bihor Sud exploration license.
- On August 30, 2022, the Company announced a change in senior Management with the resignation of Mr. Filip Kozlowski, CEO of the Company, effective as of October 14, 2022. Mr. Eric Krafft, Director of the Company was named interim CEO.
- On July 28, 2022, the Company appointed Manuela Balaj-Coroiu as Company Secretary.
- On July 15, 2022, the Company received confirmation that NAMR approved the first-year exploration program for the Bihor Sud exploration license.
- On June 21, 2022, the Company took a decision to initiate a Natura 2000 permit application process for the Norra Karr project and retract the appeal against the mining lease rejection for Norra Karr.
- On May 17, 2022, the Company signed Bihor Sud Exploration License between the Company's subsidiary LEM Romania SRL and National Agency for Mineral Resources, Romania ("NAMR").
- On April 28, 2022, the Company held its Annual and Special Meeting of Shareholders.
- On March 31, 2022, Norra Karr Exploration License Remains in Full Force After Court Decision.
- On February 11, 2022, the Company commenced an evaluation to restart graphite production at Woxna Mine due to improved market conditions.
- On January 27, 2022, the Company granted an aggregate of 3,200,000 common shares (the "Optioned Shares") of the Company, at exercise price of C\$0.62 per option, expiring on the date that is three years from the date of grant to its directors, officers, employees, and consultants.

After the fiscal year ended October 31, 2022, the Company:

- On November 3, 2022, the Company also granted stock options to officers and consultants to purchase an aggregate of 700,000 common shares of the Company, at exercise price of \$0.20 per Optioned Share, expiring on the date that is 5 years from the date of grant. The Options will vest 33% one year after the date of grant, 33% two years after the date of grant and 34% three years after the date of grant. The Options were issued pursuant to the terms of the Company's Option Plan.
- On January 9, 2023, the company issued 13,000,000 common shares on the exercise of 13,000,000 warrants by the Interim CEO for the proceeds of \$1,300,000.
- On January 23, 2023, the company announced that it is ahead of schedule in exploration of its exclusive and 100% owned Bihor Sud license in the Apuseni Mountains of central-western Romania. Furthermore, extensive Nickel and Cobalt mineralisation has been visually identified over 100 m in the first of the recently opened historic galleries on the property

## Results of Operations

*Three Months Ended October 31, 2022, Compared to Three Months Ended July 31, 2022*

During the three months ended October 31, 2022 ("Q4 2022") the Company reported a net loss of \$116,354 compared to a reported net loss of \$ 609,709 for the three months ended July 31, 2022 ("Q3 2022"), a decrease in loss of \$ 493,355, the decrease in loss mainly due to market-to-market loss booked for \$126,036 in Q3 compared to a mark to market gain of \$319,278, offset by loss on sale of investments \$257,614 booked in Q4 2022.

*Year Ended October 31, 2022, Compared to Year Ended October 31, 2021*

During the year ended October 31, 2022 ("2022 period") the Company reported a net loss of \$3,610,532 compared to a net loss of \$1,210,718 for the year ended October 31, 2021 ("2021 period"), an increase in loss of \$2,399,814. The increase in loss was primarily attributed to Shares based compensation booked during 2022 for \$1,421,437 and gain on the sale of the Bergby Project \$1,472,255 booked in the 2021.

## 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.

<b>Three Months Ended</b>	<b>Fiscal 2022</b>				<b>Fiscal 2021</b>			
	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
<b>Operations</b>								
Expenses	(425,075)	(419,050)	(433,894)	(1,874,407)	(583,391)	(600,531)	(483,495)	(664,674)
Other items	308,721	(190,659)	(356,226)	(219,942)	28,466	(477,057)	1,573,567	(3,603)
Comprehensive profit/(loss)	(116,354)	(609,709)	(790,120)	(2,094,349)	(554,925)	(1,077,588)	1,090,072	(668,277)
Basic Profit/(loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	0.01	(0.00)
Diluted profit/(loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	0.01	(0.00)
<b>Financial Position</b>								
Working capital	1,365,657	1,686,095	2,396,484	3,236,870	2,350,166	2,803,903	3,935,156	2,598,191
Total assets	23,832,418	24,827,062	25,000,847	30,597,341	28,756,406	28,455,148	29,133,933	28,759,753
Total non-current liabilities	(5,292,618)	(6,159,922)	(6,045,964)	(10,812,012)	(9,946,686)	(9,054,376)	(8,620,700)	(9,154,787)

## Financial Condition/Capital Resources

During the year ended October 31, 2022, the Company recorded a net loss of \$3,610,532 and, as of October 31, 2022, the Company had an accumulated deficit of \$44,714,802 and working capital of \$1,365,657. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs and is conducting ongoing research and development to produce higher value specialty products. The Company is also evaluating a potential restart of production at the Woxna Graphite Mine. 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 provide working capital and recommence operations at the Woxna Graphite Mine, establish a production facility for the Anode Project, to fund future development of the Norra Karr Property or to complete 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. See also "COVID-19".

## Outlook

Over the last few months the world has experienced deflating stock prices led by growth/tech stocks after significant jumps in various inflation measures. The latter being driven by continued supply chain disruptions, component shortages, high energy prices and increasing raw material costs. Graphite prices have remained stable since the last quarter<sup>1</sup> whereas rare earth prices have given back some of their extreme gains from earlier this year<sup>2</sup>.

Politicians across the western world are increasingly launching efforts to address their respective raw materials security in a new geopolitical world with Russia's war on Ukraine continuing. Europe is working on a critical raw materials act to strengthen the legislative role of critical raw materials<sup>3</sup>. A recent initiative from the US brings together ally countries, Sweden being one, to collaborate around increasing critical raw materials resilience in the form of a *Minerals Security Partnership*. A key objective of the partnership is to "catalyze investment from governments and the private sector for strategic opportunities"<sup>4</sup>.

In Sweden concrete actions are being taken to unlock some of the past bottlenecks in permitting of raw material projects. The government launched an investigation to propose legislative changes to clarify that a Natura 2000 permit should be part of the environmental permitting process and not the mining lease permit<sup>5</sup>. In addition, as an addendum to an already ongoing investigation the government instructed to investigate whether critical raw materials could be granted preferential status under the Environmental Act alongside other competing land use interests<sup>6</sup>.

For the Woxna Graphite project, we are in dialogue with the downstream graphite market to evaluate opportunities for the potential product sales of flake graphite concentrate prior to making a final decision on restarting production at the Woxna Graphite mine. In parallel, the batches of spherical purified graphite produced by our preferred equipment suppliers have been sent to Sicona's pilot plant in Australia for final upgrading to active anode materials that can be tested and sent as samples to potential future customers.

For the Norra Karr project, in contrast to recent trends in potential legislative change, on June 20, 2022, the Supreme Administrative Court of Sweden ruled in the Boliden Laver case<sup>7</sup> confirming that current legislation requires a Natura 2000 permit prior to the evaluation of a mining lease. Since our appeal to the Government against the Mining Inspectorate's rejection of the Norra Karr mining lease application in May 2021 was made on largely the same basis as the Boliden Laver case<sup>8</sup>, we decided to retract our appeal against the Norra Karr mining lease rejection. With the current legal framework now clarified, we took the decision to initiate a Natura 2000 permit application process for the Norra Karr project. By initiating a Natura 2000 permit process based on the new design of the Norra Karr project we will benefit from authorities and other stakeholders evaluating the merits of the project based on the most recent plans that substantially reduce the potential for environmental risk. In parallel, through the various environmental and metallurgical studies that may be required to support the Natura 2000 permit application the Company can further progress the Norra Karr

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<sup>1</sup> <https://www.indmin.com/Article/5102474/Graphite/Weaker-expandable-demand-weighs-on-fob-China-large-flake-graphite-prices.html>

<sup>2</sup> <https://www.metal.com/price/Rare%20Earth/Rare-Earth-Oxides>

<sup>3</sup> [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_22\\_3643](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_22_3643)

<sup>4</sup> <https://www.state.gov/minerals-security-partnership/>

<sup>5</sup> <https://www.regeringen.se/pressmeddelanden/2022/05/natura-2000-tillstand-i-samband-med-gruverksamhet---nu-utreds-fragan/>

<sup>6</sup> <https://www.regeringen.se/pressmeddelanden/2022/06/tillaggsdirektiv-till-utredningen-om-att-sakerstalla-en-hallbar-forsorjning-av-innovationskritiska-metaller-och-mineral/>

<sup>7</sup> <https://www.domstol.se/globalassets/filer/domstol/hogstaforvaltningsdomstolen/2022/domar-och-beslut/798-21.pdf>

<sup>8</sup> <https://leadingedgematerials.com/leading-edge-materials-appeals-norra-karr-mining-lease-application-rejection-to-the-government-of-sweden/>

project towards its next stages of feasibility development. We will continue to adapt our path should the legal framework evolve going forward.

Lastly, it was with great excitement that we last year finally could sign the exclusive exploration license for our Romanian project. Since, we have rapidly been advancing it: put together the team on the ground, submitting and receiving approvals for the required work plans, opening adits for initially targeted galleries, passing safety inspections, etc. All to enable starting our exploration work and with a view to demonstrating the potential this project offers us. Results have not disappointed: in the first target gallery G7 we have encountered visual Co-Ni mineralisation over 135 m. All efforts are leading towards designing a drill program for later this year to define the resource we feel optimistic about proving up.

## **Financial Information**

The report for three months ending January 31, 2023, is expected to be published on or about March 22, 2023.

## **On behalf of the Board of Directors, Leading Edge Materials Corp.**

Eric Krafft, Interim CEO

### **For further information, please contact the Company at:**

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[www.leadingedgematerials.com](http://www.leadingedgematerials.com)

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### **About Leading Edge Materials**

Leading Edge Materials is a Canadian public company focused on developing a portfolio of critical raw material projects located in the European Union. Critical raw materials are determined as such by the European Union based on their economic importance and supply risk. They are directly linked to high growth technologies such as batteries for electromobility and energy storage and permanent magnets for electric motors and wind power that underpin the clean energy transition towards climate neutrality. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra Karr HREE project (Sweden) and the 51% owned Bihor Sud Nickel Cobalt exploration alliance (Romania).

### **Additional Information**

The Company's audited consolidated financial statements for the year ended October 31, 2022 and related management's discussion and analysis are available on the Company's website at [www.leadingedgematerials.com](http://www.leadingedgematerials.com) or under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The information was submitted for publication through the agency of the contact person set out above, on January 25, 2023 at 12:30 pm Vancouver time.

Leading Edge Materials is listed on the TSXV under the symbol "LEM", OTCQB under the symbol "LEMIF" and Nasdaq First North Stockholm under the symbol "LEMSE". Mangold Fondkommission AB is the Company's Certified Adviser on Nasdaq First North and may be contacted via email [CA@mangold.se](mailto:CA@mangold.se) or by phone +46 (0) 8 5030 1550.

## Reader Advisory

### Reader Advisory

*Certain information in this news release may constitute forward-looking statements or forward-looking information within the meaning of applicable Canadian 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 tenure to the Norra Karr property; the risks associated with the various environmental regulations the Company is subject to; rehabilitation and restitution costs; the Woxna project has never defined a mineral reserve. The Woxna project has never defined a mineral reserve. On June 9, 2021, Leading Edge announced the results of an independent preliminary economic assessment for the development of Woxna (the "2021 Woxna PEA"), the full details of which are included in a technical report entitled "NI 43-101 Technical Report - Woxna Graphite" prepared for Woxna Graphite AB with effective date June 9, 2021 and issue date July 23, 2021, available on Leading Edge's website [www.leadingedgematerials.com](http://www.leadingedgematerials.com) and under its SEDAR profile [www.sedar.ca](http://www.sedar.ca). The 2021 Woxna PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. On July 22, 2021, Leading Edge announced the results of an independent preliminary economic assessment for the development of Norra Karr (the "2021 Norra Karr PEA"), the full details of which are included in a technical report titled "PRELIMINARY ECONOMIC ASSESSMENT OF NORRA KARR RARE EARTH DEPOSIT AND POTENTIAL BY-PRODUCTS, SWEDEN" prepared for Leading Edge Materials Corp. with effective date August 18, 2021 and issue date August 19, 2021, available on Leading Edge's website [www.leadingedgematerials.com](http://www.leadingedgematerials.com) and under its SEDAR profile [www.sedar.ca](http://www.sedar.ca). The 2021 Norra Karr PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. 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.*

*On March 11, 2020, the World Health Organization ("WHO") declared the novel coronavirus outbreak identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel, as recommended by the various governments. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.*