

NASDAQ STOCKHOLM'S**DECISION**

2 October 2018

DISCIPLINARY COMMITTEE

2018:10

Nasdaq Stockholm

Leading Edge Materials Corp.

DECISION

The disciplinary committee orders Leading Edge Materials Corp. to pay a fine to Nasdaq Stockholm corresponding to two times the annual fee.

Motion

The shares in Leading Edge Materials Corp. ("LEM" or the "Company") are admitted to trading on Nasdaq Stockholm AB's ("Exchange") trading platform Nasdaq First North. The Company has signed an undertaking to comply with the Exchange's rules for Nasdaq First North, (the "Rule Book") in effect from time to time. The Company's shares are also admitted to trading on TSX Venture Exchange.

The Exchange has argued that LEM violated section 4.4 (d) in combination with section 4.4 (c) of the Rule Book by not publishing the Company's quarterly report for the period November 2017 to January 2018 ("Report") in due time. The Exchange has also argued that LEM violated section 4.1 of the Rule Book in that the Report was available on the Company's website 12 hours before the information was made public through a press release; in that the Report was made public through a press release two hours earlier in Canada than in the EU; and in the fact that the complete Report was not made public in its entirety until six days after the Report was made available on the Company's website. Finally, the Exchange has argued that LEM failed to fulfill the requirement of requisite capacity for disclosure of information to the market according to section 2.2.4 of the Rule Book.

Citing section 7.3 and Supplement B to the Rule Book, the Exchange has moved that the disciplinary committee consider the violations of the Rule Book and establish an appropriate sanction.

LEM has admitted that it is guilty of the violations of the Rule Book.

Neither of the parties has requested a hearing. The disciplinary committee has reviewed the documentation in the matter.

Reasons for the decision

The Rule Book

According to section 2.2.4 of the Rule Book, an issuer must possess the organization and personnel required in order to comply with the requirements for disclosure of information to the market according to Chapter 4 of the Rule Book.

According to section 4.1 of the Rule Book, an issuer must make public inside information as soon as possible in accordance with Article 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council (“MAR”) in a manner which ensures that all interested parties on the stock market have the same access to inside information regarding the issuer.

According to section 4.4 (c) of the Rule Book, an issuer must publish a half-yearly report not later than within two months of the expiry of the relevant reporting period and, according to section 4.4 (d) of the Rule Book, the same deadline applies to the publication of quarterly reports.

Considerations

LEM published a press release with the Report on 4 April. However, the press release did not contain the Company’s *Financial Statement and Management’s Discussion and Analysis* which should have been included in the Report. The Exchange contacted the Company on 6 April 2018 and pointed out that the Report was incomplete, after which the Company published a complete Report on 9 April. In conjunction with this, it was also discovered that the complete Report had been uploaded to the Company’s website and in the Canadian system for official archiving of securities information for public companies (“SEDAR”) on 3 April 2018. In both of the press releases now relevant, the Company stated that the information contained in the press releases was the type of information which the Company was obligated to make public according to MAR.

The Exchange has argued: The Company did not publish the Report until 4 April 2018 and thus not within two months from the expiry of the relevant reporting period. The Company thereby violated section 4.4 (d) in combination with section 4.4 (c) of the Rule Book. In addition, by publishing the Report on the Company’s website and on SEDAR approximately 12 hours before the Report was made public through the press release on 4 April and through the fact that the press release was made public two hours earlier in Canada than in the EU, the Company violated section 4.1 of the Rule Book since the public did not have simultaneous access to the Report which, according to the Company, contained inside information. The Company also violated section 4.1 of the Rule Book in that the complete Report was not made public until 9 April 2018 despite the fact that it was published on the Company’s website and on SEDAR as early as 3 April when the Company stated that the information which the Company published in the press release of 9 April constituted inside information. In light of the above violations, the Company has not fulfilled the requirement of requisite capacity for disclosure of information according to section 2.2.4 of the Rule Book.

The Company has argued: The Company admits the alleged violations of the Rule Book. The reason for the late publication of the Report was primarily that the Company published the Report in accordance with TSX's rules and that the Company was under the impression that the provisions now relevant in the Rule Book were identical to the corresponding provisions in TSX's Rule Book, which the Company had also discussed with its Certified Advisor. The reason that the Report was published on SEDAR and on the Company's website on 3 April before it was published in the press release on 4 April was that the Company's European press release service was not available at the time the Company was obligated to upload the report to SEDAR according to TSX's rules. The violations of the Rule Book were thus largely a consequence of misunderstandings on the Company's part. Naturally, the Company understands the seriousness of the violations and wishes to emphasize that this involves an individual occurrence which will not be repeated. In order to avoid the Company committing similar mistakes in the future, the Company has taken a number of measures as listed below.

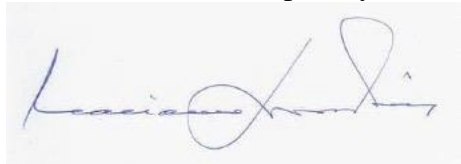
- The procedure for disclosure of financial information has been reviewed in relation to the Rule Book and a financial calendar has been prepared where consideration has been given to both the Rule Book and TSX's rules and this has been distributed to all administrative personnel at the Company.
- The Company has begun a recruitment process for a secretary with overall responsibility for the Company's compliance with both the TSX rules as well as the Rule Book and the recruitment of a Swedish IR manager with great experience in Swedish equity markets law to assist the secretary.
- The Company's CEO and a director of the Company have undergone Nasdaq's web-based training which other directors and senior management of the Company will also undergo.

The disciplinary committee notes that it is uncontested that the Company did not publish the Report within two months of the expiry of the relevant reporting period and that the Company thereby violated section 4.4 (d) in combination with section 4.4 (c) of the Rule Book. In addition, it is uncontested that the Report was available on the Company's website and in SEDAR before the report was made public through the press release of 4 April and not in complete form until 9 April 2018, and that the press release of 4 April was published in Canada two hours before it was published in the EU. It is also uncontested that the complete information which was made public on 9 April constituted inside information. The Company thus also violated section 4.1 of the Rule Book since the complete Report was not made public until 9 April 2018 in a manner so as to ensure that the public had simultaneous access to the inside information. The violations of which LEM is guilty, together with the fact that the reason for the violations was largely the Company's lack of knowledge of the Rule Book, further demonstrate that the Company lacked the requisite expertise for disclosure of information. The conclusion by the disciplinary committee is thus that, at the times of the violations now relevant, the Company did not fulfill the requirements set forth in section 2.2.4 of the Rule Book.

In summary, it is the conclusion of the disciplinary committee that, in several respects, LEM violated section 4.1 of the Rule Book, that LEM on one occasion violated section 4.4 (d) in combination with section 4.4 (c) of the Rule Book, and that during the period of time now relevant the Company lacked the expertise for disclosure of information as required according to section 2.2.4 of the Rule Book. That LEM has understood the seriousness of the violations

and taken extensive measures in order to correct the underlying deficiencies in the Company's disclosure of information is positive but cannot release the Company from liability. The disciplinary committee therefore determines the sanction to be a fine corresponding to two times the annual fee.

On behalf of the disciplinary committee,

A handwritten signature in blue ink, appearing to read 'Marianne Lundius', is written on a light-colored background.

Marianne Lundius

Former Justice Marianne Lundius, Justice Ann-Christine Lindeblad, company director Stefan Erneholm, *Advokat* Patrik Marcelius and company director Anders Oscarsson participated in the committee's decision.

Secretary: *Jur. kand.* Erik Lidman