



ELCORA
ADVANCED MATERIALS

ELCORA ADVANCED MATERIALS CORP.

Management Discussion and Analysis

For the six month period ended September 30, 2018

ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

November 29, 2018

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our condensed interim consolidated financial situation for the period ended September 30, 2018. This report, prepared as at November 29, 2018 intends to complement and supplement our condensed interim consolidated financial statements for the period ended September 30, 2018 and 2017 (the "Consolidated Financial Statements") and should be read in conjunction with the Consolidated Financial Statements and the accompanying notes.

Our Consolidated Financial Statements and the MD&A are intended to provide a reasonable base for investors to evaluate our financial situation.

Our Consolidated Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Elcora", we mean Elcora Advanced Materials Corp. or Elcora Corp., as it may apply.

The Consolidated Financial Statements and additional information related to Elcora Advanced Materials Corp. (the "Company" or "Elcora") is available for view on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements or information (collectively "forward-looking statements"). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market for graphite will continue and grow and that the risks listed below will not adversely impact the business of the Company.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: limited operating history; exploration and development risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Company.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

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OVERVIEW AND DESCRIPTION OF BUSINESS

Elcora and its subsidiary were incorporated pursuant to the Canada Business Corporations Act on June 6, 2011 and its common shares are listed on the TSX Venture Exchange under the trading symbol ERA. The Company is also listed on the Frankfurt Stock exchange under the symbol ELM and on OTCQB®, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group under the symbol ECORF. The Company's registered office is at 789 West Pender Street, Suite 810, Vancouver, British Columbia, V6C 1H2, Canada and its head office is located at 111 Ahmadi Crescent, Bedford, Nova Scotia, B4A 4E5, Canada.

Elcora has been structured as a vertically integrated graphite & graphene company that mines, processes, refines graphite and produces both the graphene and end graphene applications. Elcora is advancing its vertical integration business model in graphite and graphene production. The core business is advanced material research and production.

The Company is in the R&D stage and is subject to the risks and challenges similar to other companies in a comparable stage of R&D. These risks include, but are not limited to, dependence on key individuals, successful research and development programs and the ability to secure adequate financing to meet the minimum capital required to successfully complete the project and continue as a going concern.

Elcora has constructed its own graphene production facility in the Canadian city of Halifax, Nova Scotia to supply premium quality graphene. The plant has a modular design wherein each "line" can produce up to approximately 100 kg of graphene per year initially. The plant uses a graphite pre-cursor specially processed and refined for the Elcora graphene process within its vertically integrated supply chain.

The Company will continue to seek project acquisitions in the Advanced Material space that forms part of its overall strategy.

COMPANY HIGHLIGHTS

The following are the highlights for the period ended September 30, 2018:

- The Company announced that it has developed a surface-coating process for lithium-ion battery electrode powders. The surface coating is necessary to meet technical requirements specific to the lithium-ion battery manufacturing industry. This is considered a major milestone for Elcora as it demonstrates Elcora's ability to meet specific demands of battery manufacturers.
- The Company announced that it has completed a project with a commercial manufacturer of Li-ion batteries. Results from the project show that Elcora's graphite is high-quality and suitable for use in commercial-grade Lithium-ion batteries. In the project the commercial manufacturer of Li-ion cells replaced their standard natural graphite powder with Elcora's natural graphite powder. Two sets of 18650's cells were made. One set of 18650's was made from Elcora's natural graphite anode powder. The second set of 18650's was made from the companies' standard natural graphite anode powder. Tests showed that Elcora's anode powder performed as well as the company's standard graphite. These results show that Elcora's graphite anode powder is suitable for large-scale, commercial-quality Lithium-ion cell manufacturing. Furthermore, Elcora's graphite anode powder easily passed all quality control and safety tests (e.g. hot box at 130 o C and 2C overcharge safety test).
- On April 10, 2018, the Company entered into a strategic relationship with Elephant Red Maple New Material Technology (Suzhou) Co. Ltd. ("Elephant Red"). The objective is to develop graphene coating applications and the Company is pursuing the use of Graphene in the coating business for functional and production efficiencies. Elephant Red has many industrial clients, with approximately 300 distributors in China. As part of the strategic partnership, Elephant Red participated in the Company's latest private placement. Elephant Red received 3,250,000 units of the Company at a price of \$0.32 per unit for \$1,000,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.36 for two years. This private placement closed on May 17, 2018

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COMPANY HIGHLIGHTS (CONTINUED)

- The Company's head research facility and production laboratory in Bedford, Nova Scotia has been upgraded to support the research and development of Graphene applications and products. The Company is producing graphene and is continuing to optimize the product with the plans to expand production as required. the company is currently in discussion with coating and energy companies for partnerships in the development and commercialization of complementary graphene products.

EXPLORATION AND DEVELOPMENT STRATEGY

Corporate Plans and Objectives

Elcora's primary corporate development objective is to become a vertically integrated graphite producer, which mines, processes, refines, and produces graphite, graphene, and commercial products of the two. To this end, the Company has secured through its joint venture with Sakura Graphite (Pvt) Ltd., a premier Graphite miner in Sri Lanka with its Ragedara mine. In addition, the Company is establishing additional Sri-Lankan operations and partnerships, to not only augment graphite supply, but to ensure no disruption in supply. The goal is to set the Company apart from its peers by virtue of delivering the vertically integrated business strategy that the Company is pursuing for the benefit of shareholders and stakeholders. As Elcora advances its vertical integration business model in graphite and graphene production, the core business has shifted from mining and exploration to advanced material research and production.

Elcora's long-term objective is to market its graphite product and form advanced R&D collaboration relationships to further its own graphite research and development.

Sakura Graphite Mine - Sri Lanka

In June of 2014, the Company concluded a deal to become a 40 percent shareholder and operator of the Sakura Company, which owns the Ragedara Mine.

The Ragedara Graphite mine is an historic past producer, which at the height of its activity, produced approximately 18,000 tonnes of high quality (92-99%) graphite per year. During the three years preceding Elcora's acquisition the Sakura mine was substantially refurbished. The vast amount of inferred resources, known through the in-depth understanding of the Sri Lankan Graphite deposits commercial ore on the property, well exceed a few hundred thousand ore tons. Elcora relinquished its role as operator of the Ragedara mine to focus on setting up its additional Sri Lankan operations, leaving the majority shareholder of Sakura responsible for the operations and development of the Ragedara mine.

As of August of last year, Elcora has started to look for a complementary development plan for the mining and supply of Sri Lanka graphite. These opportunities will be in areas of past producing mines and existing mines where Elcora can establish a supply agreement. The first element in Elcora's vertically integrated chain is the supply of quality graphite through a newly formed Sri Lankan Company providing access to additional mining sites and processing capabilities as a sole shareholder. Elcora has since then assembled a strong management team in Sri Lanka, with the objectives to significantly increase output and productivity from its own properties over the next few years.

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Sakura Graphite Mine and Property Description and Location

A NI 43-101 compliant geological report (the "Report") on the Sakura Ragedara Property was prepared by Marc Fillion, P.Eng. for Elcora. The Report has been reviewed and accepted by the TSX Venture Exchange and was filed on SEDAR.

The Report documents the exploration and operational history and recent work on the Ragedara graphite property. Extensive prior workings exist on the nine by one kilometer square grid blocks including historic mines which operated from approximately the 1920's and 1980's and includes the currently operating Ragedara Graphite mine.

The Ragedara graphite deposit is located at the north west end of a so called "high purity natural graphite bearing mountain range" (the villagers call it "Miniran Kanda") which stretches in a north-south direction for about 8 km bordering the Kurunegala and Mathale District boundary.

Since the 18th century, during the period of the Industrial Revolution in Europe and Western Countries (around 1865) and the period of World Wars I & II, world demand for high purity crystalline graphite was mainly satisfied by the exports from Sri Lanka (then Ceylon under colonial rule by British Government).

According to the history of graphite mining in Sri Lanka, more or less 100 graphite pits have been operated in the above-mentioned mountain range from which graphite has been extracted only at shallow depths.

This is evidenced by more than 10 abandoned mine openings located over the 30 acres of mine land at Ragedara, such as Vihara Pathala, Maillagaha Pathala, Hurigahawala, Hunduwala, Bangalawala, Nugagaha Pathala, Mahawala and No 2 Pathala. During the period 1900 - 1920 and 1930 - 1950 production by the above-named graphite pits contributed a considerable portion of all graphite exports from the island.

The owners of Ragedara & Kolongaha mines (H. L. De Mel & Company) and Kahatagaha mines managed to continue their operations until the 1950s. Due to a rapid drop in levels of graphite exports since 1950, more and more pits were abandoned. Between 1976 and 1985 more than 14 veins were exposed at Ragedara. Of these, 8 were economically mineable, having vein widths of 25 - 40 cm, with some close to 2m wide. Reported production figures during that period of activity vary from 15 000 to 18 000 tonnes per year. Production was halted due to limited sales and increased costs resulting from a ground slippage, although minor operations continued until 1990. The property was subsequently acquired by Sakura in 2011.

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Sakura Graphite Mine and Property Description and Location

Mineralized occurrences

The graphite mineralization in the Ragedara mine area is of the natural crystalline vein type and comprises graphite veins, black-blue and lead gray in color. Veins are tabular or lenticular in shape and have widths of a few centimeters to a few tens of centimeters. The largest one observed at Ragedara was close to 2m wide; the largest one found in Sri Lanka being 6m wide. The massive crystalline graphite shows uniformity throughout the veins and is composed of massive to millimeter size closely packed black graphite flakes. The very clearly marked host rock contact shows evidence of a chill zone demonstrated by the presence of 1 to 20 mm long acicular graphite. The general strike trend of veins is N85°W with an angle of dip of 75° to the south. The thickest parts of the veins coincide with intersections of fracture planes in the rock that generally have moderate to steep dip angles.

The lateral extension of the veins along the strike is variable and the workable part can extend from a few meters to about 50m. Along the longitudinal axis of the veins, the graphite shows evidence of a pinch and swell behavior thus affecting the width of the veins. The down dip extension cannot be estimated, but could be more than several hundred meters as commonly happens in other similar graphite mines in Sri Lanka. Kahatagaha Mine which is situated about 8 km south of the present location has graphite veins extending more than 675m deep which are still being mined commercially.

Cautionary Notes Regarding Graphite Extraction Economics

As mentioned above, the Sakura mine has no established resource and is without a known body of commercial ore. The decision to commence production at the Sakura graphite project and Elcora's plans for a small-scale mining operation as disclosed herein were based on economic models prepared by Elcora in conjunction with management's knowledge of the property and the prior limited recent operating history of the Sakura mine. The production decision and operating plan for the extraction and sale of graphite were not based on any preliminary economic assessment, a pre-feasibility study or a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with the production decision and operating plan, in particular the risk that mineral grades will be lower than expected, the risk that construction or ongoing mining operations will be more difficult or more expensive than expected, the risk that the Company will not be able to transport or sell the mineralized material it produces on the terms it expects, or at all; the risk that due to the absence of a detailed economic and technical analysis according to and in accordance with NI 43-101 the production and economic variables associated with mineral extractions and sale may vary considerably. Readers are cautioned that no reliable estimates of future production capability or the economics of any extraction activity can be made.

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EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Recent Exploration

In 2011 the Dept. of Geology at the University of Peradeniya executed a geophysical investigation on one 300m long line over the longitudinal axis of the property. Subsurface conditions of the target area were also investigated using two-dimensional electrical Resistivity and Induced Electrical Polarization imaging. In January 2012, a second resistivity geophysical investigation over five N-S resistivity profiles were carried out, each having a length between 350 to 400m.

Although the depth of penetration of the resistivity profiles is only about 40 to 60m, the shape of potential mineralized zones on the profile images clearly indicate that they extend to great depths. This is probably due to the increasing thickness of individual graphite veins or increasing frequency of occurrence of veins towards depth.

Metallurgical testing

Metallurgical test (SGS) results indicate the possibility of separating the massive crystalline graphite into small grains and flakes in several fine size categories. A dry mechanical process of 15 to 45 min with the use of ceramic grinders followed by sieving shows that more than 63% of the graphite is greater than 32 mesh with a grade of 97.5% C(t), 20% of the graphite between 32 and 80 mesh with a grade of 97.6% C(t), and the smaller residual material with a grade of 97.2% C(t).

Current Mining

Name of the Mine: Ragedara Graphite Mine
Number of the Mining License IML/A/HO/5930
Number of the Exploration License EL/183
Concession Classes: Unrestricted Exploration License 4 km² (400 ha)
Industrial Mining License Category A: Renewable yearly

Surface Two plots totaling 70 acres on a long-term government lease (with option to buy after 35 years) + one of 19 acres which is private property.

The land rights and titles to the mine are owned by Sakura. The mining license has been granted under the condition of a five (5%) royalty paid to the Sri Lankan government on graphite sales prior to refining and a two (2%) royalty payable to the Sri Lankan government on the sale of building stone materials from the FOB value on the exploitation plus a levy on export of ca 10 USD/t. The industrial mining license allows for an unlimited production per month. The project was approved by Parliament of Sri Lanka on April 24, 2012. The license will be renewed automatically every year if Sakura conforms to the conditions of operating the mine. Sakura has also been granted the right to exploit the granite-host-rock being extracted from the mine while driving development tunnels to produce construction materials. Sakura has signed a contract to sell the stone for road works and is operating a small crushing and screening plant on the premises.

On April 23, 2012, Sakura was granted an environmental mining certificate by the Provincial Environmental Authority (North Western Province).

In December 2015, the Company announced that it has progressed to advanced underground drilling work to define the twelve historically worked veins at depth and to find additional veins at the Ragedara mine in Sri Lanka. Historically, the peak production of these 12 veins was 18,000 tonnes per year. The mine was abandoned due to improper mine planning and infrastructure. The vein structure remains open at depth both downward and into the mountain.

Two exploration drilling locations were used at the 0 m level of the mine exploring the 220m radius vicinity of the main shaft. Three veins ranging between 15 and 24 cm in width were discovered within 10 m of the old workings. These veins are currently being mined from 0 level down to -56m level.

In the course of 2016 a successful exploration program produced additional graphite ore tons of high grade (>80% C in situ). The lowest level (-56m) of the mine is in process of being developed into this Southern vein system with a new double decline in progress from Q3 2017 to allow access to this vein system down dip and to establish new exploration drill locations 150m below the -56m levels where lesser but thicker veins are expected.

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Current Mining (continued)

Exploration programs since Q1 2017 have resulted in finding 5 veins with widths of 66, 40, 20, 20 and 15 cm and 7,000t ore tons contained. The goal is to find the unmined portions of the historically mined veins below the old workings of the mine.

The natural graphite grade in the Ragedara veins ranges from 92-99% C. But Silica and Pyrite veins intersecting and interacting during mineralization with the Graphite veins result in an overall run-off-mine Graphite grade of 65-75% C. To achieve highest possible Graphite grades in the processing plant, selective mining and run-off-mine storage has been started in Q2 2017.

Processing facility at Ragedara :

On November 30, 2015 the Company announced that it has completed the construction of its Ragedara Graphite Processing Batch Plant in Sri Lanka, and has started processing the stockpiled graphite. In early October 2016 Elcora announced the first shipment of processed graphite extracted from its Ragedara mine. The shipment was distributed by ThyssenKrupp Metallurgical Products.

The technology is chemical-free, has a low carbon footprint and does not discharge any harmful byproducts into the environment. Process water is recycled and cleaned, all process waste products are safely and environmentally neutral sedimented in dual sediment ponds which discharge through bio-cleaning discharge channel.

The mill intends to operate as a continuous flow plant in a closed-circuit mode. The mill was designed for initial processing capacity of 2500 tonnes per year and to date it has not reached commercial production.

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RESULTS OF OPERATIONS

All of the balances set out in this and following sections, including the Summary of quarterly results (for fiscal 2018 and Fiscal 2017), conform to IFRS standards.

	Three month period ended		Six month period ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	\$	\$	\$	\$
Expenses				
Research and development, net of government grants and assistance	151,792	(18,238)	424,760	62,251
Professional fees	21,797	70,351	27,006	160,457
General and administrative expenses	16,472	11,587	24,305	30,231
Depreciation expense	28,144	21,798	56,288	44,152
Management and consulting fees	100,000	137,500	200,000	305,988
Transfer, filing and listing fees	15,106	13,799	30,258	28,677
Investor relations	378	-	378	-
Interest income	(10)	(1,440)	(10)	(3,029)
Accreted interest	13,645	9,645	32,097	17,650
Realized & unrealized gain on marketable securities	23,583	1,171	26,247	(3,348)
Share of loss in investment using the equity method	2,782	(188)	5,594	72,128
Loss on foreign exchange	19,834	33,455	20,827	59,339
Loss for the period	(393,523)	(279,440)	(847,750)	(774,496)
Other comprehensive loss				
Items that may be subsequently reclassified to profit and loss				
Translation adjustment	(599,867)	(581,631)	(599,880)	(768,809)
Comprehensive loss for the period	(993,390)	(861,071)	(1,447,630)	(1,543,305)
Loss and comprehensive loss per share - Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of outstanding common shares - Basic and diluted	86,493,313	82,783,127	85,729,424	82,783,127

The Company incurred a net loss of \$847,550 for the six-month period ended September 30, 2018 compared to a net loss of \$774,496 for the corresponding period in 2017. Some of the significant charges to operations are as follows:

- Research and development expense of \$424,760 (2017 - \$62,251) related to all aspects of graphene research and the design and implementation of the Company's graphene production facility in Halifax, Nova Scotia. The increase is a result of additional grant funding received during 2018 and increased focus on the development of graphene products and applications, relative to the comparative period. Recently, the Company has completed a research project with a commercial manufacturer of Li-ion batteries and results have shown that Elcora's graphite is high quality and suitable for use in commercial-grade Lithium ion batteries.
- Professional fees expenses of \$27,006 (2017 - \$160,457) consisting mainly of legal and other professional fees. During the period June 30, 2017, the Company was in the process of designing and implementation the Company's graphene production facility in Halifax, Nova Scotia. During the period September 30, 2018, the Company fully implemented the production facility and did not incur the startup legal costs associated with this facility. The Company has maintained legal fees to a minimum to preserve cash to focus on research and development activities.

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RESULTS OF OPERATIONS (CONTINUED)

- General and administrative expenses amounted to \$24,305 (2017 - \$30,231) decrease is a result of the Company's ongoing efforts to minimize overhead expenditures and preserve cash for value-added activities.
- Depreciation expenses amounted to \$56,288 (2017 - \$44,152). The increase to depreciation is attributed to drill equipment that was acquired at the end of fiscal year ended March 31, 2018. This depreciation expense was not incurred in the comparative period.
- Management and consulting fees consists mainly of amounts paid to consultants assisting the Company in achieving its strategy as well as fees paid and or accrued to Officers of the Company of \$200,000 (2017 - \$305,988). .
- Accreted interest of \$32,097 (2017 - \$17,650) represents deemed interest recognized on the interest free ACOA loan received in the year, which was fair valued using a discount rate of 15%. Management believes this rate to be indicative of a reasonable market rate on similar debt. During the period September 30, 2018 the Company received free ACOA loans resulting in an increase in accreted interest.
- Unrealized loss of \$26,247 (2017 – gain of \$3,348) on marketable securities is a result of the fluctuating fair market value of the investment.
- The \$5,594 share of loss in joint venture (2017 - \$72,315) represents Elcora's 40% share in Sakura's losses for the year.

The Company incurred a net loss of \$393,523 for the three-month period ended September 30, 2018 compared to a net loss of \$279,440 for the corresponding period in 2017. Many of the variances and explanations for the three-month period ended September 30, 2018 are similar to the above discussions, with the exception of the following:

- Research and development expense increased from (\$18,238) to \$151,792. In the comparative period, the Company received a loan from ACOA and a portion of the loan was allocated to research and development. During the three-month period ended September 30, 2018, no new loans were received and such, no recovery was recorded to research and development. The increase is attributed the development of the Company's graphite applications.

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SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's eight most recently completed quarters:

	Sep 30, 2018 \$	June 30, 2018 \$	Mar 31, 2018 \$	Dec 31, 2017 \$	Sep 30, 2017 \$	Jun 30, 2017 \$	Mar 31 2017 \$	Dec 31, 2016 \$
<i>Deficit and Cash Flow</i>								
Revenue	-	-	-	-	-	-	-	-
Net loss	(393,523)	(451,810)	(526,381)	(457,837)	(279,440)	(495,056)	(659,283)	(520,876)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
<i>Balance Sheet</i>								
Total Assets	8,321,707	9,292,270	9,528,353	8,819,367	8,828,185	9,445,679	10,063,110	8,618,191

Fluctuations in net loss quarter over quarter is a result of the Company's share of losses in Sakura, the increased investment into R&D expenses, increased activity associated with Graphene Corp and fluctuations in certain non-cash expenses such as stock-based compensation and write downs. Fluctuations in total assets during the last 8 quarters are mostly due to timing of financings and investments made into the Joint Venture.

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LIQUIDITY AND CAPITAL RESOURCES

The Consolidated Financial Statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets.

As at September 30, 2018, the Company had working capital deficit of 482,570 (March 31, 2018 – working capital surplus - \$289,431). The Company also had current liabilities of \$923,669 at September 30, 2018 (March 31, 2018 - \$814,825) with cash at \$365,935 (March 31, 2018 - \$952,375). The Company's future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Corporation's ability to continue as a going concern is also dependent upon its ability to fund its research and development programs and its ability to develop a unique low cost effective process to make graphene that is commercially scalable.

Depending on the price of minerals and finished product, the Company may determine that it is impractical to continue commercial production. The price of metals has fluctuated widely in recent years and is affected by many factors beyond the Company's control including changes in international investment patterns and monetary systems, economic growth rates, political developments, the extent of sales or accumulation of reserves by governments, and shifts in private supplies of and demands for metals and advanced materials.

FINANCIAL INSTRUMENTS AND FAIR VALUES

Measurement categories

As explained in note 4 of the Company's consolidated financial statements for the year ended March 31, 2018, the financial assets and liabilities have been classified into categories that determine their basis of measurement. All loans and receivables and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to their short-term maturities. The Company uses the following hierarchy in attempting to maximize the use of observable inputs and minimize the use of unobservable inputs, primarily using market prices in active markets.

Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing on an ongoing basis. Investments in marketable securities are valued based on quoted market prices in active markets, being traded on the London Stock Exchange.

Level 2 – Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable that can be corroborated by observable market data for substantially the full term of the asset or liability.

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FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

Measurement categories (continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All investments in marketable securities are measured using level 1 inputs. The fair value of the loan payable has been valued at initial recognition using level 3 inputs; specifically the discount rate. For proceeding periods the loan will be measured at amortized cost.

(a) Market risk

i) Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have significant monetary assets or liabilities denominated in foreign currencies and as such is not exposed to significant foreign exchange risk.

ii) Interest rate risk

The Company's accounts payable and accrued liabilities and loan payable are non-interest bearing and have contractual maturities of 30 days or less, except as otherwise noted. As at March 31, 2018 and September 30, 2018, the Company does not have cash equivalents.

iii) Price risk

The Company is exposed to price risk as it relates to its investment in marketable securities. At September 30, 2018, a 5% change in the quoted price of marketable securities would impact net loss by \$788 (2017 - \$ 1,400). The Company is not exposed to any other direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

(b) Credit risk

Credit risk is the risk that a customer or third party to a financial instrument fails to meet its commercial obligations. The carrying amount of financial assets represents the maximum credit exposure. The Company manages credit risk by holding the majority of its cash and cash equivalents with AA rated banks in Canada, where management believes the risk of loss to be low.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining sufficient cash balances to meet liabilities when due. As at September 30, 2018, the Company had cash of \$365,935 (March 31, 2018 - \$952,375) to settle current liabilities of \$923,669 (March 31, 2018 - \$814,825).

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TRANSACTIONS WITH RELATED PARTIES

The Directors and Executive Officers of the Company are as follows:

Troy Grant	Director, Chief Executive Officer & President
Theo van der Linde	Director, Chief Financial Officer
Denise Choquette	Director

The Company incurred the following related party transactions, with associated persons or corporations, which were undertaken in the normal course of operations and were measured at the exchange amount as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in the form of consulting fees to companies controlled by directors, executive officers and officers and share based compensation directly to directors, executive officers and officers as follows:

	September 30, 2018	September 30, 2017
	\$	\$
Consulting fees paid/accrued to 3063625 NS Ltd., a company wholly owned by the Chief Executive Officer	125,000	125,000
Rent and administration paid/accrued to a private company jointly controlled by the Chief Financial Officer	9,500	-
Consulting fees paid/accrued to Executive Management Solutions Ltd., a company wholly owned by the Chief Financial Officer	75,000	75,000
	209,500	200,000

At September 30, 2018, total amounts payable to directors and companies owned thereby in accounts payable and accrued liabilities were \$485,415 (March 31, 2018 - \$395,404). All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Outstanding Share Data

Authorized capital stock of unlimited common shares without nominal or par value.

As at the date of this MD&A, there were 86,493,313 common shares of the Company issued and outstanding.

Outstanding Stock Options and warrants

As at the date of this MD&A, the Company had 6,257,500, options outstanding at a weighted average exercise price of \$0.15.

As at the date of this MD&A, the Company had 20,683,476 warrants outstanding at a weighted average exercise price of \$0.31.

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RISKS AND UNCERTAINTIES

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating the Company and its business before making any investment decision with regard to the common shares of the Company. The Company's business, operating and financial condition could be harmed due to any of the following risks. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated in June 2011 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Exploration, Development and R&D Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

Research & Development pertaining Graphene involve certain risks surrounding market acceptance and commercial success of its product by research facilities, end-users and others in the advanced materials space. Established sales and marketing capabilities are lacking and is only being developed.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned exploration and development programs will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the

Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its exploration and development programs.

RISKS AND UNCERTAINTIES (CONTINUED)

Fluctuating Mineral Prices

The economics of mineral exploration and exploitation is affected by many factors beyond the Company's control, including changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing Companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals.

Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage due to the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its exploration properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to its exploration properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

RISKS AND UNCERTAINTIES (CONTINUED)

Requirement for Permits and Licenses

A substantial number of permits and licenses will be required to conduct an exploration and development program; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No established resource or reserve, preliminary economic assessment and/or pre-feasibility

The Sakura mine has no established resource and is without a known body of commercial ore. The decision to commence production at the Sakura graphite project and Elcora's plans for a small-scale mining operation as disclosed herein were based on economic models prepared by Elcora in conjunction with management's knowledge of the property and the prior limited recent operating history of the Sakura mine. The production decision and operating plan for the extraction and sale of graphite were not based on any preliminary economic assessment, a pre-feasibility study or a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with the production decision and operating plan, in particular the risk that mineral grades will be lower than expected, the risk that construction or ongoing mining operations will be more difficult or more expensive than expected, the risk that the Company will not be able to transport or sell the mineralized material it produces on the terms it expects, or at all; the risk that due to the absence of a detailed economic and technical analysis according to and in accordance with NI 43-101 the production and economic variables associated with mineral extractions and sale may vary considerably. Readers are cautioned that no reliable estimates of future production capability or the economics of any extraction activity can be made.

Environmental Risks

The Company's exploration and exploitation programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining and processing business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

RISKS AND UNCERTAINTIES (CONTINUED)

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Sri Lankan, Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Sri-Lankan Property.

Conflicts of Interest

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource and graphene/graphite application companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosures concerning Elcora's expenses are provided in the Company's statement of loss and note disclosures contained in its condensed interim consolidated financial statements for the period ended September 30, 2018. These statements are available on Elcora's SEDAR Page. Site accessed through www.sedar.com.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

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ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE (CONTINUED)

Management's Responsibility for Financial Statements

The information provided in this report, including the Consolidated Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are currently no significant proposed transactions.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the Consolidated Financial Statements and related financial reporting and internal control matters before the Consolidated Financial Statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the Consolidated Financial Statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.