



**Notice of Annual General Meeting
and
Information Circular**

August 24, 2018

ELCORA ADVANCED MATERIALS CORP.

111 Ahmadi Crescent
Bedford, Nova Scotia
B4A 4E5

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the Shareholders of Elcora Advanced Materials Corp. (the “**Corporation**”) will be held at **Suite 10, 275 Rocky Lake Drive, Bedford, Nova Scotia, on Friday, September 28, 2018** at 10:00 a.m. (Halifax, Nova Scotia time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended on March 31, 2018;
2. fix the number of directors at three (3);
3. elect directors for the ensuing year;
4. appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as auditor of the Corporation for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
5. confirm the Corporation’s stock option plan, as required annually by the policies of the TSX Venture Exchange;
6. transact such other business as may properly be put before the Meeting.

All Shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders (the “**Shareholders**”) who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (the “**Computershare**”). If a Shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by **10:00 a.m.** (Halifax, Nova Scotia time) on **Friday, September 28, 2018** (or prior to 48 hours excluding Saturdays, Sundays and holidays, before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only Shareholders of record at the close of business on **Friday, August 24, 2018** will be entitled to vote at the Meeting.

An information circular and a form of proxy accompanying this notice.

DATED at Halifax, Nova Scotia, the **24th** day of **August, 2018**.

ON BEHALF OF THE BOARD

Signed: “*Troy Grant*”

Troy Grant,
President, Chief Executive Officer

ELCORA ADVANCED MATERIALS CORP.

111 Ahmadi Crescent
Bedford, Nova Scotia
B4A 4E5

INFORMATION CIRCULAR

(as at August 24, 2018 except as otherwise indicated)

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by Management of Elcora Advanced Materials Corp. (the “**Corporation**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the Shareholders of the Corporation to be held on **Friday, September 28, 2018** (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Corporation will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

PART 1 – APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Corporation. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by **10:00 a.m.** (Halifax, Nova Scotia time) on **Friday, September 28, 2018**, or prior to 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by Proxy in the form provided to Shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Corporation (the

“Management”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold common shares in their own name. Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as **“Beneficial Shareholders”**) should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Corporation, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (**“Broadridge”**) in Canada. Broadridge typically prepares a machine-readable voting instruction form (**“VIF”**), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (**“OBOs”**) and those who do not object to their identity being made known to the issuers of the securities which they own (**“NOBOs”**). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**“NI 54-101”**), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Corporation or its agent has sent these materials

directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

Pursuant to the provisions of NI 54-101, the Corporation is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding common shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. As a result, if you are a non-registered owner of the securities, you can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. Computershare will tabulate the results of the VIFs received from the Corporation's NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Corporation's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above. The Corporation does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO's intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Corporation or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as the NOBO's proxyholder. If such a request is received, the Corporation or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Corporation or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 10:00 a.m. (Vancouver, British Columbia time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

Additionally, NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Corporation or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as the NOBO's proxyholder. If such a request is received, the Corporation or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Corporation or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 10:00 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting.

All references to Shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered Shareholders of the Corporation as set forth on the list of registered Shareholders of the Corporation as maintained by the registrar and transfer agent of the Corporation, Computershare, unless specifically stated otherwise.

PART 2 – VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Corporation's authorized capital consists of an unlimited number of common shares of which **86,493,313** common shares are issued and outstanding. All common shares in the authorised share structure of the Corporation carry the right to one vote.

Shareholders registered as at **August 24, 2018**, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Corporation, as of the date of this Circular, no person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding common shares of the Corporation.

PART 3 – BUSINESS OF THE MEETING

Financial Statements

The audited financial statements of the Corporation for the year ended **March 31, 2018**, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the Shareholders at the Meeting.

Election of Directors

The directors of the Corporation are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Corporation to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors for the ensuing year at three.

The following table on the next page sets out the names of the nominees for election as directors, the offices they hold within the Corporation, their occupations, the length of time they have served as directors of the Corporation, and the number of common shares of the Corporation which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Corporation	Principal occupation during the past five years	Served as director of the Corporation since	Number of common shares of the Corporation beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾	Number of convertible securities of the Corporation beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
Troy Grant⁽²⁾ Nova Scotia, Canada <i>President, Chief Executive Officer, and Director</i>	Businessman	June 2011	3,891,533 Common Shares	2,115,000 Options 1,891,533 Warrants
Johannes (Theo) van der Linde⁽²⁾ British Columbia, Canada <i>Chief Financial Officer and Director</i>	Chartered Accountant	October 2012	482,143 Common Shares	1,010,000 Options 273,810 Warrants
Denis Choquette⁽²⁾ Quebec, Canada <i>Director</i>	President, GTR Capital	April 2015	6,043,942 ⁽³⁾ Common Shares	1,000,000 Options 2,120,751 Warrants

Notes:

- (1) The information as to securities beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the Audit Committee.
- (3) Includes shares held by Mr. Choquette's immediate family members and affiliated entities.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or Corporation except the directors and executive officers of the Corporation acting solely in such capacity.

Appointment of Auditor

At the Meeting, Shareholders will be asked to pass a resolution appointing Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants of Suite 1500 – 1140 West Pender Street, Vancouver, British Columbia, Canada V6E 4G1, as the auditor of the Corporation, to hold office until the next annual meeting of Shareholders and to authorize the Board to fix the remuneration to be paid thereto. Dale Matheson Carr Hilton LaBonte LLP, Chartered Accountants was appointed as the Corporation's auditor effective March 9, 2018.

The Corporation's management recommends that the Shareholders vote in favour of the re-appointment of Dale Matheson Carr Hilton LaBonte LLP, Chartered Accountants, as the Corporation's auditor for the ensuing year and grant the Board of Directors the authority to determine the remuneration to be paid to the auditor. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the re-appointment of Dale Matheson Carr Hilton LaBonte LLP, Chartered Accountants, to act as the Corporation's auditor until the close of its next annual general meeting and also intend to vote FOR the proposed resolution to authorize the**

Board of Directors to fix the remuneration to be paid to the auditor.

Approval of the 2018 Stock Option Incentive Plan

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass, by way of an ordinary resolution, approval of the Corporation’s Stock Option Plan (the “**2018 Plan**”). See “Approval Requirements” below.

Background

The Board of Directors of the Corporation has, by resolution, adopted the 2018 Stock Option Incentive Plan (the “**2018 Plan**”) to replace the existing Stock Option Incentive Plan (the “**2017 Plan**”) and proposes to implement it upon receipt of approval of the 2018 Plan by the shareholders and the TSX Venture Exchange (the “**Exchange**”). The 2018 Plan is substantively similar to the 2017 Plan. The number of common shares which may be issued pursuant to options previously granted and those to be granted under the 2018 Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.

Upon the 2018 Plan receiving shareholder and Exchange approval, it will be implemented and all of the options presently governed by the 2017 Plan will thereafter be governed by the 2018 Plan.

As at the date of this Information Circular, **6,502,500** options are outstanding. During the financial year ended March 31, 2018, **1,200,000** options were granted, **400,000** were exercised **300,000** were forfeited and no options were cancelled or expired. The following table summarizes the details of option grants outstanding at the date of this Information Circular. Of the 6,502,500 options outstanding, 4,125,000 options are held by the Corporation’s directors and senior officers.

Exercise prices	Outstanding options			Exercisable options	
	Number of options outstanding #	Weighted average remaining term (years)	Weighted average exercise price \$	Number of options exercisable #	Weighted average exercise price \$
\$0.01 - \$0.10	2,932,500	2.54	0.10	2,932,500	0.10
\$0.11 - \$0.20	1,120,000	3.80	0.15	1,120,000	0.15
\$0.21 - \$0.30	2,450,000	2.84	0.21	2,450,000	0.21
	6,502,500	2.87	0.15	6,502,500	0.15

See also Part 7 – Other Information - Securities Authorized for Issuance Under Equity Compensation Plans.

Summary of the 2018 Plan

The Stock Option Plan has been prepared by the Corporation in accordance with the policies of the TSX Venture Exchange (the “**Exchange**”) and is in the form of a ‘rolling’ stock option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan a maximum of 10% of the issued and outstanding shares of the Corporation at any time, less any shares required to be reserved with respect to options granted by the Corporation prior to the implementation of the Stock Option Plan. The Stock Option Plan is administered by the Board of Directors of the Corporation. Subject to the provisions of the Stock Option Plan, the directors in their sole discretion will determine all options to be granted pursuant to the Stock Option Plan, the exercise price therefore and any special terms or vesting provisions applicable thereto. The directors will comply with all Exchange and other regulatory requirements in granting options and otherwise administering the Stock Option Plan. A summary of some of the additional provisions of the Stock Option Plan are as follows:

- (i) options granted to directors, officers, employees and consultants of the Corporation as a total in any twelve-month period shall not exceed 10% of the issued and outstanding shares of the Corporation;
- (ii) options granted to any one individual Director or Officer as a total in any twelve-month period shall not exceed 5% of the issued and outstanding shares of the Corporation;
- (iii) options granted to any one individual Consultant to the Corporation as a total in any twelve-month period shall not exceed 2% of the issued and outstanding shares of the Corporation;
- (iv) options granted to all employees, consultants and their associates engaged in investor relations activities for the Corporation in aggregate in any twelve-month period shall not exceed 2% of the issued and outstanding shares of the Corporation;
- (v) options granted shall be non-assignable and not transferable and shall not have a term in excess of ten years;
- (vi) the exercise price of options granted shall not be less than the closing price of the Corporation's shares on the last trading day less any discount permitted by the Exchange, but, in any event, not less than \$0.10 per share;
- (vii) all options granted shall be evidenced by written option agreements; and
- (viii) any amendment to reduce the exercise price of options granted to insiders of the Corporation shall be subject to approval of the disinterested shareholders of the Corporation, the majority vote of the Shareholders other than the insiders of the Corporation.

Pursuant to the policies of the Exchange, the shares underlying any options granted will be restricted from trading for a period of four months from the date of grant of the option.

A full copy of the Plan will be available for review at the Meeting.

Accordingly, at the Meeting, the Shareholders will be asked to pass the following resolution:

“IT IS RESOLVED, as an ordinary resolution that the 2018 Stock Option Incentive Plan is hereby approved and confirmed and the directors and officers of the Corporation be authorized and directed to perform such acts and deeds and things and execute all such documents, agreements and other writings as may be required to give effect to the true intent of this resolution and, notwithstanding the foregoing, the directors of the Corporation are hereby authorized, without further approval of or notice to the shareholders of the Corporation, to revoke this ordinary resolution at any time prior to giving effect to the new Stock Option Plan”.

The Corporation’s management believes that the approval of the new Stock Option Plan is in the best interest of the Corporation and recommends that Shareholders of the Corporation vote in favour of approving the new Stock Option Plan. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the Confirming Stock Option Plan Resolution.**

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

PART 4 – EXECUTIVE COMPENSATION

General

For the purpose of this Statement of Executive Compensation:

“**Corporation**” means Elcora Advanced Materials Corp.;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries;

“**external management Corporation**” includes a subsidiary, affiliate or associate of the external management Corporation;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

DIRECTOR AND NEO COMPENSATION

Director and NEO compensation, excluding options and compensation securities

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation or its subsidiary, to each NEO and director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Corporation for services provided and for services to be provided, directly or indirectly, to the Corporation or its subsidiary.

Table of compensation excluding compensation securities							
Name and position	Year Ended March 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Troy Grant <i>President, CEO & Director</i>	2018	250,000 ⁽¹⁾	Nil	Nil	Nil	Nil	250,000
	2017	250,000 ⁽²⁾	Nil	Nil	Nil	Nil	250,000
Theo van der Linde <i>CFO & Director</i>	2018	150,000 ⁽³⁾	Nil	Nil	Nil	Nil	150,000
	2017	90,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	90,000
Denis Choquette <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Represents consulting fees paid to 3063625 NS Ltd., a company wholly owned by Mr. Grant and includes \$253,648 in accrued but unpaid fees.
- (2) Represents consulting fees paid to 3063625 NS Ltd., a company wholly owned by Mr. Grant and includes \$52,086 in accrued but unpaid fees.
- (3) Represents consulting fees paid to Executive Management Solutions Ltd., a company wholly owned by Mr. van der Linde and includes \$120,000 in accrued but unpaid fees.
- (4) Represents consulting fees paid to Executive Management Solutions Ltd., a Corporation wholly owned by Theo van der Linde and includes \$18,500 in accrued but unpaid fees.

External Management Corporation

Please refer to the section – *Employment, Consulting and Management Agreements* which follows herein.

Stock Options and Other Compensation Securities

There were no compensation securities granted or issued to each director and NEO by the Corporation or any subsidiary thereof in the year ended March 31, 2018 for services provided, or to be provided directly or indirectly, to the Corporation or any subsidiary thereof:

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO during the financial year ended March 31, 2018.

Stock Option Plans and Other Incentive Plans

The Stock Option Plan has been prepared by the Corporation in accordance with the policies of the TSX Venture Exchange (the “**Exchange**”) and is in the form of a ‘rolling’ stock option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan a maximum of 10% of the issued and outstanding shares of the Corporation at any time, less any shares required to be reserved with respect to options granted by the Corporation prior to the implementation of the Stock Option Plan. The Stock Option Plan is administered by the Board of Directors of the Corporation.

The Plan is administered by the Board of Directors and enables the Corporation and provides for grants of options to directors, senior officers, employees, consultants, consultant Corporation or management Corporation employees of the Corporation at the discretion of the Board. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed five (5) years. The exercise price of options granted under the Plan will be determined by the Board of Directors, but the exercise price shall not be less than the discounted market price on the grant date. Any options granted pursuant to the Plan will terminate ninety (90) days (thirty (30) days if the Optionee was engaged in Investor Relations Activities) after the option holder ceasing to act as a directors, senior officers, employees, consultants, consultant Corporation or management Corporation employees of the Corporation or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause). If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Corporation’s shares. The directors of the Corporation may, at its discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Subject to the approval of any stock exchanges or any other regulatory body having authority over the Corporation or the Plan, the Board may from time to time suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or any of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuation shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted thereunder will be subject to the approval of the Shareholders.

Employment, consulting and management agreements

3063625 NS Ltd. (the “**3063625**”) is a private Company wholly-owned by Troy Grant, President and CEO of the Corporation. 3063625 provides consulting services for the Corporation.

The Corporation entered into an employment agreement with Troy Grant effective April 1, 2015, (the “Grant Agreement”) with regards to his employment as the President and Chief Executive Officer of the Corporation. The agreement is for an indefinite term, unless earlier terminated, and is reviewed and approved annually by the Board. Pursuant to the Grant Agreement, the Corporation has agreed to pay Mr. Grant an annual salary of \$250,000 and Mr. Grant is eligible to receive an annual bonus and / or such other monetary incentive programs as may be established by the Corporation from time to time and at the discretion of the Board

Pursuant to the agreement, 3063625 is entitled to three months’ notice as well as equivalent of 2 times EMSL’s prorated annual fee as well as vesting of all common stock, options and cash bonus in the event of termination without cause. In the event that 3063625 resigns for “Good Cause” following a “Change of Control” (as those terms are

defined in the applicable consulting agreement), they will be entitled to two times the annual pro-rated fee paid as well as vesting of all common stock, options and cash bonuses.

Executive Management Solutions Limited (the “EMSL”) is a private Company wholly-owned by Theo van der Linde, Chief Financial Officer and Corporate Secretary of the Corporation. EMSL provides management consulting services for the Corporation.

The Corporation entered into an employment agreement with EMSL and Theo van der Linde effective April 1, 2016 (the “van der Linde Agreement”) with regards to his employment as the Chief Financial Officer and Corporate Secretary of the Corporation. The agreement is for an indefinite term, unless earlier terminated, and is reviewed and approved annually by the Board. Pursuant to the van der Linde Agreement, the Corporation has agreed to pay Mr. van der Linde an annual salary of \$150,000 and Mr. van der Linde is eligible to receive an annual bonus and /or such other monetary incentive programs as may be established by the Corporation from time to time and at the discretion of the Board.

Pursuant to the agreement, EMSL is entitled to three months’ notice as well as equivalent of 2 times EMSL’s prorated annual fee as well as vesting of all common stock, options and cash bonus in the event of termination without cause. .

In the event that EMSL resigns for “Good Cause” following a “Change of Control” (as those terms are defined in the applicable consulting agreement), EMSL will be entitled to two times the annual pro-rated fee paid as well as vesting of all common stock, options and cash bonuses.

The table below sets out the estimated incremental payments, payables and benefits due to each of the Named Executive Officers on termination without cause or on termination on a change of control assuming termination as of March 31, 2018.

Name	Termination Without Cause (other than in connection with a Change of Control)	Resignation for Good Reason Following a Change of Control
Troy Grant President and CEO	\$500,000 ⁽¹⁾	\$500,000 ⁽²⁾
Theo van der Linde CFO	\$300,000 ⁽³⁾	\$300,000 ⁽⁴⁾

Notes:

- (1) Represents two year’ fees based on Mr. Grant’s 2018 annual fees of \$250,000. Figures are rounded.
- (2) Represents two years’ fees based on Mr. Grant’s 2018 annual fees of \$250,000. Figures are rounded.
- (3) Represents two years’ fees based on Mr. van der Linde’s 2018 annual fees of \$150,000. Figures are rounded.
- (4) Represents two years’ fees based on Mr. van der Linde’s 2018 annual fees of \$150,000. Figures are rounded.

Except as disclosed above, the Corporation and its subsidiaries have no other compensatory plan, contract or arrangement where a NEO is entitled to receive more than \$50,000 (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the NEO’s employment with the Corporation or its subsidiaries, a change of control of the Corporation or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

Oversight and description of director and named executive officer compensation

The Board of Directors (the “**Board**”) compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, a NEO’s compensation is comprised of contractor payments and stock option grants.

The objectives and reasons for this system of compensation are generally to allow the Corporation to remain competitive compared to its peers in attracting and retaining experienced personnel. All salaries and/or consulting fees are to be set on a basis of a review and comparison of compensation paid to executives at similar companies.

The Board has not proceeded to a formal evaluation of the implications of the risks associated with the Corporation’s compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Corporation’s compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation.

The Corporation’s NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Pension disclosure

The Corporation does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

PART 5 – AUDIT COMMITTEE

The Corporation is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation.

Audit Committee Charter

The text of the audit committee’s charter is attached as **Schedule “A”** to this Circular.

Composition of Audit Committee and Independence

The Corporation’s current Audit Committee consists of Troy Grant, Denis Choquette and Theo van der Linde.

National Instrument 52-110 *Audit Committees*, (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Corporation’s Board, reasonably interfere with the exercise of the member’s independent judgment. Of the Corporation’s current audit committee members, Denis Choquette is “independent” within the meaning of NI 52-110. Troy Grant is not considered “independent” as he is the President and CEO of the Corporation. Theo van der Linde is not “independent” as he is the Chief Financial Officer of the Corporation.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally

comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. All of the members of the Corporation's audit committee are financially literate as that term is defined. The following sets out the members of the audit committee and their education and experience that is relevant to the performance of his responsibilities as an audit committee member.

Relevant Education and Experience

The relevant education and/or experience of each member of the Audit Committee is as follows:

Troy Grant

Mr. Troy Grant is a graduate of St. Francis Xavier University with a Bachelor of Business and has spent most of his working career in the brokerage business. As a result of his business and public Corporation experience Mr. Grant has become familiar with public Corporation financial statements and the accounting principles used in reading and preparing financial statements.

Denis Choquette

Mr. Denis Choquette has twenty-five years' experience in the high technology, industrial and finance business, including tenures at IBM, AT&T and Bombardier. Before founding GTR Capital, he was as Vice President and General Manager at Bombardier where he formed a very successful high technology finance division. As a founding partner of GTR Capital, Mr. Choquette has provided mergers and acquisitions services to its clients throughout North America, Europe and Asia. Mr. Choquette also has a leading role in strategy & business development at Fayolle Canada Inc. which is one of the fastest growing construction companies in Canada. Mr. Choquette has become very familiar with public Corporation financial statements and the accounting principles used in reading and preparing financial statement during his 25 years' experience in said executive roles.

Theo van der Linde

Mr. van der Linde is a Chartered Accountant with 20 years extensive finance, administration and public accounting experience in diverse industries including mining, oil & gas, financial services, insurance, manufacturing and retail.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, the audit committee of the Corporation has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board of the Corporation.

Reliance on Certain Exemptions

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditors Service Fees

In the following table, “Audit Fees” are fees billed by the Corporation’s external auditors for services provided in auditing the Corporation’s annual financial statements for the subject year. “Audit-related Fees” are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements. “Tax Fees” are billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. “All Other Fees” are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Corporation to its auditors in each of the last two financial years, by category, are as follows:

	Financial Year Ending March 31	Audit Fees ⁽¹⁾	Audit-related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
Dale Matheson Carr Hilton LaBonte LLP, Chartered Professional Accountant ⁽⁵⁾	2018	28,000	Nil	3,000	31,000
PricewaterhouseCoopers LLP, Chartered Professional Accountant	2017	\$37,000	\$2,617	\$1,050	Nil

Notes:

- (1) “Audit fees” include aggregate fees billed by the Corporation’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Corporation’s external auditor that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and are not reported under “Audit fees” above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Corporation’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.
- (5) PricewaterhouseCoopers LLP Chartered Professional Accountants was asked to resign as auditor of the Company, effective March 9, 2018 to facilitate the appointment of Dale Matheson Carr Hilton LaBonte LLP, Chartered Professional Accountants at Suite 1500 – 1140 West Pender Street, Vancouver, B.C., V6E 4G1.

Exemption in Section 6.1

The Corporation is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

PART 6 – CORPORATE GOVERNANCE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Corporation in adopting its corporate governance practices. The Board and senior management of the Corporation consider good corporate governance to be an integral part of the effective and efficient operation of

Canadian corporations. The Corporation's approach to corporate governance is set out below.

Board of Directors

Management is nominating three individuals to the Corporation's Board, all of whom are current directors of the Corporation.

The Guidelines suggest that the Board of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Corporation. The "material relationship" is defined as a relationship which could, in the view of the Corporation's Board, reasonably interfere with the exercise of a director's independent judgement. Denis Choquette is considered "independent" within the meaning of NI 52-110. Troy Grant, who is the President, CEO of the Corporation and Theo van der Linde, who is the CFO of the Corporation, are not considered "independent" of the Corporation. Following the annual general meeting, the Corporation will endeavor to appoint additional independent directors to the Board.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Corporation, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Corporation and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Corporation is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the Shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and appoints the chairperson of the Audit Committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of the committee of the Board, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Corporation and establishes the duties and responsibilities of those positions and on the recommendation of the CEO and President, appoints the senior officers of the Corporation and approves the senior Management structure of the Corporation.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Corporation are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the CEO, or subject to the Articles of the Corporation, of any director.

The mandate of the Board, as prescribed by the Canada *Business Corporations Act*, is to manage or supervise management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its committees.

Directorships

The following directors of the Corporation are also directors of other reporting issuers as stated:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Troy Grant	Auxly Cannabis Group Inc.

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
	European Metals Corp. Black Ise Resources Corporation Resinco Capital Partners Inc.
Theo van der Linde	MegumaGold Corp. (formerly Coronet Metals Inc.) Global Blockchain Mining Corp. Global Blockchain Technologies Corp. (formerly Carrus Capital Corporation) Slam Exploration Ltd. Tidal Royalty Corp. Admiral Bay Resources Inc.
Denis Choquette	N/A

Orientation and Continuing Education

The Board’s practice is to recruit for the Board only persons with extensive experience in the mining and mining exploration business and in public Corporation matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Corporation’s affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements

Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Board has adopted a Corporate Conduct and Code of Ethics Policy (the “Code”) to be followed by the Corporation’s directors, officers, employees and principal consultants and those of its subsidiaries. The Code is also to be followed, where appropriate, by the Corporation’s agents and representatives, including consultants where specifically required. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoid conflict of interest, protect confidential information and comply with the applicable government laws and securities rules and regulations.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

Other Board Committees

At the present time, the only standing committee is the Audit Committee. As the Corporation grows, and its operations and management structure became more complex, the Board expects it will constitute more formal standing committees, such as a Corporate Governance Committee, and a Compensation Committee and a Nominating Committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Corporation, given its size and operations. The Corporation's corporate governance practices allow the Corporation to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

PART 7 – OTHER INFORMATION

Securities Authorized For Issuance Under Equity Compensation Plans

The following table sets out those securities of the Corporation which have been authorized for issuance under equity compensation plans, as at the year ended March 31, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	5,702,500 options	\$0.15 for options	2,575,813
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
Total	5,702,500 options	\$0.15 for options	2,575,813

Corporate Cease Trade Orders or Bankruptcies

No director or proposed director of the Corporation is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any Corporation, including the Corporation, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the Corporation access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the Corporation being the subject of a cease trade order or similar order or an order that denied

the relevant Corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No director or proposed director of the Corporation has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

Indebtedness of Directors and Executive Officers

None of the current or former directors, executive officers, employees of the Corporation, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Corporation since the beginning of the last completed financial year of the Corporation.

Interest of Certain Persons Or Companies in Matters To Be Acted Upon

No director or executive officer of the Corporation or any proposed nominee of Management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Corporation's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

Interest Of Informed Persons In Material Transactions

None of the persons who were directors or executive officers of the Corporation or a subsidiary at any time during the Corporation's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Corporation, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Corporation.

As subscribers to a Private Placement that closed February 23, 2017, Theo van der Linde, CFO and Director of the Corporation acquired indirectly, 166,666 Units. The participation by an insider in the Private Placement is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("**MI 61-101**"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as

neither the fair market value of the securities being issued nor the consideration being paid exceeds 25% of the Corporation's market capitalization. No Finder's Fee was paid for Theo van der Linde's subscriptions.

As subscribers to a Private Placement that closed February 23, 2017, Troy Grant, CEO and Director of the Corporation acquired directly, 462,962 Units. The participation by an insider in the Private Placement is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of the securities being issued nor the consideration being paid exceeds 25% of the Corporation's market capitalization. No Finder's Fee was paid for Troy Grant's subscriptions.

Management Contracts

Other than as disclosed elsewhere in this Circular, no Management functions of the Corporation are to any substantial degree performed by a person or company other than the directors or NEOs of the Corporation.

Additional Information

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Financial information about the Corporation is provided in the Corporation's comparative annual financial statements to March 31, 2018, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Corporation's SEDAR profile at www.sedar.com. Additional financial information concerning the Corporation may be obtained by any securityholder of the Corporation free of charge by contacting the Corporation, at 111 Ahmadi Crescent, Bedford, Nova Scotia, B4A 4E5 or by telephone at (902) 802-8847.

Board Approval

The contents of this Circular have been approved and its mailing authorized by the directors of the Corporation.

DATED at Halifax, Nova Scotia, the 24th day of **August, 2018**.

ON BEHALF OF THE BOARD

Signed: "*Troy Grant*"

Troy Grant,

President, Chief Executive Officer

ELCORA ADVANCED MATERIALS CORP.

Schedule "A"
Audit Committee Charter

(SEE ATTACHED)

Charter of the Audit Committee of the Board of Directors

Elcora Advanced Materials Corp.

An audit committee (the “**Committee**”) of the board of directors (the “**Board**”) of Elcora Advanced Materials Corp. (the “**Corporation**”) has been established by resolution of the Board. It shall be composed of not less than three directors of the Corporation, all of whom are not officers or employees of the Corporation or any of its affiliates. One member of the Committee shall be appointed by the Board to be the Committee’s chairman, provided that the chairman shall at all times be an independent director. All members of the Committee shall satisfy the independence and qualification requirement under Multilateral Instrument 52-110 Audit Committees and any requirement of any stock exchange on which the shares of the Corporation are listed and posted for trading.

The Committee’s general responsibilities shall be to advise and assist the Board in fulfilling its financial responsibilities for the Corporation by monitoring all of the integrity of the Corporation’s financial statements, financial and accounting practices, internal controls, performance of internal and external auditors, independence and qualification of external auditors, business ethics, and compliance with all laws, regulations and policies that may have an impact on the consolidated financial statements of the Corporation. The Committee shall oversee these areas for the Corporation, all of its controlled subsidiaries and affiliates, and to the extent practicable, for subsidiaries and affiliates, if any, that the Corporation does not control, if any. The Committee shall be directly responsible for the appointment, replacement, compensation and oversight of the external auditor and the external auditor shall report directly to the Committee.

Concerning the External Auditor

- A. The Committee’s specific responsibilities concerning the external auditor shall be to:
1. Recommend to the Board each year both the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, and the compensation to be paid to the external auditor;
 2. Review, evaluate and satisfy itself as to the independence, qualifications, and performance of the Corporation’s external auditor including:
 - a) reviewing formal written statements submitted periodically by the external auditor delineating all relationships between themselves and the Corporation;
 - b) discussing with the external auditor any disclosed relationships or services that may impact their objectivity and independence;
 - c) reviewing not less than once per year the external auditor’s quality control procedures including any material issues raised by internal quality control, peer reviews, inquiries or investigations by governmental or professional authorities, and the steps to be taken to address such issues;
 - d) reviewing and evaluating the lead partner of the external auditor; and
 - e) assuring the regular rotation of the lead audit partner as may be considered either necessary or advisable.
 3. Recommend to the Board the results of such evaluation of the external auditor and any action the Committee deems appropriate based on the evaluation, including considering whether, to assure continuing auditor independence, there should be a regular rotation of the audit firm itself;

4. Review and act upon reports by the external auditor including the external audit, the terms of engagement and compensation of the external auditor, and pre-approve all audit and non-audit services to be provided by the external auditor. Any such pre-approval may be delegated by the Committee to any member of the Committee;
5. Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
6. Review and approve of the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditors.

Concerning the Corporation's Financial Matters:

- B. The Committee's specific responsibilities concerning the Corporation's Financial Matters shall be to:
 1. Monitor and review from time to time, but not less than once annually, the Corporation's:
 - a) internal financial controls and internal audit functions;
 - b) appointment and/or replacement of the chief financial officer, the senior internal auditor and any key executives involved in the Corporation's financial reporting process;
 - c) policies on risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures;
 - d) compliance with securities laws, regulations and policies concerning the Corporation's financial statements, audits and public disclosure;
 - e) compliance with tax laws, regulations and policies concerning the Corporation;
 - f) expense reimbursements paid to the Chairman of the Board, the Chief executive Officer, the chief Financial Officer and such other directors or senior officers as the committee may deem appropriate and;
 - g) charter for the Committee and perform an annual evaluation of the Committee's performance

all in consultation with the Corporation's senior internal auditor, the external auditor and such other advisors and the Committee may select.

2. Hold regularly scheduled meetings with management, the senior internal auditor, and the external auditor and keep minutes of all such meetings;
3. Review and discuss with management and the external auditor:
 - a) the Corporation's audited financial statements, interim financial statements and "Management Discussion and Analysis" before approval by the Board or public disclosure;
 - b) reports from the Corporation's internal auditor and management's response;

- c) the types of information to be disclosed and the types of presentation to be made in connection with the Corporation's earnings press releases and financial information and guidance provided to analysts and rating agencies (if any); and
 - d) any proposed related party transactions involving the Corporation before approval by the Board or public disclosure.
- 4. Discuss with management and the external auditor any significant financial reporting, accounting and audit issues and judgments (including reports or analysis rendered by management or the external auditor in connection with the Corporation's financial statements) pertinent to the preparation of the Corporation's financial statements (including the quality of the Corporation's accounting principles, any audit problems or difficulties, any significant changes in the Corporation's selection or application of accounting principles, any off-balance sheet structures, and special audit steps adopted or taken in light of material control deficiencies, any major disputes between management and the external auditor);
- 5. Establish procedures for:
 - a) reviewing all of the Corporation's public disclosure of audited or unaudited financial information extracted or derived from the Corporation's financial statements;
 - b) receipt, retention or treatment of complaints received by the corporation regarding accounting, internal accounting controls or auditing matters, and
 - c) confidential, anonymous submission by any of the Corporation's employees of concerns regarding
 - d) questionable accounting or auditing matters;
 - e) and to periodically re-assess those procedures;

Advising the Board

- C. The Committee's specific responsibilities concerning advising the Board shall be to:
 - 1. Review and consider:
 - a) Major changes and questions of choice respecting appropriate accounting principles and auditing standards to be used in preparing and presenting the Corporation's financial statements; and
 - b) Legal, accounting and regulatory matters (including initiatives) that may have a material impact on the Corporation's reporting obligations, financial statements, conflicts of interest and general business ethics;
 - 2. Review reports from the Corporation's internal or external auditors and legal counsel (either that represent or have represented the Corporation) about any credible evidence of material violations of securities laws or material breach of duty by the Corporation, any member of the Board or any officer, employee or agent of the Corporation; and

3. Serve as a channel of communication between the external auditor and the Board and between the senior internal auditor and the board, and report regularly to the Board on the Committee's deliberations and actions taken, and any issues that arise concerning the quality or integrity of the Corporation's financial statements, compliance with legal or regulatory requirements, performance and independence of the external auditor, or performance of the internal auditor; and

The Committee has the irrevocable authority to obtain advice and assistance from outside legal, accounting or other such advisors and the Committee deems necessary, appropriate or advisable in its sole discretion, without notice to or approval from the Board. The Corporation shall provide adequate funding to the Committee, as determined by the Committee, for payment of compensation to any external auditor, compensation to any advisor, and ordinary administrative expenses that are necessary or appropriate for carrying out its duties.

The Committee shall fix its own time and place of meetings and shall prescribe its own rules and directors of the Corporation who are not members of the Committee shall attend meetings of the Committee only upon the written invitation of the Chair of the Committee.

Confirmation

This Charter of the Audit Committee of the Board of Directors made by resolution of the Board of Elcora Advanced Materials Corp. as at the 24th day of August, 2018.

On Behalf of the Board of Directors

Signed: *"Troy Grant"*

Troy Grant, Director

On Behalf of the Audit Committee

Signed: *"Denis Choquette"*

Denis Choquette
Director



ELCORA

ELCORA ADVANCED MATERIALS CORP.

Consolidated Financial Statements

For the years ended March 31, 2018 and 2017



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Elcora Advanced Materials Corp.

We have audited the accompanying consolidated financial statements of Elcora Advanced Materials Corp., which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position Elcora Advanced Materials Corp. as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Elcora Advanced Materials Corp.'s ability to continue as a going concern.

Other Matter

The consolidated financial statements of Elcora Advanced Materials Corp. for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on June 5, 2017.

A handwritten signature in dark ink, appearing to read 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 23, 2018

**ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT ENDED MARCH 31, 2018 AND MARCH 31, 2017
EXPRESSED IN CANADIAN DOLLARS**

	March 31, 2018	March 31, 2017
	\$	\$
Assets		
Current assets		
Cash	952,375	1,351,808
Investment in marketable securities	44,367	43,357
Accounts receivable (note 9)	89,949	69,483
Prepaid expenses (note 10)	17,565	124,339
	1,104,256	1,588,987
Non-current assets		
Prepaid expenses (note 10)	119,763	-
Investment in Joint Venture (note 13)	8,003,264	8,208,025
Property and equipment (note 12)	437,270	266,098
Total assets	9,664,553	10,063,110
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	737,458	459,427
Current portion of loan payable (note 15)	77,367	14,975
	814,825	474,402
Long-term liabilities		
Loan payable (note 15)	332,404	195,854
Total liabilities	1,147,229	670,256
Shareholders' equity		
Share capital (note 17)	15,064,048	14,775,731
Subscriptions received in advance (note 17)	1,000,000	-
Share based payment reserve (note 17)	3,532,531	3,455,096
Accumulated other comprehensive income	(199,667)	282,901
Deficit	(10,879,588)	(9,120,874)
Total shareholders' equity	8,517,324	9,392,854
Total liabilities and shareholders' equity	9,664,553	10,063,110

-See Accompanying Notes-

Going concern (note 2)
Commitments (notes 15 and 20)
Subsequent event (note 21)

Approved on behalf of the Board of Directors on July 23, 2018

"Troy Grant"

Director

"Denis Choquette"

Director

ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2018	March 31, 2017
	\$	\$
Expenses (Income)		
Research and development, net of government grants and assistance <i>(note 15)</i>	238,085	758,565
Professional fees	215,862	45,158
General and administrative expenses	67,606	134,770
Depreciation expense <i>(note 12)</i>	95,965	55,242
Management and consulting fees <i>(note 14)</i>	630,987	838,308
Transfer, filing and listing fees	54,730	60,298
Investor relations expense	93,038	42,809
Stock-based compensation <i>(note 17)</i>	178,789	68,154
Interest expense	8,114	510
Interest income	(3,918)	(1,254)
Accreted Interest <i>(note 15)</i>	40,494	23,146
Realized & unrealized gain on marketable securities	(2,483)	(28,122)
Share of loss in investments using the equity method <i>(note 13)</i>	96,133	291,564
Loss on foreign exchange	45,312	8,922
Loss for the year	(1,758,714)	(2,298,070)
Other comprehensive loss		
Items that may be subsequently reclassified to profit and loss		
Annual translation adjustment	(482,568)	(105,632)
Comprehensive loss for the year	(2,241,282)	(2,403,702)
Loss per share - Basic and diluted loss per share	(0.02)	(0.03)
Weighted average number of outstanding common shares - Basic and diluted	82,864,284	73,384,404

-See Accompanying Notes-

ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT MARCH 31, 2018 AND MARCH 31, 2017
EXPRESSED IN CANADIAN DOLLARS

	Share Capital (#)	Share Capital (\$)	Subscription received in advance (\$)	Share based payment reserve (\$)	Accumulated other Comprehensive income (\$)	Deficit (\$)	Total shareholders' equity (\$)
Balance - March 31, 2017	82,783,127	14,775,731	-	3,455,096	282,901	(9,120,874)	9,392,854
Net loss	-	-	-	-	-	(1,758,714)	(1,758,714)
Translation adjustment	-	-	-	-	(482,568)	-	(482,568)
Comprehensive loss	-	-	-	-	(482,568)	(1,758,714)	(2,241,282)
Subscription received in advance (note 17)	-	-	1,000,000	-	-	-	1,000,000
Stock based compensation (note 17)	-	-	-	178,789	-	-	178,789
Options exercised (note 17)	400,000	225,354	-	(101,354)	-	-	124,000
Warrants exercised (note 17)	185,186	62,963	-	-	-	-	62,963
Balance - March 31, 2018	83,368,313	15,064,048	1,000,000	3,532,531	(199,667)	(10,879,588)	8,517,324
Balance - March 31, 2016	69,347,967	11,067,378	-	3,374,849	388,533	(6,822,804)	8,007,956
Net loss	-	-	-	-	-	(2,298,070)	(2,298,070)
Translation adjustment	-	-	-	-	(105,632)	-	(105,632)
Comprehensive loss	-	-	-	-	(105,632)	(2,298,070)	(2,403,702)
Stock based compensation (note 17)	-	-	-	68,154	-	-	68,154
Shares issued for cash (note 17)	12,197,103	3,536,931	-	46,675	-	-	3,583,606
Share issuance costs (note 17)	-	(144,593)	-	-	-	-	(144,593)
Warrants exercised (note 17)	1,238,057	316,015	-	(34,582)	-	-	281,433
Balance - March 31, 2017	82,783,127	14,775,731	-	3,455,096	282,901	(9,120,874)	9,392,854

**ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS**

	March 31, 2018	March 31, 2017
	\$	\$
Cash flows from operating activities		
Net loss for the year	(1,758,714)	(2,298,070)
Adjustments for items not involving cash:		
Depreciation expense	95,965	55,242
Government assistance benefit	(38,385)	(52,709)
Stock-based compensation	178,789	68,154
Share of loss in investment in associate	96,133	291,564
Accreted interest	40,494	23,146
Realized and unrealized gain on marketable securities	(2,483)	(28,122)
Unrealized loss on foreign exchange	13,164	2,934
Changes in non-cash working capital items:		
Increase in accounts receivable	(20,466)	(6,215)
Decrease (increase) in prepaid expenses	(12,989)	404,801
(Decrease) increase in accounts payable and accrued liabilities	278,031	(57,188)
Net cash used for operating activities	(1,130,461)	(1,596,463)
Investing activities		
Investment in Joint Venture	(385,631)	(1,035,018)
Acquisition of equipment	(467,931)	(225,431)
	(853,562)	(1,260,449)
Financing activities		
Proceeds on issuance of common shares	-	3,539,323
Proceeds on shares to be issued	1,000,000	-
Proceeds on exercise of options	124,000	-
Proceeds on exercise of warrants	62,963	281,433
Share issuance costs	-	(56,027)
Proceeds from long-term loan	448,627	309,749
Repayment of long-term loan	(51,000)	-
	1,584,590	4,074,478
Net increase (decrease) in cash	(399,433)	1,217,566
Cash, beginning	1,351,808	134,242
Cash ending	952,375	1,351,808

Supplemental disclosure with respect to cash flows - note 18

-See Accompanying Notes-

ELCORA ADVANCED MATERIALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

1. Nature of business

Elcora Advanced Materials Corp. (the “Company” or “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 Frankfort 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.

2. Going concern

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities and commitments in the normal course of business as they become due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that lend significant doubt upon the entity’s ability to continue as a going concern, as described in the following paragraph.

The Company is in the research and development (“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. For the year ended March 31, 2018, the Company incurred losses of \$1,758,714 (2017 - \$2,298,070) and as at March 31, 2018 had an accumulated deficit of \$10,879,588 (2017 - \$9,120,874). The Company has no income or cash flows from operations and at March 31, 2018 had a working capital of \$289,431 (2017 - \$1,114,585).

The ability of the Company to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships. There can be no assurance that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize any products without future financings. These material uncertainties cast significant doubt as to the Company’s ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company is currently pursuing financing alternatives that may include equity, debt, and non-dilutive financing alternatives including co-development through potential collaborations, strategic partnerships or other transactions with third parties, and merger and acquisition opportunities. There can be no assurance that additional financing will be available on acceptable terms or at all. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditures or the Company may be unable to continue operations.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the consolidated statements of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

3. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part I. The accounting policies were consistently applied to all years presented.

The consolidated financial statements were approved by the Board of Directors for issue on July 23, 2018.

ELCORA ADVANCED MATERIALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
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3. Basis of preparation (continued)

Basis of measurement

These consolidated financial statements have been prepared on an accrual basis and under the historical-cost convention except for the revaluation of certain financial assets and financial liabilities to fair value.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiary, Graphene Corp. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All inter-company transactions and balances have been eliminated in the consolidated financial statements.

4. Summary of significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Foreign currency translation

Items included in the consolidated financial statements of each entity included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars. The functional currency of the investment in the joint arrangement with Sakura Graphite (PVT) Ltd is the Sri Lankan rupee. All other entities have a Canadian dollar functional currency. Assets and liabilities of each foreign entity are translated into Canadian dollars at the exchange rate in effect on the consolidated statements of financial position date. Revenue and expenses are translated at the average rate in effect during the year. Unrealized translation gains and losses are recorded as a cumulative translation adjustment, which is included in other comprehensive loss on the consolidated statements of loss and comprehensive loss, which is a component of accumulated other comprehensive income included in shareholders' equity.

Foreign currency transactions denominated in a currency other than an entity's functional currency are re-measured into the functional currency with any resulting gains and losses included in the consolidated statements of comprehensive loss, except for gains and losses arising on intercompany foreign currency transactions that are of a long-term investment nature.

b) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, is cancelled or expires.

- (i) **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise accounts receivable and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- (ii) **Financial assets at fair value through profit or loss:** Financial assets at fair value through profit or loss are any financial assets that are designated on initial recognition to be measured at fair value with fair value changes in profit or loss. The Company's financial assets at fair value through profit or loss comprise marketable securities, which are initially measured at fair value and subsequently re-measured based on publicly quoted market prices in an active market at the end of each reporting period.

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4. Summary of significant accounting policies (continued)

b) Financial instruments (continued)

- (iii) Other financial liabilities at amortized cost: Other financial liabilities include accounts payable and loan payable. After their initial fair value measurement, they are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. The criteria used to determine if there is objective evidence of an impairment loss include:

- (i) Significant financial difficulty of the obligor;
- (ii) Delinquencies in interest or principal payments;
- (iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganization; and
- (iv) A significant or prolonged decline in the fair value of the asset below its cost.

If such evidence exists, the Company recognizes an impairment loss on financial assets carried at amortized cost as the difference between the carrying amount of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

c) Exploration and evaluation assets

Exploration and evaluation expenditures include costs such as acquisition of rights to explore, geological, geochemical, and geophysical studies, exploratory drilling, trenching, sample testing and the costs of pre-feasibility studies. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option. These costs are capitalized on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The technical feasibility and commercial viability of a project is considered to be determinable when the costs are expected to be recovered in full through the successful development and exploration of the identified property. All capitalized exploration and evaluation expenditures are monitored for indications of impairment, to ensure that commercial quantities of reserves exist or that exploration activities related to the property are continuing or planned for the future. If an exploration property does not prove viable, all unrecoverable costs associated with the project are expensed.

Exploration and evaluation assets are not depreciated. These amounts are reclassified from exploration and evaluation assets to development costs, once the work completed to date supports the future development of the property and such development receives the appropriate approval. All subsequent expenditures to ready the property for production are capitalized within development costs, other than those costs related to the construction of property and equipment. Exploration and evaluation expenditures incurred prior to the Company obtaining the right to explore are recorded as general exploration and due diligence expense in the consolidated statements of loss and comprehensive loss in the period in which they are incurred.

4. Summary of significant accounting policies (continued)

d) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

e) Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and impairment allowances. Depreciation is provided from the date assets are ready to be put into service at rates which will amortize the carrying cost less residual value of the property and equipment over their estimated useful lives on a straight-line basis. Estimated useful lives and residual values are reviewed at least annually. The estimated useful lives are as follows:

Lab equipment	5 years
Leasehold Improvements	Term of the lease
Drilling equipment	7 years

f) Share-based payments

The Company records stock-based compensation expense for stock options granted to directors, officers and consultants using the fair value method. Option terms and vesting conditions are at the discretion of the Board of Directors. The fair value of each installment of stock options granted is determined using the Black-Scholes Option Pricing Model. In instances where stock options are committed to individuals before they are granted, the Company recognizes the expense based on estimated fair value. Upon granting of such options, the initial estimate is revised based on the fair value of stock options determined on the grant date. Stock-based compensation expense is calculated for each installment over the vesting period based on the number of stock options expected to vest. Stock-based compensation expense is recorded in the consolidated statements of comprehensive loss with a corresponding increase to share based payment reserve. Forfeiture estimates are based on historic information and reviewed at each reporting date, with any impact being recognized immediately in the consolidated statements of loss and comprehensive loss. When stock options are exercised the consideration received and the amount previously recognized in share-based payment reserve is recorded as an increase to share capital.

4. Summary of significant accounting policies (continued)

g) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case income tax is also recognized directly in equity or other comprehensive income, respectively

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated statements of financial position and will apply when the deferred tax asset or liability is expected to be settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax assets and liabilities are presented as non-current.

h) Warrants

The Company makes certain estimates and assumptions when calculating the estimated fair value of warrants issued for financing purposes. When warrants are issued independently, their fair value is determined using the Black Scholes Option Pricing Model. The significant assumptions used herein include the estimate of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. The warrants issued as part of the private placement units are valued using the residual method. When warrants are exercised the consideration received and, if any, the amount previously recognized in contributed surplus is recorded as an increase to share capital.

i) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

j) Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of shares outstanding adjusted for the effects of all dilutive potential common shares. All stock options and warrants are currently anti-dilutive. As a result, basic and diluted loss per share are the same.

k) Segmented information

The Company's operations are comprised of two reportable segments; the development of graphite mineral properties through the joint venture in Sakura Graphite (PVT) Ltd and graphene related research and development activities through the Company's subsidiary Graphene Corp.

4. Summary of significant accounting policies (continued)

l) Joint arrangements

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Company has assessed the nature of its joint arrangement in Sakura Graphite (PVT) Ltd and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in the consolidated statements of comprehensive loss. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Company.

m) Research and development

All research costs are expensed in the period incurred. Development costs are expensed in the period incurred, unless they meet the criteria for capitalization, in which case they are capitalized and then amortized over their useful life. Development costs are written off when there is no longer an expectation of future benefits.

n) Government grants and assistance

Government grants and assistance are recognized where there is reasonable assurance that the grant or assistance will be received and all attached conditions will be complied with. When the grant or assistance relates to an expense item, it is recognized as income over the period necessary to match the grant or assistance on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge. When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenditures are incurred.

The Company also has an interest-free repayable funding obligation from the Government of Canada. The benefit of the government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

5. Recent accounting pronouncements

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after April 1, 2018, and have not been applied in preparing these consolidated financial statements. None of the new standards are expected to have a significant effect on the consolidated financial statements of the Company, except for the following:

IFRS 9, Financial Instruments

IFRS 9, "Financial Instruments" ("IFRS 9") introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized

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5. Recent accounting pronouncements (continued)

cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income ("OCI").

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; and (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in OCI, without having to adopt the remainder of IFRS 9.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through OCI; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has assessed that the impact of the new standard on its consolidated financial statements will be minimal.

IFRS 16, Leases

IFRS 16, "Leases" ("IFRS 16") a new standard on lease accounting, was issued on January 13, 2017 and replaces the current guidance in IAS 17. The new standard results in substantially all lessee leases being recorded on the consolidated statements of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of this new standard on the Company's consolidated financial statement measurements and disclosures. The Company does not anticipate early adoption of this standard.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

6. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates the Company has made in the preparation of these financial statements.

Estimate of recoverability for non-financial assets

At the end of each reporting period, the Company assesses each of its mineral resource properties and its joint venture, of which the principal asset is a mineral resource property, to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

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6. Critical accounting estimates and judgments (continued)

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of comparison to similar market assets and industry benchmarks. Actual results may differ materially from these estimates.

Government assistance

Elcora received an interest-free repayable loan from the Atlantic Canada Opportunities Agency (“ACOA”), a government agency. The benefit of the loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The fair value of the components, being the loan and the government grant, must be calculated initially in order to allocate the proceeds to the components. The valuation is complex, as there is no active trading market for these items and is based on unobservable inputs.

7. 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 and accounts payable approximate their fair value due to their short-term maturities.

Financial assets included in the statement of financial position are classified as follows:

	March 31, 2018	March 31, 2017
	\$	\$
Loans and receivables:		
Cash	952,375	1,351,808
Accounts receivable	89,949	69,483
Fair value through profit and loss:		
Investment in marketable securities	44,367	43,387
	1,086,691	1,464,678

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7. Financial instruments and fair values (continued)

Financial liabilities included in the statement of financial position are classified as follows:

	March 31, 2018	March 31, 2017
	\$	\$
Other financial liabilities at amortized cost:		
Accounts payable	111,977	103,028
Loan payable	409,771	210,829
	521,748	313,857

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. In addition, cash is measured using level 1 inputs.

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.

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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's accounts payable and loan payable are non-interest bearing and have contractual maturities of 30 days or less, except as otherwise noted. As such, the Company is not exposed to interest rate risk. As at March 31, 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 March 31, 2018, a 5% change in the quoted price of marketable securities would impact net loss by \$2,218 (2017 - \$2,168). 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.

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7. Financial instruments and fair values (continued)

(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 with 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 March 31, 2018, the Company had cash of \$952,375 (2017 - \$1,351,808) to settle current liabilities of \$814,825 (2017 - \$474,402).

8. Capital management

The Company attempts to manage its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total shareholder's equity, which at March 31, 2018 totaled \$8,517,324 (2017 - \$9,392,854). 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 future development of business. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

9. Accounts receivable

	March 31, 2018	March 31, 2017
	\$	\$
Sales tax recoverable	31,926	37,076
Government grants receivable	58,023	32,407
	89,949	69,483

10. Prepaid expenses

	March 31, 2018	March 31, 2017
	\$	\$
Current		
Consultants	-	105,988
Other	17,565	18,351
	17,565	124,339
Non-current	119,763	-
	137,328	124,339

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10. Prepaid expenses (continued)

On February 9, 2018, the Company entered into a Sale and Purchase Agreement with a Sri Lankan individual ("Seller") to purchase Pathaha Agro (Private) Limited ("Pathaha"), a private company incorporated in Sri Lanka, for total consideration of USD \$990,000. The Company paid a deposit of \$119,763 (USD \$90,000), which is included in prepaid expenses. The remaining consideration shall be paid on completion, subject to the following conditions being satisfied:

- a) Pathaha shall have been granted certain exploration licenses from the Geological Surveys and Mines Bureau of Sri Lanka;
- b) Pathaha shall have been granted one Artisan Mining License from the Geological Surveys and Mines Bureau of Sri Lanka;
- c) Pathaha shall have the right to possess the land with respect to which the Artisan Mining License applies; and
- d) The Board of Investment of Sri Lanka shall have approved the purchase of Pathaha by the Company.

As of the date of these financial statements, the Company is still undergoing due diligence and the conditions above had not yet been satisfied.

On February 9, 2018, the Company entered into a Facilitation Fee Agreement with the Seller of Pathaha, whereby the Seller will act as a facilitator for the Company in Sri Lanka in exchange for a facilitation fee of 10% of the gross turnover of all the entities and enterprises related to graphite of which the Company has an interest above 25%, except for turnover attributed to Sakura Graphite (PVT) Ltd. The Facilitation Fee Agreement shall continue for a term of 20 years.

11. Accounts payable and accrued liabilities

	March 31, 2018	March 31, 2017
	\$	\$
Accounts payable (note 14)	111,977	103,028
Accrued liabilities (note 14)	625,481	356,399
	737,458	459,427

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12. Property and equipment

	Lab Equipment \$	Leasehold Improvements \$	Drilling equipment \$	Total \$
Year ended March 31, 2018				
Opening net book value	234,084	32,014	-	266,098
Additions	111,014	16,600	139,523	267,137
Depreciation for the year	(78,383)	(14,260)	(3,322)	(95,965)
Closing net book value	266,715	34,354	136,201	437,270
At March 31, 2018				
Cost	391,915	57,039	139,523	588,477
Accumulated depreciation	(125,200)	(22,685)	(3,322)	(151,207)
Closing net book value	266,715	34,354	136,201	437,270
Year ended March 31, 2017				
Opening net book value	165,266	-	-	165,266
Additions	115,635	40,439	-	156,074
Depreciation for the year	(46,817)	(8,425)	-	(55,242)
Closing net book value	234,084	32,014	-	266,098
At March 31, 2017				
Cost	280,901	40,439	-	321,340
Accumulated depreciation	(46,817)	(8,425)	-	(55,242)
Closing net book value	234,084	32,014	-	266,098

Additions to property and equipment are net of government assistance benefits related to the ACOA loan. The total amount of government assistance allocated to property and equipment totaled \$270,150 (2017 - \$69,357) (Note 15). The government assistance allocated to lab equipment, leaseholds improvements, and drilling equipment was \$89,706, \$18,033, and \$162,411 respectively (2017 - \$51,324, \$18,033, and \$Nil) (note 15).

13. Investment in Joint Venture

On June 30, 2014, Elcora completed the purchase of 40% of the issued and outstanding shares of Sakura Graphite (PVT) Ltd ("Sakura") of Sri Lanka. The remaining 60% of Sakura is owned by J.D.K. Wickramaratne, through his wholly owned company KWA Holdings (PVT) Ltd. ("KWA"). Pursuant to the transaction, Elcora issued a total 6,827,442 common shares of Elcora to shareholders of Sakura on the closing date of June 30, 2014. The closing price of Elcora shares on June 30, 2014 was \$0.40, for an implied value of \$2,730,977. Elcora also issued 6,827,442 warrants to the shareholders of Sakura to purchase common shares of Elcora (the "Warrants"). Each Warrant entitles the holder of such Warrant to purchase one common share of Elcora at a price of \$0.19 for a period of 5 years. Based on the Black-Scholes valuation model at June 30, 2014, a value of \$2,280,366 was attributed to the Warrants. The aggregate initial purchase price of the investment was \$5,077,592, including acquisition costs of \$66,253.

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13. Investment in Joint Venture (continued)

Sakura Joint Venture

Elcora relinquished its role as operator of the Ragedara mine to focus on setting up its additional Sri Lankan operations, leaving KWA responsible for the operations and development of the Ragedara mine. The Sakura Graphite Mine is located on Sakura's leased plots totaling 70 acres in Sri Lanka (the "Mine").

Elcora will earn 30% of the net income from the entire operation for managing the processing of the graphite, for the life of the mine. In order to maintain its 40% interest in Sakura, Elcora will provide the capital expenditures required to return the mine to commercial production, to a maximum of US\$12 million. As at March 31, 2018, approximately US\$3 million has been funded and the Company expects that it will not be required to contribute the maximum amount of US\$12 million.

Based on the terms of the Joint Venture, management has determined there is joint control. Accordingly, the investment is accounted for using the equity method in these consolidated financial statements.

	March 31, 2018	March 31, 2017
	\$	\$
Investment in Joint Venture		
Opening balance	8,005,380	7,367,558
Investment in Sakura	385,631	1,035,018
Share of loss	(96,133)	(291,564)
Translation loss	(482,568)	(105,632)
	7,812,310	8,005,380
Advances receivable from Sakura	190,954	202,645
	8,003,264	8,208,025

Summarized financial information in respect of the Company's Sakura joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements, as adjusted for differences in accounting policies and fair value adjustments required related to the Company's investment in the joint venture (and not the Company's share of those amounts). Amounts below have been translated to Canadian dollars in accordance with the Company's accounting policy on foreign currency translation.

Summary Statements of Comprehensive loss

	March 31, 2018	March 31, 2017
	\$	\$
For the years ended		
Operating general and administration expenses	209,829	687,848
Depreciation and amortization	30,504	41,062
Net loss and comprehensive loss	240,333	728,910

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13. Investment in Joint Venture (continued)

Summary Statements of Financial Position

As at	March 31, 2018	March 31, 2017
	\$	\$
Cash and receivables	-	61,928
Current assets	-	61,928
Non-current assets	19,889,527	20,278,052
	19,889,527	20,339,980
Accounts payable and other payables	167,798	123,886
Current liabilities	167,798	123,886
Non-current liabilities	190,954	202,645
Shareholders' equity	19,530,775	20,013,449
Net loss and comprehensive loss	19,889,527	20,339,980

As at	March 31, 2018	March 31, 2017
	\$	\$
Net assets of the Joint Venture	19,530,775	20,013,449
Proportion of the Company' ownership interest in the Joint Venture	40%	40%
Carrying amount of the Company's interest in the Joint Venture	7,812,310	8,005,380

14. Related party transactions

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:

	March 31, 2018	March 31, 2017
	\$	\$
Consulting fees	400,000	400,000

On March 31, 2018, total amounts payable to directors and companies owned thereby in accounts payable and accrued liabilities were \$395,404 (2017- \$91,821) (Note 11). All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

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15. Loan payable

	March 31, 2018	March 31, 2017
	\$	\$
ACOA interest-free loan with a maximum contribution of \$495,750, repayable in 60 equal monthly payments of \$5,100 commencing July 1, 2017 and final payment of \$3,750. As at March 31, 2018, the amount drawn down on the loan is \$258,749 (2017 - \$309,749)	190,754	210,829
ACOA interest-free loan with a maximum contribution of \$1,306,150, repayable in 111 equal monthly payments of \$4,042 commencing January 1, 2019. As at March 31, 2018, the amount drawn down on the loan is \$448,627	219,017	-
	409,771	210,829
Less : Current portion	(77,367)	(14,975)
	332,404	195,854

During the year ended March 31, 2018, the Company received an interest-free loan of \$448,627 (2017 - \$309,749) from the ACOA. Based on management's analysis as at March 31, 2018, the fair value of the loan was \$409,771 (2017 - \$210,829). The Company estimated the fair value of this liability based on the net present value of expected repayments, using a discount rate of 15% (2017 - 15%).

The minimum annual principal repayments of long-term debt over the next five years are as follows:

Year ending	\$
March 31, 2019	77,367
March 31, 2020	109,700
March 31, 2021	109,700
March 31, 2022	109,700
March 31, 2023	62,450
	468,917

	March 31, 2018	March 31, 2017
	\$	\$
Balance – Beginning of the year	210,829	-
Advanced, \$239,179 (2017 - \$122,066) allocated to government assistance	209,448	187,683
Repayment	(51,000)	-
Accreted Interest	40,494	23,146
Balance – End of the year	409,771	210,829
Less: Current portion	(77,367)	(14,975)
Non-current portion	332,404	195,854

During the year ended March 31, 2018 a portion of the government assistance benefit relating to the loan of \$38,385 was recorded as a reduction in related research and development expenses (2017 - \$52,709) and a portion was allocated as a reduction to property and equipment of \$200,793 (2017 - \$69,357) (Note 12).

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16. Income taxes

a) Losses

The Company has capital losses of \$269,000 which are carried forward to reduce future taxable capital gains. The Company has non-capital tax losses, which include certain deductions for share issue costs of approximately \$7,015,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

Year ending	\$
March 31, 2032	35,000
March 31, 2033	342,000
March 31, 2034	1,081,000
March 31, 2035	1,220,000
March 31, 2036	1,122,000
March 31, 2037	1,817,000
March 31, 2028	1,398,000
	7,015,000

b) Effective income tax rate

At March 31, 2018 and 2017, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% to the pre-tax net loss for the year. The reasons for the difference are as follows:

	March 31, 2018 \$	March 31, 2017 \$
Loss before income taxes	1,758,714	2,298,070
Income tax recovery based on statutory rates	545,201	712,402
Non-deductible stock option expense	(55,425)	(21,128)
Unrealized (gains) and losses	770	11,442
Share of loss in joint venture	(29,801)	(90,385)
Share issue cost	16,112	26,160
Capital cost allowance	-	22,198
Unrealized foreign exchange (gains) and losses	(14,047)	(2,766)
Other	105,631	-
Unrecorded tax benefit of losses	(568,441)	(657,923)
Recovery of income taxes	-	-

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16. Income taxes (continued)

c) Deferred tax assets and liabilities

The following reflects the deferred tax assets and liabilities at March 31, 2018 and March 31, 2017:

	March 31, 2018	March 31, 2017
	\$	\$
Deferred tax assets		
Non-capital losses	2,174,000	1,777,000
Capital losses	41,000	41,000
Deductible share issuance costs	32,000	49,000
Tax value in excess of accounting value of marketable securities	130,000	130,000
Tax value in excess of accounting value of exploration and evaluation assets	48,000	48,000
Tax value in excess of accounting value of Joint Venture	299,000	116,000
Cumulative eligible capital	5,000	-
Portion of deferred tax assets unrecognized	(2,729,000)	(2,161,000)
Deferred tax asset	-	-

17. Share capital and reserves

Authorized capital stock

Unlimited common shares without nominal or par value

Issuance of shares and warrants

Shares Issued for the year ending March 31, 2018

- During the year ended March 31, 2018, 185,186 warrants were exercised at \$0.34 per warrant. Total proceeds from the exercise was \$62,963.
- During the year ended March 31, 2018, 400,000 options were exercised at \$0.31. Total proceeds from exercise was \$124,000. An amount of \$101,354 was allocated from share based payment reserve to share capital on exercise of these options.
- During the year ended March 31, 2018, the Company received \$1,000,000 in share subscription toward a private placement that closed subsequent to the year end (Note 21).

Shares Issued for the year ending March 31, 2017

- On June 10, 2016 the Company closed a non-brokered private placement financing by issuing 2,208,750 units at a price of \$0.40 per unit for aggregate gross proceeds of \$883,500. The units issued by the Company include 1,104,375 share purchase warrants entitling the holder to purchase one common share of Elcora at an exercise price of \$0.52 for three years following the closing of the private placement. The Company paid finders' fees of \$13,100 in cash and incurred other share issuance costs of \$17,410 in connection with this private placement. The fair value of attached warrants of \$46,675 was allocated to share based payment reserve.

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17. Share capital and reserves (continued)

- Relating to the June 10, 2016 private placement on September 8, 2016 the Company issued an additional 25,000 shares and 12,500 warrants under the same terms and conditions for an additional cash consideration of \$10,000. The total number of shares and warrants issued as part of this placement is 2,233,750 and 1,116,875 respectively.
- During the year ended March 31, 2017, 262,500 broker warrants were exercised at \$0.16 per unit with a full warrant attached entitling the holder to acquire one common share of Elcora for \$0.30 for 24 months following the closing of the private placement. Total proceeds from the exercise were \$42,000.
- During the year ended March 31, 2017, 500,000 warrants were exercised. Each unit was comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common shares of Elcora at an exercise price of \$0.30 for one year following the closing of the private placement. Total proceeds from exercise were \$150,000.
- During the year ended March 31, 2017, 142,857 warrants were exercised at \$0.30 and 332,700 finders' warrants were exercised at \$0.14. Total proceeds from exercise were \$89,433.
- On February 23, 2017 the Company closed a non-brokered private placement financing announced on January 31, 2017. The Private Placement closed at a total of \$2,645,823 or 9,799,343 units. The first tranche closed on February 2, 2017 and involved the issuance of 9,326,093 units of the Company at a price of \$0.27 per unit for gross proceeds of \$2,518,045. The final tranche involved the issuance of 473,250 units of the Company at a price of \$0.27 per unit for gross proceeds of \$127,778. Each unit will be comprised of one common share and one common share purchase warrant. Each full warrant gives the holder the right to purchase one common share of Elcora at an exercise price of \$0.34 for two years following the closing of the Private Placement. The term of the warrants may be accelerated in the event that the Company's shares trade at or above a price of \$0.60 cents per share for a period of 20 consecutive days. In such case of accelerated warrants, the Company may give notice, in writing or by way of news release, to the subscribers that the warrants will expire 45 days from the date of providing such notice. The Company paid finders' fees of \$44,283 in cash, issued 164,010 in common shares valued at \$0.27 per share, and incurred \$25,517 in other share issuance costs in connection with the private placement.

Warrants

	Number of warrants #	Weighted average exercise price \$
Opening Balance – April 1, 2016	23,800,286	0.28
Issued – Private placement	1,116,875	0.52
Exercised during the year	(262,500)	0.16
Exercised during the year	(642,857)	0.30
Exercised during the year	(332,700)	0.14
Expired during the year	(13,102,144)	0.30
Issued – Private placement	9,326,095	0.34
Issued – Private placement	473,250	0.34
Closing Balance – March 31, 2017	20,376,305	0.31
Exercised during the year	(185,186)	0.30
Expired during the year	(2,632,643)	0.43
Closing Balance – March 31, 2018	17,558,476	0.29

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17. Share capital and reserves (continued)

Warrants outstanding as of March 31, 2018:

Expiry Date	Number of Warrants Outstanding and exercisable	Exercise Price (\$)
June 10, 2019	1,116,875	0.52
June 30, 2019	6,827,442	0.19
February 2, 2019	9,140,909	0.34
February 23, 2019	473,250	0.34
Total	17,558,476	

Stock options

The Board of Directors of the Company has adopted an incentive stock option plan (the "Option Plan"). Under the Option Plan, the Board of Directors of the Company may, from time to time, at its discretion, and in accordance with the exchange requirements and applicable securities legislation, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, exercisable for a period of up to 10 years from the date of grant. The number of common shares reserved for issuance under the Option Plan will not exceed 10% of the issued and outstanding common shares of the Company. The number of common shares reserved for issuance to any one individual Director or Officer may not exceed 5% of the issued and outstanding common shares and the aggregate number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Vesting terms are determined by the Board of Directors at the time of grant.

The following table summarizes the changes in the outstanding stock options for the year ended March 31, 2018:

	Number of options #	Weighted average exercise price \$
Balance – April 1, 2016	6,002,500	0.15
Forfeited	(300,000)	0.19
Balance – exercisable at end of March 31, 2017	5,702,500	0.15
Issued	1,200,000	0.20
Exercised	(400,000)	0.31
Balance – exercisable at end of March 31, 2018	6,502,500	0.15

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2018 is below:

Exercise prices	Outstanding options		Exercisable options		
	Number of options outstanding #	Weighted average remaining term (years)	Weighted average exercise price \$	Number of options exercisable #	Weighted average exercise price \$
\$0.01 - \$0.10	2,932,500	2.54	0.10	2,932,500	0.10
\$0.11 - \$0.20	1,120,000	3.80	0.15	1,120,000	0.15
\$0.21 - \$0.30	2,450,000	2.84	0.21	2,450,000	0.21
	6,502,500	2.87	0.15	6,502,500	0.15

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17. Share capital and contributed surplus (continued)

Stock options (continued)

The fair value of options granted or promised are estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	March 31, 2018	March 31, 2017
Average dividend per share	-	-
Average share price	0.20	0.40
Average forecasted volatility	107%	144%
Average risk-free interest rate	1.75%	0.60%
Average expected life	4 years	4 years
Fair value - weighted average of options issued	0.18	0.34

During the year ended March 31, 2017, the Company committed 200,000 stock options which vested immediately to an employee through the execution of an employment contract. During the year ended March 31, 2018 these options were granted under the Company's stock option plan. Also during the year ended March 31, 2018, the Company granted 600,000 stock options, exercisable at \$0.15 for a period of 5 years and granted 400,000 stock options, exercisable at \$0.31 for a period of 3 years.

For the year ended March 31, 2018, the Company recorded stock-based compensation expense with an offsetting increase to share based payment reserve of \$178,789 (2017 - \$68,154).

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

18. Supplemental disclosure with respect to cash flows

The significant non-cash investing and financing activities for the year ended March 31, 2018 included:

- a) Annual translation adjustment of (\$482,568) in revaluating the investment in joint venture at the end of the year.

The significant non-cash investing and financing activities for the year ended March 31, 2017 included:

- a) Annual translation adjustment of (\$105,632) in revaluating the investment in joint venture at the end of the year.
- b) Finders' fee of \$44,283 were settled through issuance of 164,010 shares as part of the private placement on February 2, 2018.
- c) \$44,283 of finders' fees relating to the February 2, 2018 private placement in accounts payable.

ELCORA ADVANCED MATERIALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

19. Segmented information

The Company's operations are comprised of two reportable segments; the development of graphite mineral properties through the joint venture in Sakura (PVT) Ltd and graphene related research and development activities through the Company's Graphene Corp. The net loss and comprehensive loss and non-current assets identifiable with these segments are as follows:

Loss and comprehensive loss for the years ended March 31,	2018	2017
	\$	\$
Graphene Corp. (Canada)	344,476	507,731
Sakura (Sri Lanka)	96,133	397,196
Corporate (Canada)	1,800,673	1,498,775
	2,241,282	2,403,702

Non-current assets as at March 31,	2018	2017
	\$	\$
Graphene Corp. (Canada)	437,270	266,098
Sakura (Sri Lanka)	8,003,264	8,208,025
Corporate (Canada)	119,763	-
	8,560,297	8,474,123

20. Commitments

The Company through its subsidiary, Graphene Corp., entered into a three year operating lease for premises used for its graphene research. The lease commenced September 1, 2017 and will expire August 31, 2020 unless terminated earlier, extended or renewed by the parties to the lease. The total minimum lease payments are \$4,846 per month. The Company is committed to the lease as follows:

Year ending March 31,	Amount (\$)
2019	58,152
2020	58,152
2021	24,230

On February 9, 2018, the Company entered into a Facilitation Fee Agreement with the Seller of Pathaha, whereby the Seller will act as a facilitator for the Company in Sri Lanka in exchange for a facilitation fee of 10% of the gross turnover of all the entities and enterprises related to graphite of which the Company has an interest above 25%, except for turnover attributed to Sakura Graphite (PVT) Ltd. The Facilitation Fee Agreement shall continue for a term of 20 years (Note 10).

21. Subsequent event

Subsequent to March 31, 2018, the Company closed a private placement of 3,125,000 units at a price of \$0.32 per unit for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.36 for two years. During the year ended March 31, 2018, the Company received subscriptions of \$1,000,000 toward this private placement (Note 17).



ELCORA
ADVANCED MATERIALS

ELCORA ADVANCED MATERIALS CORP.

Management Discussion and Analysis

For the years ended March 31, 2018

**ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

July 23, 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 consolidated financial situation for the year ended March 31, 2018. This report, prepared as at July 23, 2018 intends to complement and supplement our consolidated financial statements for the year ended March 31, 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".

**ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

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 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 year ended March 31, 2018:

- In April 2017 the Company signed an agreement with ACOA for funding under the agency's Business Development Program. ACOA shall contribute up to \$1,306,150 toward the purchasing of specialized equipment. The \$1,306,150 interest free loan shall be repayable over 110 months commencing January 1, 2019. The principal amount due at the beginning of each month is \$4,042.
- The Company announced that it is building a state-of-the-art Lithium Ion ("Li-ion") battery research and development laboratory Halifax, Nova Scotia. The lab will focus on quality control and developing Elcora's graphite anode powder for Li-ion batteries. Graphite powder will be routinely tested using industry standard cells to ensure the coulombic efficiency, reversible capacity, first-cycle loss and rate capabilities of the product are within Elcora's specifications. These traceable results will give customers confidence in Elcora's materials and their reliable performance.
- The Company announced that it is working closely with several Lithium-ion battery manufacturers. Elcora has provided multiple kilograms of its purified, spheronized graphite anode powder to prospective customers. The graphite powder will be tested in full Li-ion batteries to evaluate the performance of Elcora's material. Cells are undergoing a variety of tests to potentially measure: i) capacity, ii) rate/power capability, iii) cycle life, iv) coulombic efficiency, v) voltage slip and vi) voltage stability.
- The Company commenced graphene-enhanced marine coatings tests. Elcora's EL-2D few layer graphene powder supports the development of new and advanced graphene protective coatings due to their excellent hydrophobicity, chemical resistance, anti-bacterial properties, lubricity, strength and thermal characteristics. Elcora has been developing a series of graphene-enhanced marine coatings. The highly hydrophobic nature of graphene has the potential to limit the growth of marine organisms, reduce fuel consumption of vessels through the reduction of drag forces, increase the lifespan of coatings and provide de-icing properties.

**ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

COMPANY HIGHLIGHTS (continued)

- In November 2017, the Company announced that it is working with several battery manufacturers in Asia which are testing Elcora's graphite anode powder. According to Management, the company is focusing its attention on Asia because that's where most of the world's Lithium-ion battery manufacturing takes place. Asia is too big to ignore, and will open up several opportunities for Elcora.
- In November 2017, the Company announced it has signed a Memorandum of Understanding (MOU) agreement with Lockheed Martin Canada, which represents Lockheed Martin's first battery technology investment in Canada. This strategic partnership supports the growing energy demand for Lithium-Ion battery storage solutions applied to commercial, industrial, utility and military applications.
- In December 2017 the Company announced the development of graphene infused Lithium-ion batteries for fast charge applications. Graphene among other applications has exceptionally high electrical and thermal conductivity. Currently li-ion battery technology is restricted by recharging time which Elcora plans on addressing through the application of graphene properties. Given these characteristics graphene could significantly improve the performance of lithium-ion battery technology and result in a major impact in the future of Li-ion applications.

SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES

Equity Transactions

- During the year ended March 31, 2018, 185,186 warrants were exercised at \$0.34 further to the February 23, 2017 non-brokered private placement financing. Total proceeds from exercise were \$62,963.
- During the year ended March 31, 2018, 400,000 options were exercised at \$0.31. Total proceeds from exercise were \$124,000.

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.

Refer to Company highlights for progress on the Corporate Plans and Objectives.

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.

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Sakura Graphite Mine - Sri Lanka (CONTINUED)

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.

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 Filion, 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).

Sakura Graphite Mine and Property Description and Location

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)

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.

**ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

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.

**ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

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.

SELECTED ANNUAL INFORMATION FOR THE PAST THREE YEARS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
Financial Position			
Total assets	9,664,553	10,063,110	8,480,288
Total non-current liabilities	332,404	195,854	-
Total liabilities	1,147,229	670,256	472,332
Operations			
Net loss for the year	1,758,714	2,298,070	3,003,733
Basic and diluted loss per share	(0.02)	(0.03)	(0.06)

ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018

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.

	March 31, 2018	March 31, 2017
	\$	\$
Expenses (Income)		
Research & development, net of government grants & assistance	238,085	758,565
Professional fees	215,862	45,158
General and administrative expenses	67,606	134,770
Depreciation expense	95,965	55,242
Management and consulting fees	630,987	838,308
Transfer, filing and listing fees	54,730	60,298
Investor relations expense	93,038	42,809
Stock-based compensation	178,789	68,154
Interest expense	8,114	510
Interest income	(3,918)	(1,254)
Accreted Interest	40,494	23,146
Realized & unrealized (gain) loss on marketable securities	(2,483)	(28,122)
Share of loss in investments using the equity method	96,133	291,564
Realized & unrealized loss on foreign exchange	45,312	8,922
Loss for the year	(1,758,714)	(2,298,070)

The Company incurred a net loss of \$1,758,714 for the year ended March 31, 2018 compared to a net loss of \$2,298,070 for the corresponding period in 2017. Some of the significant charges to operations are as follows:

- Research and development expenses of \$238,085 related to all aspects of graphene research (See Company highlights) and the design and implementation of the Company's graphene production facility in Halifax, Nova Scotia (2017- \$758,565). The decrease is a result of capitalization of certain expenses and the additional grant funding received during 2018.
- Professional fees expenses of \$215,862 consisting mainly of legal and audit fees (2017- \$45,158). Increase relates to the Company's graphene production facility and advisory fees relating to breaking into different markets
- General and administrative expenses amounted to \$67,606 (2017 - \$134,770) decrease is a result of the Company's ongoing efforts to minimize overhead expenditures.
- 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 \$630,987 (2017 - \$838,308). Decrease relates to a decrease in amounts paid to consultants in assisting the Company with its operations.
- Regulatory, transfer agent and filing fees amounting to \$54,730 (2017- \$60,298). Decrease due to general cost cutting initiatives.

**ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

RESULTS OF OPERATIONS (CONTINUED)

- Stock-based compensation for the year amounted to \$178,789 (2017 - \$68,154). Increase mainly due to more option grants in current year.
- Accreted interest of \$40,494 (2017 - \$23,146) 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.
- Gain on sale of marketable securities is a result of decrease in investment. The realized and unrealized gains amounted to a gain of \$2,483 vs a gain in prior year (2017 – 28,122).
- The \$96,133 share of loss in joint venture (2017 - \$291,564) represents Elcora’s 40% share in Sakura’s losses for the year. See note 13 in the consolidated financial statements.

SUMMARY OF QUARTERLY RESULTS

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

	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Deficit and Cash Flow</i>								
Revenue	-	-	-	-	-	-	-	-
Net loss	(526,381)	(457,837)	(279,440)	(495,056)	(659,283)	(520,876)	(624,649)	(493,262)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
<i>Balance Sheet</i>								
Total Assets	9,528,353	8,819,367	8,828,185	9,445,679	10,063,110	8,618,191	8,626,316	8,377,873

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.

ELCORA ADVANCED MATERIALS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018

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 March 31, 2018, the Company had working capital surplus of \$289,431 (March 31, 2017- \$1,114,585 - deficit). The Company also had current liabilities of \$814,825 at March 31, 2018 (March 31, 2017 - \$474,402) with cash at \$952,375 (March 31, 2017 - \$1,351,808). 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.

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 preceding periods the loan will be measured at amortized cost.

**ELCORA ADVANCED MATERIALS CORP.
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FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(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, 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 March 31, 2018, a 5% change in the quoted price of marketable securities would impact net loss by \$2,218 (2017 - \$2,168). 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 March 31, 2018, the Company had cash of \$952,375 (2017 - \$1,351,808) to settle current liabilities of \$814,825 (2017 - \$474,402).

**ELCORA ADVANCED MATERIALS CORP.
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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:

	March 31, 2018	March 31, 2017
	\$	\$
Consulting fees paid to 3063625 NS Ltd., a company wholly owned by the Chief Executive Officer	250,000	250,000
Consulting fees paid to Executive Management Solutions Ltd., a company wholly owned by the Chief Financial Officer	150,000	150,000
	400,000	400,000

At March 31, 2018, total amounts payable to directors and companies owned thereby in accounts payable and accrued liabilities were \$395,404 (2017- \$91,821) (Note 11). 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 July 23, 2018, the Company had 6,502,500, options outstanding at a weighted average exercise price of \$0.15.

As at July 23, 2018 the Company had 20,683,476 warrants outstanding at a weighted average exercise price of \$0.31.

Subsequent event

Subsequent to March 31, 2018, the Company closed a private placement of 3,125,000 units at a price of \$0.32 per unit for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.36 for two years.

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 Financial Statements for the year ended March 31, 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.