ELCORA ADVANCED MATERIALS CORP.

Consolidated Financial Statements

For the year ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Elcora Advanced Materials Corp.:

Opinion
We have audited the consolidated financial statements of Elcora Advanced Materials Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to note 2 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 29, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)

	March 31, 2022 $	March 31, 2021 $
Assets		
Current assets		
Cash	**309,130**	290,427
Accounts receivable *(note 8)*	**5,934**	15,774
Prepaid expenses *(note 9)*	**75,640**	5,159
Total current assets	**390,704**	311,360
Non-current assets		
Right of use lease (*note 10)*	**10,623**	9,999
Property and equipment *(note 12)*	**98,940**	165,587
Exploration and evaluation assets (*note 13 and 14*)	**1,164,185**	-
Total non-current assets	**1,273,748**	175,586
Total assets	**1,664,452**	486,946
Liabilities and shareholders' deficit		
Current liabilities		
Accounts payable and accrued liabilities *(note 11)*	**920,346**	1,413,517
Current portion of loans payable *(note 17)*	**96,459**	33,738
Promissory notes *(note 18)*	**99,859**	388,251
Lease liability *(note 10)*	**10,869**	10,232
Total current liabilities	**1,127,533**	1,845,738
Long-term liabilities		
Loans payable *(note 17)*	**652,863**	749,323
Government loan (*note 19*)	**27,405**	23,610
Total liabilities	**1,807,801**	2,618,671
Shareholders' deficit		
Share capital *(note 20)*	**19,605,266**	16,657,789
Share based payment reserve *(note 20)*	**3,872,789**	3,872,789
Accumulated other comprehensive income	**(8)**	-
Deficit	**(23,621,396)**	(22,662,303)
Total shareholders' deficit	**(143,349)**	(2,131,725)
Total liabilities and shareholders' deficit	**1,664,452**	486,946

-See Accompanying Notes-

Going concern *(note 2)*
Subsequent event *(note 24)*

Approved on behalf of the Board of Directors on July 29, 2022

"Troy Grant" — Director

"Denis Choquette" — Director

ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)

	Year ended,	
	March 31, 2022	March 31, 2021
	$	$
Expenses		
Research, development and investigation expense (recovery), net of government grants and assistance *(note 19)*	**169,237**	(60,793)
Professional fees	**74,696**	47,556
General and administrative expenses (*note 16)*	**49,202**	41,448
Depreciation *(notes 10 and 12)*	**91,515**	149,215
Management and consulting fees *(note 16)*	**511,710**	400,000
Transfer, filing and listing fees	**13,262**	18,802
Share based compensation (*notes 16 and 20)*	**-**	221,153
Accretion of interest *(notes 17 and 19)*	**121,859**	103,259
Interest expense *(note 18)*	**16,914**	2,338
Loss (gain) on foreign exchange	**7,463**	(15,746)
	(1,055,858)	(907,232)
Other items		
Gain on lease modification (*note 10)*	**-**	7,920
Gain on forgiveness of accounts payable	**96,765**	-
Government grant (*note 19)*	**-**	18,401
Total loss for the year	**(959,093)**	(880,911)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Cumulative translation adjustment	**(8)**	-
Comprehensive loss for the year	**(959,101)**	(880,911)
Loss per share - Basic and diluted loss per share	**(0.01)**	(0.01)
Weighted average number of outstanding common shares – Basic and diluted	**119,201,269**	87,106,327

-See Accompanying Notes-

ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital (#)	Share Capital $	Share based payment reserve $	Accumulated other comprehensive income $	Deficit $	Total shareholders' deficit $
Balance – March 31, 2020	86,493,313	16,029,909	3,927,516	-	(21,781,392)	(1,823,967)
Options exercised (*note 20)*	3,950,000	627,880	(275,880)	-	-	352,000
Stock based compensation (*note 20)*	-	-	221,153	-	-	221,153
Net loss for the year	-	-	-	-	(880,911)	(880,911)
Balance – March 31, 2021	90,443,313	16,657,789	3,872,789	-	(22,662,303)	(2,131,725)
Shares issued for private placement, net of share issuance costs (*note 20*)	58,393,700	2,898,252	-	-	-	2,898,252
Shares issued for acquisition of mineral properties (*note 13*)	4,500,000	49,225	-	-	-	49,225
Translation adjustment	-	-	-	(8)	-	(8)
Net loss for the year	-	-	-	-	(959,093)	(959,093)
Balance- March 31, 2022	**153,337,013**	**19,605,266**	**3,872,789**	**(8)**	**(23,621,396)**	**(143,349)**

-See Accompanying Notes-

ELCORA ADVANCED MATERIALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)

	March 31, 2022 $	March 31, 2021 $
Cash flows from operating activities		
Net loss for the year	**(959,093)**	(880,911)
Adjustments for items not involving cash:		
Share based compensation	**-**	221,153
Depreciation expense	**91,515**	149,215
Government grant	**-**	(18,401)
Government assistance	**-**	(84,928)
Gain on accounts payable	**(96,765)**	-
Accrued interest	**11,608**	2,313
Accretion of interest on loans payable	**121,859**	103,259
Unrealized gain on foreign exchange	**(8)**	(15,746)
Accretion of interest on lease liability	**1,106**	1,558
Gain on lease modification	**-**	(7,920)
Changes in non-cash working capital items:		
Accounts receivable	**9,840**	(13,361)
Prepaid expenses	**(70,481)**	(4,351)
Accounts payable and accrued liabilities	**(537,486)**	368,912
Net cash used in operating activities	**(1,427,905)**	(179,208)
Investing activities		
Acquisition of exploration and evaluation assets	**(1,079,783)**	-
Net cash used in investing activities	**(1,079,783)**	-
Financing activities		
Proceeds from private placements, net of issuance costs	**2,898,252**	-
Proceeds from options exercised	**-**	60,000
CEBA loan	**-**	40,000
Repayment of lease liability	**(25,961)**	(15,730)
Proceeds from (repayment of) promissory notes	**(300,000)**	352,173
Repayment of long-term debt	**(45,900)**	-
Net cash from financing activities	**2,526,391**	436,443
Net change in cash	**18,703**	257,235
Cash, beginning	**290,427**	33,192
Cash, ending	**309,130**	290,427
Supplement cash flow information		
Shares issued for acquisition of mineral properties	**49,225**	-
Shares issued in exchange for settlement of accounts payable	**-**	292,000

-See Accompanying Notes-

1. Nature of business

Elcora Advanced Materials Corp. (the "Company" or "Elcora") was 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 the OTC Pink Sheets under the trading 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.

The Company, together with its subsidiaries, is in the business of exploring mineral properties and has not yet generated revenues from operations.

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 continued operations of the Company are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of such properties, and the profitable production from or disposition of such properties. For the year ended March 31, 2022, the Company incurred losses of $959,093 and as at March 31, 2022 had an accumulated deficit of $23,621,396. The Company has negative cash flows from operations and at March 31, 2022 and had a working capital deficiency of $736,829.

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.

In March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 has had a significant impact on businesses and people through the restrictions put in place by governments of most countries regarding travel, business operations, social distancing and quarantine orders. Management continues to actively monitor the potential effects of the COVID-19 pandemic which could adversely impact the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, country risk factors, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

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 be 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 29, 2022.

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.

The consolidated financial statements are presented in Canadian dollars.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries, Graphene Corp and Ermazon SARL. 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. 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 parent company and Graphene Corp is the Canadian dollar. The functional currency of its Morocco subsidiary, Ermazon SARL, is the US dollar. 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 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 loss and comprehensive loss, except for gains and losses arising on intercompany foreign currency transactions that are of a long-term investment nature.

b) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

4. Summary of significant accounting policies (continued)

b) Financial Instrument (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable	Amortized cost
Loans payable	Amortized cost
Promissory notes	Amortized cost
Government loan	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive loss ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4. Summary of significant accounting policies (continued)

b) Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company recognizes in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

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 prefeasibility 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 statement of loss and comprehensive loss in the period in which they are incurred.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

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
Right of use asset	Term of the lease

f) Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

4. Summary of significant accounting policies (continued)

g) 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 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.

h) 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.

i) 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.

j) Share capital

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

k) Loss per share

The Company presents basic and diluted loss per share date 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.

4. Summary of significant accounting policies (continued)

l) Segmented information

The Company's operating segments are organized around the geographical locations of the projects. Since the Company only has interests in properties in Kingdom of Morocco, it only has one operating segment.

m) 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.

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.

n) 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.

o) 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.

p) 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, 2022, and have not been applied in preparing these consolidated financial statements. None of the new standard are expected to be applicable or to have a significant effect on the consolidated financial statements of the Company.

5. 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.

Business combinations and asset acquisitions
Judgment is required to determine if the Company's acquisitions represent business combinations or asset purchases. More specifically, management concluded that most of the Company's acquisitions did not qualify as business combinations, as the assets acquired were not an integrated set of activities with inputs and processes capable of producing outputs. For acquisitions that represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that most of the acquisitions were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. For the acquisition of the subsidiary Ermazon SARL, an independent external valuation expert was involved in calculating the discount rates used to calculate the fair value of the shares issued. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

Estimate of recoverability for exploration and evaluation assets
Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Going concern
The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. Critical Accounting Estimates and Judgments (continued)

Government assistance

Elcora received an interest-free repayable loan from the Atlantic Canada Opportunities Agency ("ACOA"), a government agency, and Canada Emergency Business Account ("CEBA") COVID-19 Economic Response Plan, by the Government of Canada. The benefit of both loans 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.

6. Financial instruments and fair values

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

	March 31, 2022 $	March 31, 2021 $
Fair value through profit and loss:		
Cash	**309,130**	290,427
Amortized cost:		
Accounts receivable	**5,934**	15,774
	315,064	306,201

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

	March 31, 2022 $	March 31, 2021 $
Other financial liabilities at amortized cost:		
Accounts payable	**261,803**	300,629
Promissory notes	**99,859**	388,251
Loans payable	**749,322**	783,061
Government loan	**27,405**	23,610
	1,138,389	1,495,551

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. 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.

The fair value of the Company's receivables, accounts payable, and notes payable approximate the carrying value due to their short-term maturities. The fair values of the loans payable and government loan have been valued at initial recognition using level 3 inputs; specifically, the discount rate. For proceeding periods, the loan will be measured at amortized cost.

6. 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 is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currencies. Some of the Company's business is conducted in US dollars or Euros. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar or Euro. Assuming all other variables remain constant, a 15% (2021 – 15%) weakening or strengthening of the US dollar against the Canadian dollar would result in approximately $20,682 (2021 $Nil) foreign exchange loss or gain in the consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

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, government loan and loans payable are non-interest bearing and have contractual maturities of 30 days or less, except as otherwise noted. The loan advanced from the CFO is at a fixed interest rate. The Company's promissory notes payable bear interest at a fixed rate. As such, the Company is not exposed to interest rate risk.

iii) Price risk
The Company is not exposed to any 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 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, 2022, the Company had cash of $309,130 to settle current liabilities of $1,127,534. The Company will require further financing to fund operations.

Currently, the Company does not have sufficient working capital to cover its operating overheads and other commitments for the next twelve months. The timeline and estimated capital required to advance the project to the next stage are under review. The Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. Liquidity risk is assessed as high.

7. 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 deficiency, which at March 31, 2022 totaled $143,349 (2021 - $2,131,725). 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.

8. Accounts receivable

	March 31, 2022	March 31, 2021
	$	$
Sales tax recoverable	**5,934**	1,142
Other receivables	**-**	14,632
	5,934	15,774

9. Prepaid expenses

	March 31, 2022	March 31, 2021
	$	$
Current	**75,640**	5,159
Total	**75,640**	5,159

Prepaid expenses include funds paid in advance for third party suppliers and a rent deposit.

10. Right of use asset and lease liability

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 expired August 31, 2020. During the year ended March 31, 2021, the Company received a rent deferral letter from the lessor in relation to the rent relief program due to COVID-19. Upon rent payments being resumed on August 31, 2020, the lessor has amended the terms of the lease. Upon amendment, the term re-commences starting September 1, 2020 and expires on August 31, 2021. On September 1, 2021, the Company extended the lease for another twelve months until August 31, 2022. Due to the amendment, under *IFRS 16 Leases*, the amended lease was treated as a lease modification.

Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

	Right of use asset	**Lease liability**
	$	**$**
As at March 31, 2020	**28,653**	**(21,061)**
Adjustment due to change in deferred program	(12,734)	20,654
Additions due to modification	23,997	(23,997)
Interest additions	-	(1,558)
Depreciation	(29,917)	-
Payments	-	15,730
As at March 31, 2021	**9,999**	**(10,232)**
Additions due to modification	25,492	(25,492)
Interest additions	-	(1,106)
Depreciation	(24,868)	-
Payments	-	25,961
As at March 31, 2022	**10,623**	**(10,869)**

The total revised minimum lease payments including operating costs are $2,218 per month. The Company is committed to lease payments as follows:

	$
Year ending March 31, 2023	**11,088**

The lease payments are discounted using a discount rate of 8% which is the Company's incremental borrowing rate.

11. Accounts payable and accrued liabilities

	March 31, 2022 $	March 31, 2021 $
Accounts payable (*note 16*)	261,803	300,629
Accrued liabilities (*note 16*)	658,543	1,112,888
	920,346	1,413,517

12. Property and equipment

	Lab Equipment $	**Leasehold Improvements $**	**Drilling equipment $**	**Total $**
Year ended March 31, 2022				
Opening net book value	36,496	-	129,091	165,587
Additions	-	-	-	-
Depreciation for the year	(33,542)	-	(33,105)	(66,647)
Closing net book value	**2,954**	**-**	**95,986**	**98,940**
At March 31, 2022				
Cost	401,797	57,039	231,731	704,168
Accumulated depreciation	(398,843)	(57,039)	(135,745)	(534,588)
Closing net book value	**2,954**	**-**	**95,986**	**169,580**
Year ended March 31, 2021				
Opening net book value	116,854	5,834	162,197	284,885
Depreciation for the year	(80,358)	(5,834)	(33,106)	(119,298)
Closing net book value	**36,496**	**-**	**129,091**	**165,587**
At March 31, 2021				
Cost	401,797	57,039	231,731	690,567
Accumulated depreciation	(365,301)	(57,039)	(102,640)	(524,980)
Closing net book value	**36,496**	**-**	**129,091**	**165,587**

13. Asset acquisition

Ermazon SARL

On November 19, 2021, the Company entered into a share purchase agreement with an arm's length third party ("Assignor") to acquire all of the issued and outstanding common shares of Ermazon SARL ("Ermazon"), a private Moroccan corporation that holds twelve mining titles in different regions of the Kingdom of Morocco.

In consideration for the acquisition of Ermazon, the Company paid the following:

(i) $636,530 cash (US$500,000) (paid November 24, 2021); and
(ii) 4,500,000 common shares of the Company (issued December 20, 2021) (*Note 20*)

In addition, the Company is obliged to pay US$5,000 in remuneration at the end of each month until the end of the employment period to the Assignor. The same remuneration will be paid to the representative of the Assignor.

13. Asset acquisition (continued)

Ermazon SARL (continued)

The 4,500,000 common shares were issued with a fair value of $196,900. The fair value considered a discount for lack of marketability using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restriction. The shares to be issued will vest to the Assignor over a period of three years, at the rate of one thirty-sixth at the end of each month starting from the date of obtaining the exploitation licenses for each exploration permit. The value of the shares is to be amortized over a year from issuance, as management expects that all the exploitation licenses will be granted over a one-year period. As a result, the Company has amortized $49,225 to exploitation and evaluation assets as of March 31, 2022.

The acquisition has been accounted for by the Company as a purchase of an asset as the acquisition did not meet the definition of a business in accordance with IFRS 3 – Business Combinations.

	$
Consideration paid:	
Cash	636,530
Fair value of 4,500,000 common shares issued	49,225
Acquisition related costs	51,653
	737,408
Net assets acquired:	
Exploration and evaluation assets	737,408

14. Exploration and evaluation assets

Exploration and evaluation assets comprise the following accumulated expenditures:

	Ermazon $
Acquisition costs	
Balance, March 31, 2021 and 2020	-
Addition (Note 13)	737,408
Total	**737,408**
Exploration costs	
Geological / geophysical	25,150
Licenses	254,160
Travel	15,690
Salaries and consulting	63,417
Total	**358,418**
Value added tax	**68,360**
Total March 31, 2022	**1,164,185**

The value added sales taxes paid to the government of Morocco is recorded when paid. When there is reasonable assurance that the Company will be able to obtain a refund of IVA taxes, the amounts received by the Company will be credited to the cost of the properties.

15. Investment in Joint Venture

Sakura Joint Venture

On September 30, 2014, Elcora completed the purchase of 40% of the issued and outstanding shares of Sakura. The remaining 60% of Sakura is owned by J.D.K. Wickramaratne, through his wholly owned company KWA Holdings (PVT) Ltd. ("KWA").

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, 2022 approximately US$3 million has been funded and the Company does not expect that it will 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.

At both March 31, 2022 and 2021, the operations of Sakura could not support the carrying value of the investment and advances. During March 31, 2019, the investment and advances had been fully impaired. There have been no further activities in Sakura nor transactions between Sakura and the Company during the years ended March 31, 2022 or 2021.

16. 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, 2022 $	March 31, 2021 $
Rent and administrative fees to a company jointly controlled by the CFO	**36,695**	18,000
Consulting fees to the CEO and CFO	**400,000**	400,000
Share-based compensation to a company controlled by the CFO	**-**	89,578
Total	**436,695**	507,578

As at March 31, 2022, total amounts payable to directors and companies owned thereby and recorded in accounts payable and accrued liabilities were $473,428 (2021 - $864,022) (Note 11). All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand. During the year, a director of the Company participated in the private placements and acquired 1,100,000 common shares of the Company at $0.05 per unit.

Promissory notes are also due to related parties (Note 18).

17. Loans payable

	March 31, 2022 $	March 31, 2021 $
ACOA interest-free loan with a maximum contribution of $495,750, ("Loan 1") repayable in 61 equal monthly payments of $5,100 commencing July 1, 2017. As at March 31, 2022, the total amount drawn down on the loan is $202,650 (2021 - $141,449)	**84,712**	114,559
ACOA interest-free loan with a maximum contribution of $1,306,150, ("Loan 2") repayable in 108 equal monthly payments of $11,767 commencing October 1, 2020 and a final payment of $6,466. As at March 31, 2022, the total amount drawn down on the loan is $1,265,536 (2021 - $1,265,536)	**664,610**	668,502
	749,322	783,061
Less: Current portion	**(96,459)**	(33,738)
	652,863	749,323

Based on management's analysis as at March 31, 2022, the fair value of the loans was $749,322 (2021 - $783,061). The Company estimated the fair value of this liability based on the net present value of expected repayments, using a discount rate of 15% (2021 – 15%). On May 27, 2022, due to the effects of COVID-19, the repayment schedule for both ACOA Loan 1 and Loan 2 was halted until further notice, and will be reassessed on a monthly basis by the lender.

The minimum annual principal repayments of long-term debt under the contracts over the next five years from March 31, 2022 are as follows:

Year ending	**$**
March 31, 2023	192,204
March 31, 2024	141,204
March 31, 2025	141,204
March 31, 2026	141,204
	615,816

	March 31, 2022 $	March 31, 2021 $
Balance – Beginning of the year	**783,061**	766,741
Fair value adjustment resulting from amended terms	**(151,804)**	(84,928)
Accreted interest	**118,065**	101,248
Balance – End of the year	**749,321**	783,061
Less: Current portion	**(96,459)**	(33,738)
Non-current portion	**652,863**	749,323

18. Promissory notes

A promissory note due to the Company's CEO is as follows:

	March 31, 2022 $	March 31, 2021 $
Balance – Beginning of the year	**52,165**	33,765
Additions	**-**	18,400
Balance – End of the year	**52,165**	52,165

The promissory note due to the Company's CEO is non-interest bearing, due on demand and unsecured.

Promissory notes due to a company related to the Company's CFO is as follows:

	March 31, 2022 $	March 31, 2021 $
Balance – Beginning of the year	**332,313**	-
Additions	**-**	330,000
Repayment	**(300,000)**	-
Accrued interest	**15,381**	2,313
Balance – End of the year	**47,694**	332,313

The loan bears 8% interest per year, compounded on a monthly basis.

During the year ended March 31, 2021, a director of the Company advanced USD$3,000 ($3,773) to the Company in the form of a promissory note. The promissory note is non-interest bearing, due on demand and unsecured. The Company repaid the balance of the promissory note during the year ended March 31, 2022, and $Nil balance is owing as of March 31, 2022.

19. Government Loan

During the year ended March 31, 2021, the Company received $40,000 from the Government of Canada in respect of the Canada Emergency Business Account (CEBA) COVID-19 Economic Response Plan. The loan bears interest at a rate of 0% per annum during the initial term of the loan, expiring December 31, 2022. No principal repayments are required during this initial term. If the Company has paid 75% of the loan amount prior to December 31, 2022, the lender will forgive the remaining balance of the loan at this time. During the year ended March 31, 2022, the Government of Canada extended the CEBA deadline to December 31, 2023.

If a balance is outstanding at January 1, 2023, interest will commence at a rate of 5% per annum, payable on a monthly basis. Any balance remaining on the loan will be repayable in full on December 31, 2025. The loan is unsecured.

Pursuant to *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with *IFRS 9 Financial Instruments*: the benefit of below-market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received.

The Company estimated the initial carrying value of the CEBA Loan at $21,599, using a discount rate of 15%, which was the estimated rate for similar loan without the interest-free component. The difference of $18,401 will be accreted to the loan liability over the term of the CEBA Loan and offset to other income on the statements of loss and comprehensive loss. During the year ended March 31, 2022, the Company recorded $3,795 (2021 - $2,011) in accretion.

19. Government Loan (continued)

	Government loan
Balance – March 30, 2020	$ -
Addition	21,599
Accretion	2,011
Balance – March 31, 2021	23,610
Accretion	3,795
Balance – March 31, 2022	**$ 27,405**

20. Share capital and reserves

Authorized capital stock
Unlimited common shares without nominal or par value

Shares issued for the year ended March 31, 2022 and 2021

During the year ended March 31, 2022, the Company completed a private placement of 58,393,700 units at $0.05 per unit, for gross proceeds of $2,919,685. Each unit consists of one common share and one share purchase warrant. Each warrant will be exercisable for an additional share at a price of $0.20 for a period of eighteen months from issuance. In the event that the common shares of the Company trade at a closing price of greater than $0.50 per share for ten consecutive trading days, the Company may accelerate the expiry date of the warrants to expire on the 30th day after the date on which such notice is given to the warrant holders. One of the Company's directors participated in the first tranche and acquired an aggregate of 1,110,000 units. The Company paid share issuance costs of $21,433 in relation to the private placement. No value was assigned to the warrants based on the residual method.

On December 20, 2021, the Company issued 4,500,000 common shares of the Company with a fair value of $196,900 to acquire 100% of Ermazon (Note 13). The fair value of the common shares will be amortized over an one year period, with $49,225 recorded as of March 31, 2022.

During the year ended March 31, 2021, the Company issued 3,950,000 common shares pursuant to exercise of stock options with a weighted average share price of $0.09.

Warrants

The following is a summary of the Company's warrant activity:

	March 31, 2022		March 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning balance	-	$ -	-	$ -
Issued	58,393,700	$ 0.20	-	$ -
Ending balance	58,393,700	$ 0.20	-	$ -

As at March 31, 2022, the Company had the following outstanding warrants:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Average remaining Contractual life (Years)
22,410,000	$ 0.20	March 23, 2023	0.38
35,983,700	$ 0.20	April 8, 2023	0.63

20. Share capital and reserves (continued)

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, 2022:

	Number of options #	Weighted average exercise price $
Balance – Exercisable at March 31, 2019 and 2020	8,620,000	0.12
Expired	(3,620,000)	(0.16)
Issued	3,200,000	0.07
Exercised	(3,950,000)	-
Balance – Exercisable at March 31, 2021	4,250,000	0.09
Expired	(800,000)	-
Balance – Exercisable at March 31, 2022	**3,450,000**	**0.09**

On January 22, 2021, the Company granted 1,700,000 stock options which is 100% vested immediately with an exercise price of $0.11 per share expiring on January 22, 2026. The fair value of the stock options was estimated to be $131,575 using the Black-Scholes Option Pricing model with the following assumptions: term – 5 years; expected volatility - 136%; risk-free rate - 0.36%; and expected dividends - zero.

On January 29, 2021, the Company granted 1,500,000 stock options which is 100% vested immediately with an exercise price of $0.07 per share expiring on January 26, 2026. The fair value of the stock options was estimated to be $89,578 using the Black-Scholes Option Pricing Model with the following assumptions: term – 4 years; expected volatility - 145%; risk-free rate - 0.34%; and expected dividends - zero.

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2022 are as follows:

	Outstanding options			Exercisable options	
Exercise prices	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	3,375,000	1.98	0.08	3,375,000	0.08
$0.11 - $0.20	75,000	0.28	0.19	75,000	0.19
	3,450,000	2.26	0.27	3,450,000	0.27

20. Share capital and reserves (continued)

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2021 are as follows:

	Outstanding options			Exercisable options	
Exercise prices	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	425,000	0.11	0.01	425,000	0.01
$0.01 - $0.10	2,950,000	1,98	0.06	2,950,000	0.06
$0.11 - $0.20	875,000	0.14	0.03	875,000	0.03
	4,250,000	2.23	0.09	4,250,000	0.09

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.

21. Foreign currency translation reserve

The foreign currency translation reserve records the unrealized translation gains and losses in the translation of the subsidiary Ermazon from its functional currency of US dollar to Canadian dollar. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction.

22. Income taxes

a) Losses

The Company has capital losses of $772,000 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 $10,291,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire between 2031 and 2041. Ermazon has non-capital tax losses of approximately $11,000 for carry-forward to reduce future years' taxable income. These non-capital tax losses expire between 2024 and 2026.

b) Effective income tax rate

At March 31, 2021 and 2020, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 29% to the pre-tax net loss for the year. The tax rate used for Ermazon is 10% . The reasons for the difference are as follows:

	March 31, 2022 $	March 31, 2021 $
Loss before income taxes	**959,093**	880,911
Income tax recovery based on statutory rates	**277,844**	255,464
Non-deductible items	**(35,339)**	(113,372)
Other	**25,774**	(6,628)
Change in tax rate	**-**	(391,054)
Unrecorded tax benefit of losses	**(268,279)**	255,590
Recovery of income taxes	-	-

22. Income taxes (continued)

c) Deferred tax assets and liabilities

The following reflects the deferred tax assets and liabilities at March 31, 2021 and March 31, 2020:

	March 31, 2022 $	March 31, 2021 $
Deferred tax assets		
Non-capital losses	**2,985,000**	2,740,000
Capital losses	**56,000**	56,000
Deductible share issuance costs	**5,000**	-
Tax value in excess of accounting value of marketable securities	**45,000**	134,000
Tax value in excess of accounting value of exploration and evaluation assets	**134,000**	45,000
Tax value in excess of accounting value of joint venture	**2,663,402**	2,663,000
Tax value in excess of accounting property and equipment	**185,000**	165,000
ROU asset	**(6,000)**	-
Lease liability	**6,000**	-
Portion of deferred tax assets unrecognized	**(6,073,000)**	(5,803,000)
Deferred tax asset	-	-

23. Segmented information

The Company operates in one business segment, being the exploration and development of mineral properties. Geographical information is as follows:

Loss and comprehensive loss for the year ended March 31,	**2022 $**	2021 $
Graphene Corp. (Canada)	**834,089**	155,798
Corporate (Canada)	**123,460**	725,113
Ermazon SARL (Morocco)	**1,544**	-
	959,093	880,911

Exploration and evaluation assets, as at March 31,	**2022 $**	2021 $
Ermazon SARL (Morocco)	**1,164,185**	-
	1,164,185	-

24. Subsequent Event

On May 27, 2022, the repayment schedule for ACOA Loans (Loan 1 and Loan 2) was extended. The loan extension is assessed on a month-to-month basis with no set terms (*note 17*).

Subsequent to year-end, 425,000 stock options with an exercise price of $0.01 and 75,000 stock options with an exercise price of $0.19 expired unexercised.