ELCORA RESOURCES CORP.

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Financial Statements

For the years ended March 31, 2015 and 2014

July 29, 2015

Independent Auditor's Report

To the Shareholders of
Elcora Resources Corp.

We have audited the accompanying financial statements of **Elcora Resources Corp.** which comprise the statements of financial position as at March 31, 2015 and March 31, 2014 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Elcora Resources Corp. as at March 31, 2015 and March 31, 2014 and its financial performance and its cash flows for the years then in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 2 of the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about Elcora Resources Corp.'s ability to continue as a going concern.

(signed) "*PricewaterhouseCoopers LLP*"

Chartered Accountants

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STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2015 AND MARCH 31, 2014
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2015	March 31, 2014
	$	$
Assets		
Current assets		
Cash	**33,476**	-
Restricted cash	**-**	526,400
Investment in marketable securities	**210,974**	754,094
Accounts receivable *(note 9)*	**6,906**	31,791
Prepaid expenses	**35,741**	95,155
	287,097	1,407,440
Non-current assets		
Investment in Joint Venture *(note 11)*	**6,974,969**	-
Exploration and evaluation assets *(note 12)*	**-**	294,700
Total assets	**7,262,066**	1,702,140
Liabilities and shareholders' equity		
Current liabilities		
Bank overdraft	**-**	54,217
Accounts payable and accrued liabilities *(note 10)*	**472,586**	400,047
Subscriptions received in advance	**-**	662,400
	472,586	1,116,664
Long-term liabilities		
Flow-through premium liability *(note 13)*	**-**	11,250
Total liabilities	**472,586**	1,127,914
Shareholders' equity		
Share capital *(note 15)*	**7,173,780**	1,989,416
Contributed surplus *(note 15)*	**2,514,921**	131,034
Accumulated other comprehensive income	**919,850**	
Deficit	**(3,819,071)**	(1,546,224)
Total shareholder's equity	**6,789,480**	574,226
Total liabilities and shareholder's equity	**7,262,066**	1,702,140

-See Accompanying Notes-

Nature of business and going concern (*notes 1 & 2*)
Subsequent events (note 17)

Approved on behalf of the Board on July 28, 2015

"Troy Grant" — Director

"Greg Isenor" — Director

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2015 $	March 31, 2014 $
Property investigation	**53,150**	593,653
Professional fees	**127,892**	40,538
Other supplies and services	**65,573**	50,454
Management and consulting fees	**536,945**	279,558
Regulatory, transfer agent and filing fees	**35,657**	50,682
Investor relations expense	**350,858**	23,333
Stock-based compensation	**23,990**	23,991
Share of loss in joint venture (note 11)	**328,193**	-
Realized & unrealized loss on marketable securities	**435,404**	61,362
Write –down of exploration & evaluation assets (note 12)	**340,600**	-
Unrealized gain on foreign exchange	**(13,645)**	(17,456)
Interest income	**(523)**	(334)
Loss before income taxes	**(2,284,097)**	(1,105,781)
Income tax recovery *(note 13)*	**11,250**	25,000
Net loss for the year	**(2,272,847)**	(1,080,781)
Other comprehensive income		
Items that may be subsequently reclassified to profit and loss		
Cumulative translation adjustment	**919,850**	-
Comprehensive loss for the year	**(1,352,997)**	(1,080,781)
Loss per share		
Loss per share - Basic and diluted	**(0.06)**	(0.07)
Weighted average number of outstanding common shares – Basic and diluted	**38,267,491**	16,432,889

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
EXPRESSED IN CANADIAN DOLLARS

	Share Capital (#)	Share Capital $	Contributed Surplus and other $	Accumulated other Comprehensive income $	Deficit ($)	Total shareholders' equity ($)
Balance - March 31, 2014	22,453,163	1,989,416	131,034	-	(1,546,224)	574,226
Net loss and comprehensive loss for the period	-	-	-	-	(2,272,847)	(2,272,847)
Cumulative translation adjustment	-	-		919,850		919,850
Comprehensive loss				919,850	(2,272,847)	(1,352,997)
Stock based compensation	-	-	23,990	-	-	23,990
Shares issued for cash	11,609,518	2,357,725	-	-	-	2,357,725
Shares issued for agent and finders' fees	266,010	71,190	-	-	-	71,190
Shares issued for debt	1,062,500	170,000	-	-	-	170,000
Shares issued for investment in associate	6,827,442	2,730,977	-	-	-	2,730,977
Share issuance costs	-	(201,846)	95,349	-	-	(106,497)
Agent options exercised	300,000	45,818	(15,818)	-	-	30,000
Warrants exercised	35,000	10,500	-	-	-	10,500
Warrants issued for investment in associate	-	-	2,280,366	-	-	2,280,366
Balance – March 31, 2015	42,553,633	7,173,780	2,514,921	919,850	(3,819,071)	6,789,480
Balance - March 31, 2013	12,493,163	890,243	107,043		(465,443)	531,843
Net loss and comprehensive loss for the period	-	-	-	-	(1,080,781)	(1,080,781)
Stock based compensation	-	-	23,991	-	-	23,991
Shares issued for cash	4,910,000	245,500	-	-	-	245,500
Shares issued for debt	400,000	40,000	-	-	-	40,000
Shares issued in exchange for marketable securities	4,200,000	798,000	-	-	-	798,000
Share issuance costs	-	(67,326)	-	-	-	(67,326)
Shares issued in connection with resource property acquisition	450,000	83,000	-	-	-	83,000
Balance – March 31, 2014	22,453,163	1,989,417	131,034		(1,546,224)	574,226

-See Accompanying Notes-

EXPRESSED IN CANADIAN DOLLARS

	March 31, 2015	March 31, 2014
	$	$
Cash flows from operating activities		
Net loss for the years	**(2,272,847)**	(1,080,781)
Adjustments for items not involving cash:		
Deferred tax recovery	**(11,250)**	(25,000)
Stock-based compensation	**23,990**	23,991
Share of loss in Joint Venture	**328,193**	-
Realized & Unrealized loss on marketable securities	**435,404**	61,362
Unrealized gain on foreign exchange	**(2,602)**	(17,456)
Write-down of exploration & evaluation assets	**340,600**	
Changes in non-cash working capital items:		
Decrease in accounts receivable	**24,885**	17,991
(Increase) decrease in prepaid expenses	**59,414**	(66,676)
Increase (decrease) in accounts payable and accrued liabilities	**242,538**	414,499
Net cash used for operating activities	**(831,675)**	(672,070)
Investing activities		
Investment in Joint Venture	**(1,371,968)**	-
Exploration and evaluation assets	**(45,900)**	(101,700)
Proceeds on sale of marketable securities	**110,318**	-
	(1,307,550)	(101,700)
Financing activities		
Proceeds on issuance of common shares, net of subscriptions received in advance	**1,695,325**	245,500
Increase in restricted cash	**-**	(526,400)
Proceeds on exercise of warrants & agent options	**40,500**	-
Share issuance costs	**(35,307)**	(67,327)
Subscriptions received in advance	**-**	662,400
	1,700,518	314,173
Net increase in cash	**(438,707)**	(459,597)
Cash, beginning of the years	**472,183**	405,380
Cash end of the years	**33,476**	(54,217)

Supplemental disclosure with respect to cash flows (note 16)

-See Accompanying Notes-

1. Nature of business

Elcora Resources 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's head office is located at Suite 2108, Purdy's Tower Two, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7, Canada. The Company is a mineral exploration company engaged in locating and acquiring mineral projects and exploring for mineralization and has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable.

2. Going concern

The Company's continuing operations and the underlying value and recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration property interests, and on future profitable production or proceeds from the disposition of the exploration property interests. To date, the Company has not earned any revenue.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which the option holder has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the option holder's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

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

The Company is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, dependence on key individuals, successful exploration results 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, 2015, the Company incurred losses of $2,272,847 (2014 - $1,080,781) and as at March 31, 2015 had an accumulated deficit of $3,819,071 (2014 - $1,546,224). The Company has no income or cash flows from operations and at March 31, 2015 had a working capital deficit of ($185,489) (2014 – surplus of $290,776). The ability of the Company to fulfill its commitments, meet its planned business objectives and continue as a going concern is dependent upon the ability of the Company to raise additional financing and upon successful results from its mineral property acquisitions and exploration activities. There is no assurance that these initiatives will be successful.

3. Basis of presentation

The 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 ("CPA Canada Handbook"). The financial statements were approved by the Board of Directors for issue on July 28, 2015.

4. Summary of significant accounting policies

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

a) Basis of measurement

The financial statements have been prepared under the historical cost convention. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). These financial statements are presented in Canadian dollars, which is the Functional Currency of the Company.

b) Foreign currency translation

Items included in the financial statements of each entity included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Canadian dollars. Assets and liabilities of each foreign entity are translated into Canadian dollars at the exchange rate in effect on the balance sheet date. Revenue and expenses are translated at the average rate in effect during the period. Unrealized translation gains and losses are recorded as a cumulative translation adjustment, which is included in other comprehensive income or loss, which is a component of accumulated other comprehensive income or loss included in shareholders' equity. 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.

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 income, except for gains and losses arising on intercompany foreign currency transactions that are of a long-term investment nature.

c) Cash and restricted cash

Cash includes cash on hand and deposits held with banks.

d) 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.

(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 cash and restricted cash 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.

(iii) Other financial liabilities at amortized cost: Other financial liabilities include accounts payable and accrued liabilities and subscriptions received in advance. 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.

4. Summary of significant accounting policies (continued)

e) Impairment of financial instruments

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; and

(iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

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.

f) 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, plant 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 statement of loss in the period in which they are incurred.

g) 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.

4. Summary of significant accounting policies (continued)

g) Impairment of non-financial assets (continued)

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 profit or 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 statements of loss and comprehensive loss.

h) 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. 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 statements of loss and comprehensive loss with a corresponding increase to contributed surplus. Forfeiture estimates are based on historic information and reviewed at each reporting date, with any impact being recognized immediately in the statements of loss and comprehensive loss. When stock options are exercised the consideration received and the amount previously recognized in contributed surplus is recorded as an increase to share capital.

i) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of 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 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 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.

j) Warrants

The Company makes certain estimates and assumptions when calculating the estimated fair value of warrants issued for properties and investment. The significant assumptions used 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 as units are valued using the residual method.

4. Summary of significant accounting policies (continued)

k) Share capital

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

l) Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the subscribers at an agreed upon date.

At the time of share issuance, the proceeds are allocated between share capital and the obligation to deliver the tax deduction. The allocation is based on the difference between the value of the Company's non-flow-through shares and the amount the investor pays for the flow-through shares (given no other differences between securities). This flow-through premium liability is reduced pro rata through the statements of loss and comprehensive loss as eligible expenditures are incurred.

A deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures that are capitalized to exploration and evaluation assets and their tax basis. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset.

m) 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 ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Outstanding shares that are subject to cancellation under the escrow agreement are not treated as outstanding and are excluded from the calculation of loss per share until the date the shares are no longer subject to cancellation. Diluted loss per share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. All stock options are currently anti-dilutive. As a result, basic and diluted earnings per share are the same.

n) Segmented information

The Company's operations comprise a single reporting operating segment, which is the acquisition and exploration for minerals, previously gold and currently primarily graphite. As the operations comprise a single reporting segment, amounts disclosed in the statements of loss and comprehensive loss for the years also represent segment amounts. At March 31, 2014, all of the Company's mineral properties are located in Canada.

o) 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 joint ventures. 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 other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint ventures), the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

4. Summary of significant accounting policies (continued)

o) Joint arrangements

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

5. Recent accounting pronouncements

New and amended standards adopted by the Company

The following standard has been adopted by the Company for the financial year which began on April 1, 2014:

IFRIC 21, Levies

IFRIC 21 "Levies" ("IFRIC 21") has been amended to require entities to recognize a liability when payment is triggered under the terms of the relevant legislation. The Company adopted IFRIC 21 on April 1, 2014 on a retrospective basis. The adoption of IFRIC 21 had no impact on these financial statements.

New standards and interpretations not yet adopted

The following new standard and amendments to the standard is not yet effective and has not been applied in preparing these financial statements. Accordingly, the Company expects to adopt this standard as set forth below.

IFRS 9, Financial Instruments

IFRS 9, "Financial instruments" 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 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 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, Financial Instruments – Recognition and Measurement, 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.

IFRS 9 was amended in November 2013 to (i) include guidance on hedge accounting, (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 other comprehensive loss, without having to adopt the remainder of IFRS 9, and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (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 is currently evaluating the impact of the new standard on its financial statements.

6. Critical accounting estimates and judgments

The preparation of the financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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.

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, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates

Stock-based compensation

The inputs used for share-based compensation calculation. The Company provides compensation benefits to its consultants, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the Company's share price. Historical data is utilized to estimate option exercises and forfeiture behavior with the valuation model. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

Valuation of warrants

The Company issued 6,827,442 warrants in connection with the investment in the Sakura Graphite (PVT) Ltd joint venture. The fair value of the warrants is estimated on the date of the issuance using the Black-Scholes option pricing model. The significant assumption used is the estimate of expected volatility. Expected volatility is based on historical volatility of the Company's share price and other comparable companies. Based on these considerations, a volatility of 100% was used to value the warrants. Changes in this assumption may result in a material change to the value of the warrants issued. If expected volatility was increased or decreased by 20%, the impact would be an increase or decrease, respectively, to Contributed surplus and other of approximately $140,000 or $180,000, and an increase or decrease, respectively, to Investment in joint venture of the same amounts.

7. Financial instruments and fair values

Measurement categories

As explained in note 4, 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, restricted cash, 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.

(a) Market risk

i) Foreign exchange risk

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 are non-interest bearing and have contractual maturities of 30 days or less. As at March 31, 2015, 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, 2015 a 5% change in the quoted price of marketable securities would impact net income by $10,549 (2014 - $37,705). 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.

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

7. Financial instruments and fair values (continued)

Measurement categories

(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, 2015, the Company had cash, including restricted cash of $33,476 (2014 - $526,400) to settle current liabilities of $472,583 (2014 - $1,116,664). See note 2.

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, 2015 totaled $6,789,480 (2014 - $574,226). 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.

9. Accounts receivable

	March 31, 2015 $	March 31, 2014 $
Sales tax recoverable	**6,906**	31,791
	6,906	31,791

10. Accounts payable and accrued liabilities

	March 31, 2015 $	March 31, 2014 $
Accounts payable	**121,477**	112,722
Accrued liabilities	**351,109**	287,325
	472,586	400,047

As at March 31, 2015 $161,478 (2014 - $106,394) of accounts payable and accrued liabilities is due to companies controlled by the President & Chief Executive Officer and Chief Financial Officer, relating to their services as officers of the Company.

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

11. 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 of Sri Lanka ("Sakura"). The remaining 60% of Salkura is owned by J.D.K. Wickramaratne, through his wholly owned company KWA Holdings (Private) Ltd. ("KWA"). No Finders' Fee is payable for the Transaction. Pursuant to the Transaction, Elcora has 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 $5,077,596, including acquisition costs of $66,253.

Sakura Joint Venture

Sakura operates the Sakura Graphite Mine located on Sakura's leased plots totaling 70 acres in Sri Lanka (the "Mine"). The industrial mining license, exploration licenses and environmental license for the Mine are currently being held by J.D.K. Wickramaratne for the sole benefit of Sakura and will be transferred to Sakura upon renewal. The CEO of Sakura is the current CEO of Elcora and the Chairman of the Board of Directors of Sakura is Mr. Wickramaratne or any other director appointed by Mr. Wickramaratne to the Board of Directors of Sakura. Sakura can have up to 10 directors, of which 60% are appointed by KWA and 40% by Elcora. All decisions of the Board of Directors shall require a minimum of 70% approval of all the Directors.

Elcora will earn 20% of the net income from the Mine as the Mine operator, and an additional 30% of the net income from the Mine 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 remaining capital expenditures required to put the Mine back into commercial production over the period through October 31, 2016. The remaining capital expenditures of which Elcora is required to fund will not exceed US$12 million, of which approximately US$1 million has been funded as of March 31, 2015.

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 financial statements.

Balance – March 31, 2014	**$ -**
Investments in Sakura	6,162,923
Share of loss	(328,193)
Cumulative translation gain	919,845
	6,754,575
Advances receivable from Sakura	220,388
Balance – March 31, 2015	6,974,969

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 adjusted for differences in accounting policies between the Company and fair value adjustments required related to the Company's investment in the joint venture (and not the Company's share of those amounts). The functional currency of the Sakura joint venture is the Sri Lankan rupee. Amounts below have been translated to Canadian dollars in accordance with the Company's accounting policy on foreign currency translation.

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

11. Investment in Joint Venture (continued)

Summary Statements of Earnings and Comprehensive (loss) Income

	For period, from acquisition, June 30, 2014 to March 31, 2015
	$
Revenues	-
Operating, general and administration expenses	749,106
	749,106
Depreciation and amortization	71,376
Unrealized net loss on foreign exchange	-
Net loss and comprehensive loss	820,482

Summary Statements of Financial Position

As at	March 31, 2015	June 30, 2014
	$	$
Cash	263,155	19,943
Other current assets	-	-
Current assets	263,155	19,943
Non-current assets	16,864,544	12,955,971
	17,127,699	12,975,914
Accounts payable and other payables	20,873	14,034
Current Liabilities	20,873	14,034
Non-current liabilities	220,388	267,889
Shareholder's equity	16,886,437	12,693,991
	17,127,699	12,975,914

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture regognized in the consolidated financial statements:

As at	March 31, 2015	June 30, 2014
	$	$
Net assets of the joint venture (JV)	16,886,438	12,693,991
Proportion of the Corporation's ownership interest in the JV	40%	40%
Carrying amount of the Corporation's intrest in the JV	6,754,575	5,077,596

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

12. Exploration and evaluation assets

	Balance March 31, 2014	Exploration Expenditures	Write-down of E&E assets	Balance March 31, 2015
Cree Lake Mineral Claims	$ 294,700	$ 45,900	$ (340,600)	$-
Total	$ 294,700	$ 45,900	$ (340,600)	$-

	Balance March 31, 2013	Exploration Expenditures	Acquisition Costs	Balance March 31, 2014
Cree Lake Mineral Claims	$ 110,000	$ 101,700	$83,000	$294,700
Total*	$ 110,000	$ 101,700	$83,000	$294,700

**There were no disposals or impairment charges in the year ended March 31, 2014.*

Elcora entered into an arm's length binding letter of intent with Mantis Mineral Corp. ("Mantis") dated October 4, 2012 for the right to acquire a fifty-one percent (51%) undivided interest in the Cree Lake Gold Property located in Swayze Township, Ontario, consisting of 18 mining claims covering approximately 3,904 hectares (the "Cree Lake Claims"), which claims are subject to a 1.5% net smelter return royalty on mining claim numbers 4203295, 4203275, 4203296 and 4209811. During the year ended March 31, 2014 one claim was allowed to lapse as it was considered peripheral and resulted in no write down of resource property.

On December 20, 2012 Elcora entered into an option agreement with Mantis. Pursuant to the terms of the option agreement, Elcora may earn a 51% interest in the Cree Lake Claims by making cash payments totalling $50,000, issuing 3,000,000 common shares and completing work programs on the Cree Lake Claims with a total value of a minimum of $1,213,600 over a four year period. Pursuant to the terms of the option agreement Elcora may accelerate the cash payments, delivery of common shares and work programs in order to exercise the option at any time. Elcora may terminate its obligations and forfeit its rights under the Letter of Intent at its sole discretion at any time on 30 days' notice to Mantis after completing the initial requirements of making a cash payment of an aggregate of $25,000 to Mantis, the delivery of 300,000 common shares of Elcora to Mantis and the completion of a work program of a minimum of $200,000 on the Cree Lake Claims. On March 8, 2013, the Company made payments in the amount of $25,000 and delivered 300,000 common shares of Elcora to Mantis. On January 28, 2014, the Company issued an additional 400,000 common shares to Mantis to extend the term of the Option Agreement to allow the Company to continue to explore the Cree Lake Claims until December 31, 2014. In February, 2015 the Company provided notice to Mantis that it will be terminating the option agreement after it completed all spending requirements under the option agreement.

Further to terminating the option agreement with Mantis, Elcora is no longer operating under the Memorandum of Understanding ("MOU") previously entered into with the Flying Post First Nation(s). Under the MOU, Elcora was permitted to complete mineral exploration on the Creek Lake claims, which are on the traditional territory of Flying Post First Nation(s) pursuant to inherent and treaty rights. In consideration for the grant of exploration rights, Elcora issued 50,000 common shares of the Company valued at $7,000 to the Flying Post First Nation(s) as well as 50,000 warrants of the Company, each warrant entitling the holder to acquire one common share of the Company for $0.20 for one year from July 15, 2013. These Warrants expired during the year ended March 31, 2015. Elcora will also pay 2% of all costs of the exploration program incurred to date and after this agreement takes effect (June 24, 2013), to the Flying Post First Nation(s). This amounted to $2,600 for the year ended March 31, 2015 (March 31, 2014 - $1,700).

The Company did not earn 51% interest in the Cree Lake Claims and the Company recorded a write-down of its Cree Lake property in the amount of $340,600 during the year ended March 31, 2015.

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

13. Income taxes

a) Losses

The Company has capital losses of $267,000, 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 $2,670,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

Year ending	$
March 31, 2032	**47,000**
March 31, 2033	**330,000**
March 31, 2034	**1,077,000**
March 31, 2035	**1,216,000**
	2,670,000

b) Effective income tax rate

At March 31, 2015 and 2014, 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 period. The reasons for the difference are as follows:

	March 31, 2015 $	March 31, 2014 $
Loss before income taxes	**2,284,094**	1,105,781
Income tax recovery based on statutory rates	**708,069**	342,792
Non-deductible stock option expense	**(7,437)**	(7,437)
Unrealized gains and losses	**(130,746)**	(13,611)
Share of loss in joint venture	**(101,740)**	(321,744)
Write down of exploration & evaluation assets	**(105,586)**	
Unrecorded tax benefit of losses	**(362,560)**	(321,744)
Pro-rata reduction of flow-through premium liability	**11,250**	25,000
Recovery of income taxes	**11,250**	25,000

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

13. Income taxes (continued)

c) Deferred tax assets and liabilities

The following reflects the deferred tax assets and liabilities at March 31, 2015 and March 31, 2014:

	March 31, 2015 $	March 31, 2014 $
Deferred tax assets		
Non-capital losses	828,000	451,000
Capital losses	41,000	-
Deductible share issuance costs	37,000	41,000
Tax value in excess of accounting value of marketable Securities	32,000	7,000
Tax value in excess of accounting value of exploration & evaluation assets	48,000	-
Tax value in excess of accounting value of Joint Venture	51,000	-
Portion of deferred tax assets unrecognized	(1,037,000)	(455,600)
	-	43,400
Deferred tax liabilities		
Accounting value in excess of tax value of exploration & evaluation assets	-	(43,400)
	-	-

d) Flow through premium liability

	March 31, 2015 $	March 31, 2014 $
Opening balance	11,250	36,250
Pro-rata reduction of flow-through premium liability	(11,250)	(25,000)
Flow-through premium liability	-	11,250

14. Compensation of key management

Key management includes the Company's Directors, President and Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is summarized as follows:

Year ended	March 31, 2015 $	March 31, 2014 $
Consulting fees paid and or accrued	345,000	265,000
	345,000	265,000

The amount of $161,478 (2014 - $106,394) is due to related parties. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

15. Share capital and contributed surplus

Authorized capital stock

Unlimited common shares without nominal or par value

Escrowed shares

As of March 31, 2015 there were 1,967,500 common shares (March 31, 2014 – 3,935,000) subject to an escrow agreement.

Private placement

- On July 19, 2013 Elcora closed a non-brokered private placement financing of $245,500 (the "July Private Placement"). The July Private Placement comprised the sale of 4,910,000 common shares of the Company at a price of $0.05 per share and the issuance of 4,910,000 warrants of the Company, with each warrant entitling the holder to acquire one common share of the Company for two years at a price of $0.15 per common share. The securities issued in the July Private Placement are be subject to a 4 month hold period and share issuance costs amounted to $9,974.
- On October 31, 2013 the Company issued 400,000 common shares in settlement of outstanding management fees of $40,000 payable to the Company's President and Chief Executive Officer and Chief Financial Officer.
- On July 23, 2013, the Company, in consideration for the grant of exploration rights, issued 50,000 common shares of the Company to the Flying Post First Nation(s).
- In January 28, 2014, the Company issued 400,000 common shares to Mantis to extend the term of the Option Agreement to allow the Company to continue to explore the Cree Lake Claims until December 31, 2014.
- On March 10, 2014 the Company issued 4,200,000 common shares of Elcora at $0.19 per common share in exchange for 443,136 ordinary shares of the Global Resources Investment Trust ("GRIT") at £1.00 per share. The Elcora shares are subject to a hold period expiring July 8, 2014. The GRIT shares are free trading on the London Stock Exchange.
- On May 13, 2014 the Company issued 1,062,500 common shares and 1,062,500 warrants in settlement of outstanding debt to arms-length parties. The warrants attached entitling the holder to acquire one common share of Elcora for $0.30 for 18 months.
- On May 13, 2014, Elcora closed a non-brokered private placement for $1,436,300 (the "Private Placement"). The Private Placement was subscribed for at $0.16 per common share with a full warrant attached entitling the holder to acquire one common share of Elcora for $0.30 for 18 months (the "Private Placement Warrant"). Pursuant to the Private Placement, Elcora issued 8,976,875 common shares and 8,976,875 Private Placement Warrants. As part of the placement, finder's fees of 182,610 Elcora Common Shares at $0.23 per share and 262,500 broker warrants exercisable at $0.16 per share for 18 months will be paid in conjunction with this placement.
- On June 30, 2014, Elcora completed the purchase of 40% of the issued and outstanding shares of Sakura Graphite (PVT) Ltd of Sri Lanka. No Finders' Fee is payable for the Transaction. Pursuant to the Transaction, Elcora has issued a total 6,827,442 common shares of Elcora at 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. Elcora also issued 6,827,442 warrants to the shareholders of Sakura to purchase common shares of Elcora. 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.

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

15. Share capital and contributed surplus (continued)

Private placement

- On August 15, 2014 the Company closed the first tranche of its non-brokered private placement. Each unit is comprised of one common share and one share purchase warrant, with each share purchase warrant exercisable until February 16, 2016 at an exercise price of $0.43 per share. The final amount raised was $921,425 (2,632,643 units @ $0.35) with fees payable to the agents of 6% in cash totaling $43,648 of which $29,190 will be settled by the issuance of 83,400 common shares at an issue price of $0.35 and will issue 160,680 agents' warrants (8%) exercisable at $0.35 per share for 18 months.

Flow-through shares

The gross proceeds of the 925,000 flow-through shares issued in 2013 were $185,000. The Company agreed to incur $185,000 of qualified Canadian mineral exploration expenditures, as defined by Canadian income tax legislation. As at March 31, 2015 the Company had incurred all of the $185,000 expenditures required (2014 – $140,000). The Company recorded a reduction of $11,250 for the flow through premium liability during the year (2014 - $25,000).

Warrants

Warrant transactions outstanding for years ended March 31, 2015 and March 31, 2014 were as follows:

	Year ending March 31, 2015		Year ending March 31, 2014	
	Number of warrants #	**Weighted average exercise price $**	Number of warrants #	Weighted average exercise price $
Opening Balance	**4,960,000**	**0.15**	-	-
Issued – Exploration rights *(note 12)*	-	-	50,000	0.20
Expired during the year	**(50,000)**	**0.20**	-	-
Exercised during the year	**(35,000)**	**0.30**	-	-
Issued – Private placement (PP)	**8,976,875**	**0.30**(1)	4,910,000(5)	0.15
Issued – PP Broker Warrants	**262,500**	**0.16**(1)	-	-
Issued – Investment in Sakura (Note 11)	**6,827,442**	**0.19**(2)	-	-
Issued – Shares for debt	**1,062,500**	**0.30**(3)	-	-
Issued – PP	**2,632,643**	**0.43**(4)	-	-
Issued – PP Broker Warrants	**160,680**	**0.35**(4)	-	-
Closing Balance	**24,797,640**	**0.25**	4,960,000	0.15

(1). Expire on December 31, 2015
(2). Expire on September 30, 2019
(3). Expire on November 15, 2015
(4). Expire on February 15, 2016
(5). Expire on July 19, 2015 (note 17)

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

15. Share capital and contributed surplus (continued)

Warrants

The Broker warrants issued as part of the June 30, 2014 private placement were valued using the Black-Scholes option pricing model at the date of grant. The Broker warrants were priced using a risk free interest rate of 1.03%, a stock price of $0.41, 100% volatility and a term of 1.5 years. The fair value of the warrants was calculated to be $74,202 and was included with share issuance costs and an offsetting credit to Contributed Surplus and Other.

The Broker warrants issued as part of the August 15, 2014 private placement were valued using the Black-Scholes option pricing model at the date of grant. The Broker warrants were priced using a risk free interest rate of 1.09%, a stock price of $0.40, 100% volatility and a term of 1.5 years. The fair value of the warrants was calculated to be $21,148 and was included with share issuance costs and an offsetting credit to Contributed Surplus and Other.

Broker warrants issued as part of June 30, 2014 and August 15, 2014 private placements expire within 18 months of issue date.

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:

	March 31, 2015		March 31, 2014	
	Number of options #	**Weighted average exercise price $**	Number of options #	Weighted average exercise price $
Balance - Beginning of year	**1,125,000**	**0.12**	800,000	0.11
Issued	**-**	**-**	325,000	0.15
Cancelled	**-**	**-**	-	-
Balance –exercisable at end of year	**1,125,000**	**0.12**	1,125,000	0.12

EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

15. Share capital and contributed surplus (continued)

Stock options

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2015 is 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	**725,000**	**7.13**	**0.10**	**725,000**	**0.10**
$0.11 - $0.20	**400,000**	**4.23**	**0.16**	**400,000**	**0.16**
	1,125,000	**6.10**	**0.12**	**1,125,000**	**0.12**

The following table summarizes the changes in the outstanding Agent options:

	March 31, 2015		March 31, 2014	
	Number of options #	**Weighted average exercise price $**	Number of options #	Weighted average exercise price $
Balance - Beginning of year	**300,000**	**0.10**	300,000	0.10
Issued	**-**	**-**	-	-
Exercised	**(300,000)**	**0.10**	-	-
Balance - End of year	**-**	**-**	300,000	0.10
Options exercisable - End of year	**-**	**-**	300,000	0.10

On May 13, 2014 all 300,000 agent options were exercised for proceeds of $30,000.

For the year ended March 31, 2015, the Company recorded stock-based compensation expense with an offsetting increase to contributed surplus of $23,990 (March 31, 2014 - $nil).

16. Supplemental disclosure with respect to cash flows

The significant non cash investing and financing activities for the year ended March 31, 2015 included:

a) The issuance of 6,827,442 common shares valued at $2,730,977 and 6,827,442 warrants value at $2,280,366 as consideration for the acquisition of 40% of Sakura.

b) Cumulative translation adjustment of $919,850 in revaluating the investment in joint venture at the end of the year.

c) Issuance of 266,010 shares valued at $71,190 as finders' fees relating to private placements.

d) Issuance of 423,180 agent and broker warrants valued at $95,349 in connection with private placements.

e) Issuance of 1,062,500 shares in exchange for $170,000 of debt.

The significant non cash investing and financing activities for the year ended March 31, 2014 included:

a) The issuance of 400,000 common shares in exchange for debt of $40,000, included in accounts payable and accrued liabilities;

b) 450,000 shares issued in conjunction with the acquisition of exploration and evaluation assets; and

c) The issuance of 4,200,000 shares in exchange for 443,136 GRIT shares.

17. Subsequent events

- The Company has entered into two-year syndicated limited recourse convertible loan agreements (the "Loan") totaling C$1,388,040 with eight lenders including one insider. The principal of the Loan is convertible into common shares of Elcora at $0.14 cents per share. If the Loan was converted in full a total of 9,914,571 Elcora shares would be issued. The Loan bears interest at the rate of 8% per annum payable quarterly in shares priced at the greater of the closing market price of Elcora shares on the TSX Venture Exchange on the quarterly payment date (if there are no trades on the date a quarterly payment is due then the last preceding trading day) or $0.15 per share. The total interest payable over the two years amounts to C$222,088 which, if paid in shares at the lowest price of $0.15 per share, a total of 1,480,587 Elcora shares would be issued. The Loan is a limited recourse loan. The lenders are relying primarily upon the future capability of the Sakura Mine to produce graphite mineralization and on the future capacity of the Sakura Mill, presently under construction, to process such graphite mineralization, and the ability of management to secure sales of refined graphite to generate the cash flow and operating profitability to support repayment of the Loan. The Loan does not grant any security over the resource assets of Elcora, either in Canada or outside of Canada, and in the event of a default the lenders are not permitted to seek the seizure or sale of the assets of Elcora except for liquid assets including cash and marketable securities. The Loan, including the convertibility feature and the interest payments to be settled in shares contained therein, remains subject to TSX-V approval.

- 4,910,000 warrants were exercised further to the July 19, 2013 Private Placement which comprised of the sale of 4,910,000 common shares of the Company at a price of $0.05 per share and the issuance of 4,910,000 warrants of the Company, with each warrant entitling the holder to acquire one common share of the Company for two years at a price of $0.15 per common share. The exercise of the warrants resulted in $736,500 cash to the treasury.

- On April 28, 2015 Elcora issued 3,000,000 options to officers, directors and consultants of the Company. The options are valid for 5 years and exercisable at $0.10.