ELCORA ADVANCED MATERIALS CORP.

(Formerly Elcora Resources Corp.)

MANAGEMENT DISCUSSION & ANALYSIS

FORM 51-102F1

For the period ended December 31, 2015

February 17, 2016

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended December 31, 2015. This report, prepared as at February 17, 2016, intends to complement and supplement our financial statements for the nine-month periods ended December 31, 2015 *and 2014 (the "Financial Statements") and should be read in conjunction with the Financial Statements and the accompanying notes.*

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

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

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

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

FORWARD-LOOKING INFORMATION

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

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

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

OVERVIEW AND DESCRIPTION OF BUSINESS

Elcora was incorporated pursuant to the Canada Business Corporations Act ("CBCA") on June 6, 2011. 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 started as 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. Effective February 03, 2016 Elcora changed its name from Elcora Resources Corp. to Elcora Advanced Materials Corp. As Elcora advances its vertical integration business model in graphite and graphene production, the core business has shifted from mining and exploration to advanced material research and production. Management believes the new name better reflects the core business activities of the company.

The Company has no commercial producing operations and accordingly no operating income or cash-flow. The Company is dependent on accessing capital markets in order to raise the funds necessary to continue exploration on its existing properties, acquire new properties, and meet its ongoing working capital requirements.

Elcora is constructing its own graphene production facility in the Canadian city of Halifax, Nova Scotia to supply premium quality graphene. The plant has a modular design wherein each "line" can produce 100 kg of graphene per year. The plant uses a graphite pre-cursor specially processed and refined for the Elcora graphene process within our vertically integrated supply chain. The Company will continue to seek project acquisitions in politically stable jurisdictions if that forms part of its overall strategy.

COMPANY HIGHLIGHTS

The following sums up the highlights for the period ended December 31, 2015:

- Effective February 03, 2016 Elcora changed its name from Elcora Resources Corp. to Elcora Advanced Materials Corp. As Elcora advances its vertical integration business model in graphite and graphene production, the core business has shifted from mining and exploration to advanced material research and production. Management believes our new name better reflects the core business activities of the company.
- On November 30, 2015 the Company announced that it has completed the construction of its Ragedara Graphite Processing Plant in Sri Lanka, and has started processing the stockpiled graphite.
- In December 2015, the Company announced that it has progressed to advanced underground drilling work to define the twelve historically worked veins at depth and to find additional veins at the Ragedara mine in Sri Lanka. Historically, the peak production of these 12 veins was 18,000 tonnes per year. The mine was abandoned due to improper mine planning and infrastructure. The vein structure remains open at depth both downward and into the mountain.
- The Company announced that it has defined the targeted graphite particle size distributions and finalized the designs for various stages of the process circuit accordingly. As part of the plan, the Company is capable of producing a particle size distribution suitable for lithium ion battery applications.
- The Company has been verified to trade on OTCQB®, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group. Trading commenced on December 22, 2015.
- The Company announced the results of Elcora graphene quality tests, performed by the Centre for Advanced Materials, CA2DM (previously known as Graphene Research Centre) at the National University of Singapore (NUS). More than 20 well-known commercial graphene producers from North America and Europe were tested, as well as many less known Asian suppliers. The test results indicate that the Elcora graphene is the top quality tested not only based on the overall evaluation but also all of the individual criteria: Elcora's sample has the highest content of graphene flakes with the best structural quality as measured by stringent scientific criteria.

COMPANY HIGHLIGHTS (continued)

- The Company announced that it has started construction of its graphene production facility. Elcora is constructing its own graphene production facility in the Canadian city of Halifax, Nova Scotia to supply premium quality graphene. The plant has a modular design wherein each "line" can produce 100 kg of graphene per year. The plant uses a graphite pre-cursor specially processed and refined for the Elcora graphene process within our vertically integrated supply chain. The current world-wide market for graphene is on the order of a tonne per year. The company plans to increase production as the total market, and the company's market share, increases.

SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES

Equity Transactions

- On July 19, 2013 Elcora closed a non-brokered private placement financing of $245,500 comprising 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 "July Private Placement"). The securities issued in the July Private Placement are subject to a 4 month hold period. The proceeds from the July Private Placement were used for corporate overhead and working capital.
- 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).
- On 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.

SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES

Equity Transactions (continued)

- 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 in November 10, 2015 the Company closed a non-brokered private placement financing. Elcora has issued 7,142,857 units at a price of $0.14 per unit for aggregate gross proceeds of $1,000,000. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common shares of Elcora at an exercise price of $0.30 for one year following the closing of the Private Placement. The Company paid finders' fees of $50,200 in cash and 332,700 in finders' warrants in connection with the Private Placement.
- On November 13, 2015, 898,333 warrants were exercised further to the May 13, 2014 Private Placement which comprised of the sale of 8,976,875 common shares of the Company at a price of $0.16 per share and the issuance of 8,976,875 warrants of the Company, with each warrant entitling the holder to acquire one common share of the Company for 18 month at a price of $0.30 per common share. The exercise of the warrants resulted in $269,500 cash to the treasury.
- On November 20, 2015 the Company closed a previously announced C$1,388,040 two-year syndicated limited recourse convertible loan agreement for the lesser amount of C$1,002,540 with eight lenders including one insider. The principal of the Loan is convertible into common shares of Elcora at $0.14 cents per share and all of the eight lenders elected to convert their Loans. A total of 7,161,000 shares of Elcora were issued upon the loan conversion.
- On November 30, 2015 the Company closed a non-brokered private placement financing by issuing 6,602,144 units at a price of $0.14 per Unit for aggregate gross proceeds of $924,300. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common shares of Elcora at an exercise price of $0.30 for one year following the closing of the Private Placement. The Company did not pay any finders' fees in connection with the Private Placement.

Other Transactions

- On July 19, 2013 the Company announced it had commenced its Phase I exploration program at the Cree Lake Gold Property located in Swayze Township, Ontario. Elcora has entered into a Memorandum of Understanding with the Flying Post First Nation(s) whereby Elcora will be permitted to complete mineral exploration on 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. 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). 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). The Company did not earn 51% interest in the Creek 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.

SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES (continued)

Other Transactions

- 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") with KWA Holdings (Private) Ltd. ("KWA") owning the remaining 60%. 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. 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.

  J.D.K. Wickramaratne, a Sri Lankan citizen, will be the sole officer, director and shareholder of KWA. 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. In addition, 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. Elcora will provide the remaining capital expenditures required to put the Mine back into commercial production. Sakura is entitled to appoint one director to Elcora's board but has not done so.

  Elcora will appoint the CEO of Sakura and to provide for the better management of the business affairs and operations of Sakura, KWA and Elcora entered into a shareholders agreement (the "Shareholders Agreement") which cedes to the CEO of Sakura extensive management powers including, without limitation: control of daily management and conduct of all the company's business, including completion of other transactions or corporate actions, choosing and communicating with Sakura's auditors, Sakura's internal policy for any related party transactions, Sakura's internal policy and controls to ensure that any material information concerning Sakura is disclosed in a news release by Elcora, the internal control system for the financial reporting of Sakura and payment of all mine management and processing and refining fees by Sakura.

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EXPLORATION AND DEVELOPMENT STRATEGY

Corporate Plans and Objectives

Elcora's (the Company) primary corporate development objective is to become a vertically integrated carbon trader, which mines, processes, refines, and produces graphite, graphene, and commercial products of the two. To this end the Company has secured through its joint venture with Sakura Graphite (Pvt) Ltd., the premier graphite mine in Sri Lanka; the Ragedara mine. The goal is to set the Company apart from its peers by virtue of delivering the vertically integrated business strategy that the Company is pursuing for the benefit of shareholders and stakeholders.

Elcora's near-term objective is to increase the daily production of the mine by bringing in advanced equipment and, to the extent graphite mineralization is visible and accessible for mining, increasing the number of shifts worked per week. Offering off-take assistance to other graphite mines is also desirable.

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

Elcora has completed the testing of graphite samples from the Ragedara mine, designed and built a processing facility that refines the graphite extracted from the Ragedara mine from its present 94-99% purity to 99% purity at a capacity of approximately 2,500 tonnes per year. The processing facility has been designed to be upgradeable up to 10,000 tonnes per year.

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Sakura Graphite Mine- Sri Lanka

The Ragedara mine (also called the Sakura mine or property) is an historic past producer, which at the height of its activity, produced approximately 18,000 tonnes of high quality (92-99%) graphite per year. During the three years preceding Elcora's acquisition the Sakura mine was substantially refurbished and is currently operating on one shift per day producing one to two tonnes of high quality graphite per shift aggregating approximately 20 tonnes per month at average at a cost of $136 per tonne of graphite. However at this point of time, there is no established resource nor is there any known body of commercial ore on the property, and no estimates of future production capability or the economics of any extraction activity can be made.

Cautionary Notes Regarding Graphite Extraction Economics

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

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Sakura Graphite Mine and Property Description and Location

A NI34-102 geological report (the "Report") on the Sakura Ragedara Property was prepared by Marc Filion, P.Eng. for Elcora. The Report has been reviewed and accepted by the TSX Venture Exchange and will be filed on SEDAR .

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

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

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

According to the history of graphite mining in Sri Lanka, more or less 100 graphite pits have been operated in the above mentioned mountain range from which graphite has been extracted at shallow depths for commercial exploitation. This is evidenced by more than 10 abandoned mine openings located over the 30 acres of mine land at Ragedara, such as Vihara Pathala, Maillagaha Pathala, Hurigahawala, Hunduwala, Bangalawala, Nugagaha Pathala, Mahawala and No 2 Pathala. During the period 1900 - 1920 and 1930 - 1950 production by the above named graphite pits contributed a considerable portion of all graphite exports from the island.

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

Mineralized Occurrences

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

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

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Recent Exploration

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

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

Metallurgical testing

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

Current Mining

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

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

The land rights and titles to the mine are owned by Sakura, a company that is wholly owned by KWA Ceylon Holdings Ltd and Fayolle Ceylon Ltd. prior to the closing of this Transaction.

The mining license has been granted under the condition of a five (5%) royalty paid to the Sri Lankan government on graphite sales prior to refining and a two (2%) royalty payable to the Sri Lankan government on the sale of building stone materials from the FOB value on the exploitation plus a levy on export of ca 10 USD/t. The industrial mining license allows for an unlimited production per month. The project was approved by Parliament of Sri Lanka on April 24, 2012. The license will automatically renew every year if Sakura conforms to the conditions of operating the mine. Sakura has also been granted the right to exploit the granite that will be extracted from the mine when blasting for building stone materials. Sakura has signed a contract to sell the stone for road works and is currently building a shredding plant on an adjacent piece of land.

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

In December 2015, the Company announced that it has progressed to advanced underground drilling work to define the twelve historically worked veins at depth and to find additional veins at the Ragedara mine in Sri Lanka. Historically, the peak production of these 12 veins was 18,000 tonnes per year. The mine was abandoned due to improper mine planning and infrastructure. The vein structure remains open at depth both downward and into the mountain.
Two drilling locations were used at the 0 m level exploring into the hill, which discovered three veins ranging between 15 and 24 cm in width within 10 m of the old workings. These veins are currently being mined.

EXPLORATION AND DEVELOPMENT STRATEGY (CONTINUED)

Current Mining

An additional drilling location is currently being exploited at the 38 m level to pass under the historical working of the mine. This has already resulted in locating the 5 veins with widths of 66, 40, 20, 20 and 15 cm. Additional holes are being drilled in order to further define these veins and the current shaft is being deepened in order to provide access for future work.
The graphite grade in the Ragedara veins ranges from 92-99% graphite. Historically, some of the veins have also contained fist sized silica than can be selectively mined from to graphite resulting in two potential products.

The construction progress report on Elcora's Ragadra processing facility is as follows:

On November 30, 2015 the Company announced that it has completed the construction of its Ragedara Graphite Processing Plant in Sri Lanka, and has started processing the stockpiled graphite.

Elcora has custom designed its processing technology targeting the high-grade Sri Lankan graphite. This technology minimizes the use of chemicals and result in no environmentally damaging products, by products or waste, which makes the plant very environmentally friendly and safe.

A team of seven fulltime employees are currently working at the mill. The mill can operate both in batch mode or process a continuous flow of material in a closed circuit mode. The current processing capacity is 2500 tonnes per year; with final product purity reaching over 99%. This capacity can be increased to 10,000 tonnes without significant further investment once the mining production increases. At the current processing speed, the stockpile of graphite will be processed in 2 months' time.

The Company announced that it has defined the targeted graphite particle size distributions and finalized the designs for various stages of the process circuit accordingly. As part of the plan, the Company is capable of producing a particle size distribution suitable for lithium ion battery applications.

CREE LAKE- CANADA

In February, 2015 the Company provided notice to Mantis Mineral Corp. ("Mantis") that it will be terminating the option agreement after it completed all spending requirements under the option agreement.

Elcora entered into an arm's length binding letter of intent with 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.

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).

The Company did not earn 51% interest in the Creek 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.

RESULTS OF OPERATIONS

All of the balances set out in this and following sections, including the Summary of quarterly results (for fiscal 2016 and Fiscal 2015), conform to IFRS standards.

	Three-month period ending December 31, 2015 $	Three-month period ending December 31, 2014 $	**Nine-month period ending December 31, 2015** $	Nine-month period ending December 31, 2014 $
Expenses (Income)				
Property investigation	-	(6,064)	-	86,271
Research & Development	**421,680**	-	**421,680**	-
Professional fees	**1,981**	11,880	**50,658**	156,543
Other supplies and services	**13,542**	50,822	**29,243**	79,511
Management and consulting fees	**314,798**	106,695	**480,275**	454,195
Transfer, filing and listing fees	**27,631**	11,609	**45,962**	26,320
Investor relations expense	**7,686**	58,280	**34,078**	245,211
Stock-based compensation	**575,489**	-	**837,157**	11,995
Interest Paid/Accrued	**53,302**	-	**53,302**	-
Interest revenue	**(55)**	-	**(738)**	(523)
Future income taxes	-	(10,000)	-	(11,250)
Realized & unrealized loss (gain) on marketable securities	**153,772**	(70,953)	**197,809**	427,200
Write-down of E&E assets	**-**	-	**(2,600)**	-
Share of loss in joint venture (note 11)	**60,419**	215,670	**173,164**	259,298
Unrealized (gain) loss on foreign exchange	**13,562**	(38,828)	**(8,336)**	(60,073)
Loss for the period	**(1,643,807)**	(329,111)	**(2,311,654)**	(1,674,698)
Other comprehensive income				
Items that may be subsequently reclassified to profit and loss				
Cumulative translation adjustment	**92,887**	-	**65,799**	-
Comprehensive loss for the period	**(1,550,920)**	(329,111)	**(2,245,855)**	(1,674,698)
Basic and diluted loss per share	**(0.03)**	0.01	**(0.05)**	0.05
Weighted average number of outstanding common shares – Basic and diluted	**57,307,906**	39,319,980	**48,782,663**	33,924,051

RESULTS OF OPERATIONS (CONTINUED)

The Company incurred a net loss of $2,311,654 for the period ending December 31, 2015 compared to a net loss of $1,674,698 for the corresponding period in 2014. Some of the significant charges to operations are as follows:

- Property investigation expenses amounting to $NIL (2014 - $86,271). Reduction relates to less investigation into exploration of projects that might meet the Company's acquisition criteria and the fact that the Company has closed the Sakura transaction which is the Company's focus.
- Research and Development expenses related to all aspects of Graphene research (See Company highlights) and the design and implementation the Company's graphene production facility in Halifax, Nova Scotia. (2014- $NIL)
- Professional fees consisting mainly of Legal fees and Audit fees. $50,658 (2014- $156,543). Reduction relates to closing of Sakura transaction in prior period.
- Other supplies and services amounted to $29,243 (2014- $79,511) which is in line with the Company's strategy to cut non-essential services and supplies.
- Management and consulting fees consisting mainly to consultants assisting the Company achieving its strategy as well as fees paid and or accrued to Officers of the Company of $480,275 (2014 - $454,195). Consistent with prior period.
- Regulatory, transfer agent and filing fees amounting to $45,962 (2014- $26,320). Increase due to OTCQB listing in USA.
- The Company incurred investor relations costs of $34,078 (2014 - $254,211). The decrease was due to the Company incurring the bulk of costs in prior periods and will review once those programs conclude.
- The $173,164 share of loss in joint venture (2014 - $259,298) represents Elcora's 40% share in Sakura's losses for the period.
- Loss on sale of marketable securities is a result of decrease in GRIT investment. The realized and unrealized losses amounted to $197,809 (2014 - $427,199).
- The Company issued 5,700,000 options to officers and directors during the period. The fair value calculation of the options, using Black and Scholes, amounted to $837,157 (2014 - $11,995).

SUMMARY OF QUARTERLY RESULTS

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

	Dec 31 2015	**Sept 30 2015**	**Jun 30 2015**	**Mar 31 2015**	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014
	$	**$**	**$**	**$**	$	$	$	$
Deficit and Cash Flow								
Revenue	**-**		**-**	**-**	**-**	-	-	-
Net income (loss)	**(1,643,807)**	**(32,071)**	**(635,145)**	**(565,936)**	**(329,111)**	(778,152)	(599,648)	(424,429)
Basic and diluted loss per share	**(0.03)**	**(0.00)**	**(0.01)**	**(0.01)**	**(0.02)**	(0.00)	(0.00)	(0.03)
Balance Sheet								
Total Assets	**9,563,888**	**8,716,290**	**8,011,819**	**7,262,066**	**6,798,294**	7,062,862	7,034,543	1,702,140

Fluctuations in net loss quarter over quarter is a result of the Company's property investigation efforts up to June 30, 2014. Cash availability was not predictable and that the company had to rely on Equity financings which influenced the money that was spent, hence the losses. Fluctuations in Total Assets during the fiscal 2014 quarters are mostly due to timing of financing and from June 30, 2014 onwards the Company completed a few financings and closed on the Sakura transaction. During the fourth quarter of 2015 the Company finalized the accounting for its 40% interest in Sakura and invested additional money into Sakura which changed the asset value.

LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2015, the Company had a working capital of $1,253,766 (March 31, 2015- ($185,489)). The Company also had current liabilities of $317,117 at December 31, 2015 (March 31, 201 - $472,586) with cash at $793,129 (March 31, 2015 - $33,476). The Company's future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be from the mining and sale of mineral products or related interests. The economics of developing and producing mineral products are affected by many factors including the cost of operations, variations in the grade of ore mined and the price of minerals/materials.

Depending on the price of minerals, the Company may determine that it is impractical to continue commercial production. The price of metals has fluctuated widely in recent years and is affected by many factors beyond the Company's control including changes in international investment patterns and monetary systems, economic growth rates, political developments, the extent of sales or accumulation of reserves by governments, and shifts in private supplies of and demands for metals. The supply of metals consists of a combination of mine production, recycled material, and existing stocks held by governments, producers, financial institutions and consumers. If the market price for metals falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or development of other projects or mining at one or more of its properties at that time.

CRITICAL ACCOUNTING ESTIMATES

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 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.

Estimate of recoverability for non-financial 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.

FINANCIAL INSTRUMENTS

Measurement categories

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.

FINANCIAL INSTRUMENTS (CONTINUED)

Measurement categories

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 December 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 December 31, 2015 a 5% change in the quoted price of marketable securities would impact net income by $1,518 (2014 - $7,834). The Company is not exposed to any other direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

(b) Credit risk

Credit risk is the risk that a customer or third party to a financial instrument fails to meet its commercial obligations.

The carrying amount of financial assets represents the maximum credit exposure. The Company manages credit risk by holding the majority of its cash and cash equivalents with AA rated banks in Canada, where management believes the risk of loss to be low.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining sufficient cash balances to meet liabilities when due. As at December 31, 2015, the Company had cash of $765,129 (March 31, 2015 - $33,476) to settle current liabilities of $317,117 (March 31, 2015 - $472,583).

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Outstanding Share Data

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

As at the date of this MD&A, there were 69,267,967 common shares of the Company issued and outstanding and 983,750 common shares (March 31, 2015 – 1,967,500) were subject to an escrow agreement.

Outstanding Stock Options and warrants

The Board of Directors of the Company has adopted an incentive stock option plan ("Option Plan"). Under the Option Plan, the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements and applicable securities legislation, grant to directors, officers, employees, consultants and management company employees 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.

As at February 17, 2016 the Company had 6,825,000 options outstanding at a weighted average exercise price of $0.15.

As at February 17, 2016 the Company had 23,698,466 warrants outstanding at a weighted average exercise price of $0.28.

Subsequent events

- Effective February 03, 2016 Elcora changed its name from Elcora Resources Corp. to Elcora Advanced Materials Corp. As Elcora advances its vertical integration business model in graphite and graphene production, the core business has shifted from mining and exploration to advanced material research and production. Management believes our new name better reflects the core business activities of the company.
- The Company has resolved to extend the expiry date of 2,632,643 share purchase warrants issued pursuant to a non-brokered private placement financing in August 2014 (the "2014 Warrants"). The extension was approved by the TSX on February 12, 2016. Each 2014 Warrant was exercisable to purchase one common share of the Company at an exercise price of $0.43 per share until February 16, 2016, which expiry date has now been extended to February 16, 2017. All other terms of the 2014 Warrants remain unchanged and in full force and effect.

RISKS AND UNCERTAINTIES

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

RISKS AND UNCERTAINTIES (CONTINUED)

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

Limited Operating History

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

Exploration and Development Risks

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

Substantial Capital Requirements and Liquidity

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

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

Fluctuating Mineral Prices

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

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

RISKS AND UNCERTAINTIES (CONTINUED)

Regulatory Requirements

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

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

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

Title to Properties

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

Requirement for Permits and Licenses

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

Competition

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

Reliance on Management and Dependence on Key Personnel

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

RISKS AND UNCERTAINTIES (CONTINUED)

No Mineral Reserves or Mineral Resources

There have been no mineral reserve or mineral resource estimates prepared in respect of the Property to which the Company holds title. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

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

Governmental Regulations and Processing Licenses and Permits

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

Local Resident Concerns

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

Conflicts of Interest

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

RISKS AND UNCERTAINTIES (CONTINUED)

Uninsurable Risks

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

Litigation

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosures concerning Elcora's expenses are provided in the Company's statement of loss and note disclosures contained in its Financial Statements for the period ended December 31, 2015. These statements are available on Elcora's SEDAR Page. Site accessed through www.sedar.com.

Dividends

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

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

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

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

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

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE (CONTINUED)

Nature of the Securities

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

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A.

Approval

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