ELCORA ADVANCED MATERIALS CORP.

Condensed Interim Consolidated Financial Statements

For the periods ended June 30, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2017 AND MARCH 31, 2017
UNAUDITED - EXPRESSED IN CANADIAN DOLLARS

	June 30, 2017	March 31, 2017
	$	$
Assets		
Current assets		
Cash	**727,765**	1,351,808
Investment in marketable securities	**47,376**	43,357
Accounts receivable *(note 7)*	**41,722**	69,483
Prepaid expenses *(note 8)*	**12,967**	124,339
	829,830	1,588,987
Non-current assets		
Investment in Joint Venture *(note 11)*	**8,256,483**	8,208,025
Property and equipment *(note 10)*	**359,366**	266,098
Total assets	**9,445,679**	10,063,110
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities *(note 9)*	**516,212**	459,427
Current portion of loan payable *(note 13)*	**31,227**	14,975
	547,439	474,402
Long-term liabilities		
Loan payable *(note 13)*	**187,607**	195,854
Total liabilities	**735,046**	670,256
Shareholders' equity		
Share capital *(note 14)*	**14,775,731**	14,775,731
Contributed surplus and other *(note 14)*	**3,455,096**	3,455,096
Accumulated other comprehensive income	**95,736**	282,901
Deficit	**(9,615,930)**	(9,120,874)
Total shareholders' equity	**8,710,633**	9,392,854
Total liabilities and shareholders' equity	**9,445,679**	10,063,110

-See Accompanying Notes-

Going concern *(note 2)*

Approved on behalf of the Board of Directors on August 24, 2017

"Troy Grant"	*"Denis Choquette"*
Director	Director

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIODS ENDED JUNE 30, 2017 AND 2016
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	June 30, 2017	June 30, 2016
	$	$
Expenses (Income)		
Research & development, net of government grants & assistance *(note 4n)*	**80,489**	199,723
Professional fees	**90,106**	(10,889)
General and administrative expenses	**18,644**	26,987
Amortization expense	**22,354**	-
Management and consulting fees	**168,488**	167,188
Transfer, filing and listing fees	**14,878**	19,870
Investor relations expense	**-**	37,630
Accreted interest	**8,005**	-
Interest paid	**-**	230
Interest revenue	**(1,589)**	-
Realized & unrealized (gain) loss on marketable securities	**(4,519)**	(10,245)
Share of loss in joint venture *(note 11)*	**72,315**	61,437
Realized & unrealized loss on foreign exchange	**25,885**	1,331
Loss for the period	**(495,056)**	(493,262)
Other comprehensive loss		
Items that may be subsequently reclassified to profit and loss		
Translation adjustment	**(187,165)**	46,174
Comprehensive loss for the period	**(682,221)**	(447,088)
Loss per share		
Basic and diluted loss per share	**(0.01)**	(0.01)
Weighted average number of outstanding common shares – Basic and diluted	**82,783,127**	70,179,972

-See Accompanying Notes-

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	Share Capital (#)	Share Capital ($)	Subscription Receivable $	Contributed Surplus and other ($)	Accumulated other Comprehensive income ($)	Deficit ($)	Total shareholders' equity ($)
Balance - March 31, 2017	**82,783,127**	**14,775,731**	**-**	**3,455,096**	**282,901**	**(9,120,874)**	**9,392,854**
Loss for the period	-	-		-	-	(495,056)	(495,056)
Translation adjustment	-	-	-	-	(187,165)	-	(187,165)
Comprehensive loss	-	-	-	-	(187,165)	(495,056)	(682,221)
Balance – June 30, 2017	**82,783,127**	**14,775,731**	**-**	**3,455,096**	**95,736**	**(9,615,930)**	**8,710,633**
Balance - March 31, 2016	**69,347,967**	**11,067,378**	**-**	**3,374,849**	**388,533**	**(6,822,804)**	**8,007,956**
Loss for the period	-	-		-	-	(493,262)	(493,262)
Translation adjustment	-	-	-	-	46,174	-	46,174
Comprehensive loss	-	-	-	-	46,174	(493,262)	(447,088)
Shares issued for cash (note 14)	2,208,750	883,500	(20,000)	-	-	-	863,500
Share issuance costs (note 14)	-	(21,298)	-	-	-	-	(21,298)
Warrants exercised (note 14)	262,500	42,000	-	-	-	-	42,000
Balance – June 30, 2016	**71,819,217**	**11,971,580**	**(20,000)**	**3,374,849**	**434,707**	**(7,316,066)**	**8,445,070**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2017 AND 2016
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	June 30, 2017	June 30, 2016
	$	$
Cash flows from operating activities		
Net loss for the periods	**(495,056)**	(493,262)
Adjustments for items not involving cash:		
Depreciation expense	**22,354**	-
Share of loss in investment in associate	**72,315**	61,436
Accreted interest	**8,005**	-
Realized & unrealized (gain) loss on marketable securities	**(4,019)**	(10,245)
Unrealized loss on foreign exchange	**4,739**	706
Changes in non-cash working capital items:		
Increase in accounts receivable	**27,761**	2,275
Decrease in prepaid expenses	**111,371**	144,636
(Decrease) increase in accounts payable and accrued liabilities	**56,788**	(98,771)
Net cash used for operating activities	**(195,743)**	(393,225)
Investing activities		
Investment in Joint Venture	**(312,678)**	(448,948)
Acquisition of equipment	**(115,622)**	(155,695)
	(428,300)	(604,643)
Financing activities		
Proceeds on issuance of common shares	**-**	883,500
Subscriptions receivable	**-**	(20,000)
Proceeds on exercise of warrants	**-**	42,000
Share issuance costs	**-**	(21,298)
Proceeds from long-term loan	**-**	224,524
	-	1,108,726
Net increase in cash	**(624,043)**	110,858
Cash, beginning of the period	**1,351,808**	134,242
Cash end of the period	**727,765**	245,100

Cash includes cash on hand with banks.

Supplemental disclosure with respect to cash flows - note 15

-See Accompanying Notes-

1. Nature of business

Elcora Advanced Materials Corp. (the "Company" or "Elcora") and its subsidiary were incorporated pursuant to the Canada Business Corporations Act on June 6, 2011 and its common shares are listed on the TSX Venture Exchange under the trading symbol ERA. The Company is also listed on the Frankfort Stock exchange under the symbol ELM and on OTCQB®, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group under the symbol ECORF. The Company's head office is located at 111 Ahmadi Crescent, Bedford, Nova Scotia, B4A 4E5, Canada.

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

2. Going concern

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

The Company is in the research and development ("R&D") stage and is subject to the risks and challenges similar to other companies in a comparable stage of R&D. These risks include, but are not limited to, dependence on key individuals, successful research and development programs and the ability to secure adequate financing to meet the minimum capital required to successfully complete the project and continue as a going concern. For the period ended June 30, 2017, the Company incurred losses of $495,056 (2016 - $493,262) and as at June 30, 2017 had an accumulated deficit of $9,615,930 (March 31, 2017 - $9,120,874). The Company has no income or cash flows from operations and at June 30, 2017 had a working capital of $282,391 (March 31, 2017 –$1,114,585).

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

The Company's ability to continue as a going concern is also dependent upon its ability to fund investments in the Sakura Joint Venture until the operation reaches a self-sustaining level of commercial production as well as its research and development programs and its ability to develop a unique low cost effective process to make graphene that is commercially scalable. To date, the Company has not earned any revenue.

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

3. Basis of preparation

These Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 – Interim Financial Reporting. The Financial Statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2017. These Financial Statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended March 31, 2017.

The Board of Directors approved these Financial Statements on August 24, 2017

Basis of measurement

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

Basis of consolidation

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

4. Critical accounting estimates and judgments

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

Estimate of recoverability for non-financial assets

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

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

Government assistance

Elcora received an interest-free repayable loan from ACOA, a government agency, in the amount of $309,749. The benefit of the government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

4. Critical accounting estimates and judgments (continued)

The fair value of the components, being the loan and the government grant, must be calculated initially in order to allocate the proceeds to the components. The valuation is complex, as there is no active trading market for these items and is based on unobservable inputs.

Based on management's analysis as at June 30, 2017, the fair value of the loan was $187,683. The Company has estimated the fair value of this liability based on the net present value of expected repayments, using a discount rate of 15%. If a discount rate of 20% had been used, this would have resulted in the liability being $26,972 lower upon the initial recognition date. If a discount rate of 10% had been used, this would have resulted in the liability being $32,781 higher upon the initial recognition date.

5. Financial instruments and fair values

Measurement categories

As explained in note 4 of the Company's consolidated financial statements for the year ended March 31, 2017, the financial assets and liabilities have been classified into categories that determine their basis of measurement. All loans and receivables and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to their short-term maturities. The Company uses the following hierarchy in attempting to maximize the use of observable inputs and minimize the use of unobservable inputs, primarily using market prices in active markets.

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

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

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

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

(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. The investment in the joint venture is measured in Sri Lankan rupees, which is the functional currency of the joint venture. Changes in the value of the Sri Lankan rupee computed to the Canadian dollar impact the carrying amount of the interest in the joint venture. An increase or decrease of 1% of the value of the Canadian dollar at June 30, 2017 would result in an increase of $ 80,600 or decrease of $80,600 (2017 - $80,000 and $85,000), respectively, to the value of the joint venture with an offsetting credit or charge to other comprehensive income.

ii) Interest rate risk

The Company's accounts payable and accrued liabilities and loan payable are non-interest bearing and have contractual maturities of 30 days or less, except as otherwise noted. As at June 30, 2017, the Company does not have cash equivalents.

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

5. Financial instruments and fair values (continued)

iii) Price risk

The Company is exposed to price risk as it relates to its investment in marketable securities. At June 30, 2017, a 5% change in the quoted price of marketable securities would impact net loss by $1,429 (2016 - $1,181). 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 June 30, 2017, the Company had cash of $727,765 (March 31, 2017 - $1,351,808) to settle current liabilities of $547,439 (March 31, 2017 - $474,402). See note 2 for additional information on liquidity.

6. 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 June 30, 2017 totaled $8,710,633 (March 31, 2017 - $9,392,854). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of business. The Company is not subject to externally imposed capital requirements.

7. Accounts receivable

	June 30, 2017 $	March 31, 2017 $
Sales tax recoverable	**17,578**	**37,076**
Government grants receivable	**24,144**	**32,407**
	41,722	**69,483**

8. Prepaid expenses

	June 30, 2017 $	March 31, 2017 $
Consultants	**-**	**105,988**
Other	**12,967**	**18,351**
	12,967	**124,339**

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

9. Accounts payable and accrued liabilities

	June 30, 2017 $	March 31, 2016 $
Accounts payable	**180,356**	**103,028**
Accrued liabilities	**335,856**	**356,399**
	516,212	**459,427**

10. Property and equipment

	Lab Equipment $	Leasehold Improvements $	Total $
Period ended June 30, 2017			
Opening net book value	234,084	32,014	**266,098**
Additions	115,622	-	**115,622**
Depreciation for the period	(19,826)	(2,527)	**(22,354)**
Closing net book value	329,880	29,487	**359,366**
At June 30, 2017			
Cost	396,522	40,439	**436,962**
Accumulated depreciation	(66,643)	(10,952)	**(77,595)**
Closing net book value	**329,879**	**29,487**	**359,366**
Year ended March 31, 2017			
Opening net book value	165,266	-	**165,266**
Additions	115,635	40,439	**156,074**
Depreciation for the year	(46,817)	(8,425)	**(55,242)**
Closing net book value	234,084	32,014	**266,098**
At March 31, 2017			
Cost	280,901	40,439	**321,340**
Accumulated depreciation	(46,817)	(8,425)	**(55,242)**
Closing net book value	**234,084**	**32,014**	**266,098**

Additions to property and equipment are net of government assistance benefits related to the ACOA loan. The total amount of government assistance allocated to property and equipment totaled $69,357 (2016 - $Nil). The government assistance allocated to lab equipment and leaseholds improvements was $51,324 and $18,033 respectively (note 13).

UNAUDITED - 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 Sakura is owned by J.D.K. Wickramaratne, through his wholly owned company KWA Holdings (Private) Ltd. 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 $5,077,592, 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").

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 entire operation for managing the processing of the graphite, for the life of the Mine. In order to maintain its 40% interest in Sakura, Elcora will provide the capital expenditures required to put the Mine back into commercial production, not to exceed US$12 million. As at June 30, 2017, US$2.98 million has been funded and the Company expects that it will not be required to contribute the maximum amount of US$12 million.

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

Investment in Joint Venture

	June 30, 2017	March 31, 2017
	$	$
Opening Balance	8,005,380	7,367,558
Investments in Sakura	312,678	1,035,018
Share of loss	(72,315)	(291,564)
Translation loss	(187,178)	(105,632)
	8,058,565	8,005,380
Advances receivable from Sakura	197,918	202,645
	8,256,483	8,208,025

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

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

11. Investment in Joint Venture (continued)

Summary Statements of loss and Comprehensive loss

For the periods ended	**June 30, 2017**	June 30, 2016
	$	$
Operating, general and administration expenses	173,305	146,796
Depreciation and amortization	7,483	6,797
Net loss and comprehensive loss	**180,788**	153,593

Summary Statements of Financial Position

As at	**June 30, 2017**	March 31, 2017
	$	$
Cash and receivables	(17,264)	61,928
Current assets	(17,264)	61,928
Non-current assets	20,465,375	20,278,052
	20,448,111	20,339,980
Accounts payable and other payables	103,796	123,886
Current Liabilities	103,796	123,886
Non-current liabilities	197,905	202,645
Shareholder's equity	20,146,411	20,013,449
	20,448,111	20,339,980

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	**June 30, 2017**	March 31, 2017
	$	$
Net assets of the joint venture (JV)	20,146,411	20,013,449
Proportion of the Corporation's ownership interest in the JV	40%	40%
Carrying amount of the Corporation's interest in the JV	**8,058,565**	8,005,380

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

12. Related party transactions

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

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

	June 30, 2017 $	June 30, 2016 $
Consulting fees paid and/or accrued	**100,000**	84,999
	100,000	84,999

b) On November 20, 2015 the Company closed a convertible Loan (note 14). A Director converted a $30,000 loan into 214,286 shares of the Company. Interest of $1,302 associated with the loan was paid to this Director. On November 30, 2015 the Company closed a private placement. Management and directors participated in the placement and as a result received 1,535,714 shares and equivalent number of share purchase warrants valid for one year from closing at an exercise price of $0.30 (note 14).

c) There were 1,830,000 options issued at $0.21 and 2,212,500 options at $0.10 during the year ended March 31, 2016 to Management and Directors.

d) On February 23, 2017 the Company closed a private placement (note 14). Management and directors participated in the placement and as a result received 629,630 shares and an equivalent number of share purchase warrants valid two years from the closing date at an exercise price of $0.27.

e) On June 30, 2017, total amounts payable to directors and companies owned thereby in accounts payable and accrued liabilities were $119,018 (March 31, 2017 - $91,821). All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

13. Loan payable

	June 30, 2017 $	March 31, 2017 $
ACOA interest-free loan with a maximum contribution of $495,750, repayable in 60 equal monthly payments of $5,100 commencing July 1, 2017 and final payment of $3,750. As at June 30, 2017, the amount drawn down on the loan is 309,749	**218,834**	**210,829**
	218,834	**210,829**
Less : Current portion	**(31,227)**	**(14,975)**
	187,607	**195,854**

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

13. Loan payable (continued)

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

Year ending	$
March 31, 2018	**45,900**
March 31, 2019	**61,200**
March 31, 2020	**61,200**
March 31, 2021	**61,200**
March 31, 2022	**61,200**

	June 30, 2017 $	March 31, 2017 $
Balance – Beginning of the period	-	-
Borrowing, net of $122,066 (2016 – $Nil) allocated to government assistance	**187,683**	**187,683**
Accreted Interest – 15%	**31,151**	**23,146**
Balance – End of the period	**218,834**	**210,829**
Less: Current portion	**(31,227)**	**(14,975)**
Non-current portion	**187,607**	**195,854**

The contribution period ended November 31, 2016 and no additional draws are permitted on this loan.

In April 2017 the Company signed an agreement with ACOA for funding under the agency's Business Development Program. ACOA shall contribute up to $1,306,150 toward the purchasing of specialized equipment. The $1,306,150 interest free loan shall be repayable over 110 months commencing January 1, 2018. The principal amount due at the beginning of each month is $11,767.

14. Share capital and contributed surplus

Authorized capital stock

Unlimited common shares without nominal or par value

Issuance of shares and warrants

- During the year ended March 31, 2016, 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 24 months at a price of $0.15 per common share. Total proceeds from exercise were $736,500.
- On 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 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 exercisable at $0.14 per common share for one year in connection with the private placement.

14. Share capital and contributed surplus (continued)

Issuance of shares and warrants (continued)

- During the year ended March 31, 2016, 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. Total proceeds from exercise were $269,500.
- On November 20, 2015 the Company closed a previously announced $1,388,040 two-year syndicated limited recourse convertible loan agreement for the lesser amount of $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 on November 20, 2015. 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 common share 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 November 30, 2015 Private Placement.
- On June 10, 2016 the Company closed a non-brokered private placement financing by issuing 2,208,750 units at a price of $0.40 per unit for aggregate gross proceeds of $883,500. The units issued by the Company include 1,104,375 share purchase warrants entitling the holder to purchase one common share of Elcora at an exercise price of $0.52 for three years following the closing of the private placement. The Company paid finders' fees of $13,100 in cash in connection with this private placement.
- Relating to the June 10, 2016 private placement on September 8, 2016 the Company issued an additional 25,000 shares and 12,500 warrants under the same terms and conditions for an additional cash consideration of $10,000. The total number of shares and warrants issued as part of this placement is 2,233,750 and 1,116,875 respectively.
- During the year ended March 31, 2017, 262,500 broker warrants were exercised further to the May 13, 2014 non-brokered Private Placement which was subscribed for at $0.16 per unit with a full warrant attached entitling the holder to acquire one common share of Elcora for $0.30 for 24 months following the closing of the private placement . Total proceeds from the exercise were $42,000.
- During the year ended March 31, 2017, 500,000 warrants were exercised further to the November 10, 2015 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 was comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common shares of Elcora at an exercise price of $0.30 for one year following the closing of the private placement. Total proceeds from exercise were $150,000.
- During the year ended March 31, 2017, 142,857 warrants were exercised at $0.30 and 332,700 finders' warrants were exercised at $0.14 further to the November 10, 2015 non-brokered private placement financing. Total proceeds from exercise were $89,435.
- On February 23, 2017 the Company closed the second and final tranche of the non-brokered private placement financing announced on January 31, 2017. The Private Placement closed at a total of $2,645,823 or 9,799,345 units. The first tranche closed on February 2, 2017 and involved the issuance of 9,326,095 units of the Company at a price of $0.27 per unit for gross proceeds of $2,518,045. The final tranche involved the issuance of 473,250 units of the Company at a price of $0.27 per unit for gross proceeds of $127,778. Each unit will be comprised of one common share and one common share purchase warrant. Each full warrant gives the holder the right to purchase one common share of Elcora

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

14. Share capital and contributed surplus (continued)

Issuance of shares and warrants (continued)

at an exercise price of $0.34 for two years following the closing of the Private Placement. The term of the warrants may be accelerated in the event that the issuer's shares trade at or above a price of $0.60 cents per share for a period of 20 consecutive days. In such case of accelerated warrants, the issuer may give notice, in writing or by way of news release, to the subscribers that the warrants will expire 45 days from the date of providing such notice. The Company paid finders' fees of $44,283 in cash and 164,010 in common shares valued at $0.27 per share in connection with the private placement.

Warrants

	Number of warrants #	Weighted average exercise price $
Opening Balance – April 1, 2016	23,800,286	0.28
Issued – Private placement	1,116,875	0.52
Exercised during the year	(262,500)	0.16
Exercised during the year	(642,857)	0.30
Exercised during the year	(332,700)	0.14
Expired during the year	(13,102,144)	0.30
Issued – Private placement	9,326,095	0.34
Issued – Private placement	473,250	0.34
Closing Balance – March 31, 2017 and June 30, 2017	20,376,305	0.31

Warrants outstanding as of June 30, 2017:

Expiry Date	Number of Warrants Outstanding and exercisable	Exercise Price ($)
February 16, 2018	2,632,643	0.43
June 10, 2019	1,116,875	0.52
June 30, 2019	6,827,442	0.19
February 2, 2019	9,326,095	0.34
February 23, 2019	473,250	0.34
Total	**20,376,305**	

The finders' warrants issued as part of the November 10, 2015 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 0.54%, a stock price of $0.19, 128% volatility and a term of one year. The fair value of the warrants was calculated to be $34,582 and was included with share issuance costs and an offsetting credit to contributed surplus and other. These warrants were exercised on November 9, 2016.

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

14. Share capital and contributed surplus (continued)

Stock options

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

The following table summarizes the changes in the outstanding stock options for the year ended June 30, 2017:

	Number of options #	Weighted average exercise price $
Balance – April 1, 2016	6,002,500	0.15
Forfeited	(300,000)	0.19
Balance – March 31, 2017 and June 30, 2017	5,702,500	0.15
Balance – exercisable at end of March 31, 2017 and June 30, 2017	5,702,500	0.15

The range of exercise prices of stock options outstanding and exercisable as at June 30, 2017 is below:

	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	2,882,500	3.98	0.10	2,882,500	0.10
$0.11 - $0.20	320,000	2.90	0.16	320,000	0.16
$0.21 - $0.30	2,500,000	4.17	0.21	2,500,000	0.21
	5,702,500	4.00	0.15	5,702,500	0.15

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

14. Share capital and contributed surplus (continued)

Stock options (continued)

The fair value of options granted or promised are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

During the year ended March 31, 2017, the Company committed 200,000 stock options which vested immediately to an employee through the execution of an employment contract. As of June 30, 2017 these options were not yet granted under the Company's stock option plan.

For the period ended June 30, 2017, the Company recorded stock-based compensation expense with an offsetting increase to contributed surplus of $NIL (2016-$NIL)

15. Supplemental disclosure with respect to cash flows

The significant non-cash investing and financing activities for the period ended June 30, 2017 included:

a) Translation adjustment of ($187,165) in revaluating the investment in joint venture at the end of the period.

The significant non-cash investing and financing activities for the period ended June 30, 2016 included:

a) Translation adjustment of $46,174 in revaluating the investment in joint venture at the end of the period.

b) $48,844 in property & equipment additions in accounts payable

16. Segmented information

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

Loss and comprehensive loss for the periods ended June 30,	**2017** **$**	2016 $
Graphene Corp. (Canada)	133,921	48,523
Sakura (Sri Lanka)	72,315	61,437
Corporate (Canada)	288,820	383,302
	495,056	493,262

Non-current assets as at	**June 30, 2017** **$**	March 31, 2017 $
Graphene Corp. (Canada)	359,367	266,098
Sakura (Sri Lanka)	8,256,483	8,208,025
	8,615,850	8,474,123