

Elcora Resources Shareholder Update on Sakura Graphite Project

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COLOMBO, SRI LANKA / TNW-ACCESSWIRE / July 29 2014 / Troy Grant, President and CEO of [Elcora Resources Corp.](#) (TSXV : ERA), (the "Company" or "Elcora"), is pleased to provide the following update on its Sakura graphite project.

In June 2014 Elcora closed its acquisition of a 40% interest in Sakura Graphite (PVT) Ltd. ("Sakura"). (see news releases May 13 and June 30, 2014.) The Sakura acquisition was a major step towards achieving the Company's primary corporate development objective of becoming a vertically integrated graphite producer.

"Analysts continue to forecast robust and growing worldwide demand for graphite" commented Elcora President Troy Grant, "and having a 'first-mover' advantage on graphite delivery is an important distinction from potential competitors and for potential clients. What has become evident over the course of discussions with various groups is the importance that is placed by industrial and other buyers on obtaining a high-grade graphite product that has been subjected to limited processing or refining, from a mine in recognized graphite-producing region with a history of production. That, as well as consistent grade delivery and straightforward metallurgy, provides valuable certainty to both industrial and technology users. Lastly, we are very pleased to have graphite processing and engineering expert Dr. Ian Flint leading the on-the-ground team that is conducting the laboratory tests, selecting the refining technologies and designing the graphite mill circuits."

The Sakura graphite mine (also called the Ragedera 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% C) graphite. 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 an average cost of US\$136 per tonne of graphite. However, 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. (See cautionary notes below)

Elcora's near-term objective is to increase the daily production by adding more new equipment and, to the extent graphite mineralization is visible and accessible for extraction, increasing the number of total shifts and man hours to increase total production.

Elcora is presently conducting laboratory tests on the graphite from the Sakura mine to determine optimum refining methods, and has begun designing the refining circuit for a modular, scalable mill capable of refining the graphite extracted from the Sakura mine from its present 94-99% C purity to 99% C purity at a capacity of approximately 2,500 tonnes per year. Given the high quality of the graphite mineralization being extracted from the Sakura mine, management estimates that the capital expenditure for the construction and equipping of such a mill would be circa US\$700,000.

Graphite has extensive commercial uses, for example steel making, brake linings and of course the ubiquitous 'lead' pencil. Less well-known are its more exotic uses such as rechargeable lithium-ion batteries commonly used in consumer electronics but also growing in popularity for military, electric vehicle and aerospace applications. Perhaps the newest and most esoteric of graphite uses is for the production of graphene, a very thin, nearly transparent sheet of pure carbon only one atom thick. Graphene is remarkably

strong for its very low weight (approximately 100 times stronger than steel) and, as it conducts heat and electricity with great efficiency, graphene has garnered significant attention in numerous industries including aerospace and technology.

The Company is examining ways in which graphene may become a part of the Company's vertical integration development plan, and in furtherance of this objective Dr. Flint's laboratory research includes examining the suitability of using Sri Lankan graphite for the production of graphene.

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.

Stock Options

The Company has granted 2,800,000 incentive stock options to directors, officers, employees and consultants. The options are exercisable at a price of \$0.35 per share for a term of five years expiring July 29, 2019, all subject to the terms of the Company's incentive stock option plan.

Qualified Person

Marc Filion, Eng., is the Qualified Person as defined under NI 43-101 who has reviewed and is responsible for the technical information presented in this news release.

For further information please visit the company's website at <http://www.elcoraresources.com>

For further information please contact: Troy Grant, Director, President and CEO, [Elcora Resources Corp.](http://www.elcoraresources.com), T: 902 802-8847 F: 902 446-2001.

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Investors are cautioned that, except as disclosed in the filing statement prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon.

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