



**Management's Discussion and Analysis  
For the Three Month Period Ended February 28, 2018**

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## **ELYSEE DEVELOPMENT CORP.**

### **Management's Discussion and Analysis**

#### **For the Three month period Ended February 28, 2018**

*This management's discussion and analysis ("MD&A") of Elysee Development Corp. ("Elysee" or "the Company"), dated April 5, 2018 should be read in conjunction with the accompanying condensed interim financial statements and notes for the three month period ended February 28, 2018 and the audited financial statements for the year ended November 30, 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as noted, all financial amounts are expressed in Canadian dollars. Additional information relating to the Company is available on SEDAR and may be accessed at [www.sedar.com](http://www.sedar.com).*

#### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This document contains certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. In particular, the forward-looking statements in this MD&A include: (i) under the heading "*Outlook*" statements relating to the Company's capital expenditure plans for 2018; and (ii) under the heading "*Liquidity and Capital Resources*" the statement that the Company believes it has sufficient funds to fund its currently planned administrative budget through the balance of fiscal 2018. Forward-looking statements involve numerous risks and uncertainties. Estimates and forward-looking statements are based on assumptions of future events and actual results may vary from these estimates.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, and continued availability of capital and financing, and general economic, market or business conditions and other factors discussed under the heading "*Risks and Uncertainties*". Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

#### **OVERVIEW AND OVERALL PERFORMANCE**

Elysee completed a Change of Business ("COB") from a "mining issuer" to an "investment issuer" on December 31, 2015.

The Company believes that the experience and contacts of its board of directors and management will enable it to identify and capitalize upon investment opportunities as an "investment issuer". The Company's primary focus will be to seek returns through investments in the securities of other companies and other assets.

Since the beginning of the current fiscal year on December 1, 2017 the Company has invested over \$2.0 million in publicly listed companies in the U.S. and Canada, with total assets of \$12,101,688 as at February 28, 2018. The Company's primary investments have been junior exploration and mining companies active in the gold and silver sector as well as several technology companies and a diversified cannabis company.

During the three month period ended February 28, 2018 the Company had net and comprehensive earnings of \$914,568 mainly due to \$1,088,417 of net investment income on its portfolio.

On February 20, 2018 the Company paid a dividend of \$0.02 per share for fiscal 2017 to shareholders of record as of February 12, 2018 for a total amount of \$436,849.

On July 31, 2017 the Company paid a dividend of \$0.01 per share for the first six month of fiscal 2017 to shareholders of record as of July 21, 2017 for a total amount of \$218,425. On December 22, 2016 the Company paid a dividend of \$0.02 per share for fiscal 2016 to shareholders of record as of December 16, 2016 for a total amount of \$440,819.

At November 30, 2017, the Company had unused tax losses of approximately \$12,261,000 available that may be used to offset taxes that would otherwise be payable on the Company's future comprehensive earnings. For more information, please refer to Note 10 of the audited annual financial statements for the year ended November 30, 2017 on the Company's web site and available at [www.sedar.com](http://www.sedar.com).

## **SIGNIFICANT MARKETABLE SECURITY INVESTMENTS**

Management considers the Company's most significant investments during the three month period ended February 28, 2018 to be as follows:

On February 27, 2018, the Company subscribed for a \$500,000 convertible debenture of RavenQuest BioMed Inc. ("RavenQuest"). The debenture will be convertible at the option of the Company into RavenQuest common shares at a price of \$1.45 per share. The debenture will bear interest at a rate of 10.0% per annum payable in cash semi-annually and will mature on Feb. 28, 2020. The Company also received 345,000 warrants with each warrant entitling the Company to purchase one additional common share of RavenQuest for two years from closing at \$1.50 per share.

On January 5, 2018, the Company subscribed for 625,000 units of Blockchain Power Trust ("Blockchain") in a private placement at \$0.48 per unit for \$300,000. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the Company to purchase one additional common share of Blockchain for two years from closing at \$0.80 per share.

During the quarter ended February 28, 2018, the Company acquired 350,000 common shares of Largo Resources Ltd. through the exercise of 350,000 warrants at \$0.65 for \$227,500.

On December 29, 2017, the Company subscribed for 50,000 units of HIVE Blockchain Technologies Ltd. ("HIVE") in a private placement at \$3.15 per unit for \$157,500. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of HIVE at \$3.90 per share until November 14, 2019.

On December 27, 2017, the Company subscribed for 200,000 units of Metanor Resources Inc. ("Metanor") in a private placement at \$0.70 per unit for \$140,000. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the Company to purchase one additional common share of Metanor for two years from closing at \$0.90 per share.

On February 23, 2018, the Company subscribed for 50,000 shares of Fireweed Zinc Ltd. in a private placement at \$1.32 per share for \$66,000.

On February 13, 2018, the Company subscribed for 200,000 shares of Darien Resource Development Corp. in a private placement at \$0.25 per share for \$50,000.

On May 8, 2017, the Company received approval from the TSX Venture Exchange (the “Exchange”) to renew its Normal Course Issuer Bid (the “Bid”). The original Bid started on May 3, 2013. Pursuant to the Bid, the Company may purchase for cancellation, from time to time, as it considers advisable, up to 1,090,662 of its issued and outstanding common shares. The price which the Company will pay for any shares purchased will be the prevailing market price of such common shares on the Exchange at the time of such purchase. The renewed Bid commenced on May 9, 2017 and will terminate on May 8, 2018, or such earlier time as the Bid is completed or at the option of the Company. Mackie Research Capital Corporation of Vancouver, British Columbia will conduct the Bid on behalf of the Company. The Company purchased 75,000 of its common shares at a total cost of \$20,750 pursuant to the normal course issuer bid from December 1, 2017 to February 28, 2018.

The Board of Directors of the Company believes that the current and recent market prices for the Company’s common shares do not give full effect to their underlying value and that, accordingly, the purchase of common shares under the Bid will increase the proportionate share interest of, and be advantageous to, all remaining shareholders. The normal course purchases will also afford an increased degree of liquidity to current shareholders who would like to dispose of their shares and will serve to stabilize the market price for the Company’s shares.

## **OUTLOOK**

At February 28, 2018 the Company’s statement of financial position includes working capital of \$12,099,723 inclusive of \$1,109,642 of cash and cash equivalents and \$10,983,366 in marketable securities.

Management believes the Company’s financial position remains strong and is sufficient to cover planned administration costs for at least a twelve month period.

## **RESULTS OF OPERATIONS – THREE MONTH PERIOD ENDED FEBRUARY 28, 2018**

The Company’s net and comprehensive earnings for the three month period ended February 28, 2018 was \$914,568 (\$0.04 basic earnings per share) compared to net and comprehensive earnings of \$1,045,088 (\$0.05 basic earnings per share) for the three month period ended February 28, 2017.

The significant changes in net and comprehensive earnings during the current three month period compared to the same period a year prior are as follows:

There was a realized gain on the sale of marketable securities of \$751,317 for the three month period ended February 28, 2018 compared to \$454,741 in the prior year.

There was an unrealized gain on marketable securities of \$323,822 for the three month period ended February 28, 2018 compared to an unrealized gain of \$648,229 in the prior year. The current three month period unrealized gain is comprised of \$98,829 as a result of the fair market valuation of marketable securities and convertible debentures and \$224,993 for the valuation of investment warrants.

Interest and dividend income decreased \$15,390 to \$14,770 for the three month period ended February 28, 2018, compared to \$30,160 during the same period a year prior as a convertible debenture was converted to shares and another was sold.

Legal and accounting costs decreased \$6,356 to \$20,115 for the three month period ended February 28, 2018 from \$26,471 incurred for the three month period ended February 28, 2017.

Rent decreased \$2,100 to \$473 for the three month period ended February 28, 2018 from \$2,573 incurred for the three month period ended February 28, 2017 as the Company reduced its office space.

There was a \$96,649 share-based payment expense, a non-cash item, on the granting of options during the three month period ended February 28, 2018 compared to share-based payment expense of \$Nil during the prior year.

## SUMMARY OF QUARTERLY RESULTS

The following information is derived from the Company's quarterly financial statements for the past eight quarters:

Quarter Ended	Net and Comprehensive Earnings (Loss)	Basic Earnings (Loss) per Share
February 28, 2018 (Q1, 2018)	\$914,568	\$0.04
November 30, 2017 (Q4, 2017)	\$293,456	\$0.01
August 31, 2017 (Q3, 2017)	\$(185,411)	\$(0.01)
May 31, 2017 (Q2, 2017)	\$(501,684)	\$(0.02)
February 28, 2017 (Q1, 2017)	\$1,045,087	\$0.05
November 30, 2016 (Q4, 2016)	\$(1,823,297)	\$(0.08)
August 31, 2016 (Q3, 2016)	\$2,263,647	\$0.11
May 31, 2016 (Q2, 2016)	\$2,785,084	\$0.13

The Company's net and comprehensive earnings fluctuate significantly from quarter to quarter depending on the valuation of its marketable securities. The marketable securities are based on the fair market value of the underlying shares and the warrant valuations are based on the Black-Scholes Option Pricing Model. These fair value measurements can change dramatically depending on the price of the underlying securities and other observable inputs.

The Company's net and comprehensive earnings were \$914,568 for the first quarter ended February 28, 2018 (Q1, 2018) and were mainly comprised of a \$751,317 realized gain on marketable securities, \$323,822 unrealized gain on marketable securities and \$14,770 in interest income offset by a \$1,492 unrealized foreign exchange loss and \$173,849 in general and administrative expenses.

The Company's net and comprehensive earnings were \$293,456 for the fourth quarter ended November 30, 2017 (Q4, 2017) and were mainly comprised of a \$712,442 realized gain on marketable securities, \$5,708 unrealized foreign exchange gain and \$20,862 in interest income offset by a \$217,892 unrealized loss on marketable securities and \$227,664 in general and administrative expenses.

The Company's net and comprehensive loss of \$185,411 for the third quarter ended August 31, 2017 (Q3, 2017) was mainly comprised of a \$305,844 unrealized loss on marketable securities, \$157,583 in general and administrative expenses, and \$14,513 unrealized foreign exchange loss offset by a gain of \$270,851 realized on the sale of marketable securities and \$21,678 in interest income.

The Company's net and comprehensive loss of \$501,684 for the second quarter ended May 31, 2017 (Q2, 2017) was mainly comprised of a \$752,611 unrealized loss on marketable securities, \$98,833 in general and administrative expenses, and \$32,918 in other taxes offset by a gain of \$359,929 realized on the sale of marketable securities, a \$903 unrealized foreign exchange gain and \$21,846 in interest income.

The Company's net and comprehensive earnings were \$1,045,087 for the first quarter ended February 28, 2017 (Q1, 2017) and were mainly comprised of a \$648,228 unrealized gain on marketable securities, a gain of \$454,741 realized on the sale of marketable securities, \$972 in unrealized foreign exchange loss and \$30,160 in interest income offset by \$87,070 in general and administrative expenses.

The Company's net and comprehensive loss was \$1,823,297 for the fourth quarter ended November 30, 2016 (Q4, 2016) and was mainly comprised of a \$1,972,880 unrealized loss on marketable securities, \$271,699 in general and administrative expenses, offset by a gain of \$368,106 realized on the sale of marketable securities and \$29,707 in interest income.

The Company's net and comprehensive earnings were \$2,263,647 for the third quarter ended August 31, 2016 (Q3, 2016) and were mainly comprised of a \$1,305,630 unrealized gain on marketable securities, a gain of \$1,101,068 realized on the sale of marketable securities, \$26,143 in unrealized foreign exchange loss and \$30,788 in interest income offset by \$147,696 in general and administrative expenses.

The Company's net and comprehensive earnings were \$2,785,084 for the second quarter ended May 31, 2016 (Q2, 2016) and were mainly comprised of a \$2,153,293 unrealized gain on marketable securities, \$706,365 realized gain on sale of marketable securities, \$9,375 unrealized foreign exchange loss and \$38,185 in interest income offset by \$103,384 in general and administrative expenses.

## LIQUIDITY AND CAPITAL RESOURCES

The Company relies on its working capital and equity financings to fund its investing and administrative costs.

As at February 28, 2018, the Company had working capital of \$12,099,723 mainly comprised of cash and cash equivalents of \$1,109,642 and marketable securities of \$10,983,366. This compares to working capital of \$11,501,105 at November 30, 2017, which included \$882,010 in cash and cash equivalents and marketable securities of \$10,681,519.

The increase in cash and cash equivalents of \$227,632 during the three month period ended February 28, 2018 was mainly due to the sale of \$2,774,082 marketable securities offset by the purchase of \$2,000,790 marketable securities and payment of dividends of \$436,849.

The Company also received \$45,000 from the exercise of 225,000 stock options at \$0.20 per share.

Total assets at February 28, 2018 increased to \$12,101,688 from \$11,659,916 at November 30, 2017.

The Company believes that its working capital is sufficient to fund its currently planned investments and administrative budget through the balance of fiscal 2018.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

The Company's Board of Directors consists of Guido Cloetens, Gaston Reymenants, Stuart Rogers and Martin Burian. Stuart Rogers is the Company's President, Guido Cloetens is the Company's Chairman and Chief Executive Officer and Gord Steblin is the Company's Chief Financial Officer.

The Company paid amounts to related parties as follows:

	For the Three month period Ended	
	February 28, 2018	February 28, 2017
Management fees paid to a company controlled by Mr. Stuart Rogers	17,000	17,625
Management fees paid to a company controlled by Mr. Guido Cloetens	22,500	22,500
Accounting fees paid to a company controlled by Mr. Gord Steblin	16,250	14,400
Director fees paid to Mr. Tom Ogryzlo (resigned July 7, 2017)	-	1,500
Director fees paid to Mr. Martin Burian	1,825	1,950
Director fees paid to a company controlled by Mr. Gaston Reymenants (elected July 7, 2017)	1,500	-
	\$59,075	\$57,975

During the three month period ended February 28, 2018, the Company granted 650,000 options, exercisable at \$0.33 per share until February 27, 2021 (February 28, 2017 – no – options granted) to directors and officers of the Company with a vested estimated fair value of \$96,649 (February 28, 2017 - \$Nil).

The amounts owing to directors and other members of key management were as follows:

	As at	
	February 28, 2018	November 30, 2017
A company controlled by Mr. Guido Cloetens	\$ -	\$ 80,000
A company controlled by Mr. Stuart Rogers	-	25,000
A company controlled by Mr. Gord Steblin	-	10,000
Mr. Martin Burian	-	5,000
A company controlled by Mr. Gaston Reymenants	-	5,000
	\$ -	\$ 125,000

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments, and share-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

### CHANGE IN ACCOUNTING POLICY

During the year ended November 30, 2017, certain new accounting policies were adopted by the Company, none of which had a significant effect on the financials records or disclosures of the Company. Future accounting policy changes are included in Note 2 of the audited financial statements, and are also not expected to impact the Company in a significant manner.

### FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

	February 28, 2018	November 30, 2017
<b>FINANCIAL ASSETS</b>		
<b>Fair value through profit or loss , at fair value</b>		
Cash and cash equivalents	\$ 1,109,642	\$ 882,010
Marketable securities	10,983,366	10,681,519
<b>Loans and receivables, at amortized cost</b>		
Interest receivable	6,517	26,983
Other receivable – sale of marketable securities	-	62,016
<b>Total financial assets</b>	<b>\$ 12,099,525</b>	<b>\$ 11,652,528</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	1,965	33,811
Due to related parties	-	125,000
<b>Total financial liabilities</b>	<b>\$ 1,965</b>	<b>\$ 158,811</b>

## Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. The \$1,748,028 Black-Scholes valuation of warrants held as investments is substantially higher than the intrinsic value based on the warrant exercise price compared to the market price.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at February 28, 2018, the Company does not have any Level 3 financial instruments.

	Level 1	Level 2	Level 3	Total
<b>As at February 28, 2018</b>				
Cash and cash equivalents	\$ 1,109,642	\$ -	\$ -	\$ 1,109,642
Marketable securities - shares	8,110,454	-	-	8,110,454
Marketable securities - convertible debt	1,124,884	-	-	1,124,884
Marketable securities - warrants	-	1,748,028	-	1,748,028
<b>Total financial assets at fair value</b>	<b>\$ 10,344,980</b>	<b>\$ 1,748,028</b>	<b>\$ -</b>	<b>\$ 12,093,008</b>

	Level 1	Level 2	Level 3	Total
<b>As at November 30, 2017</b>				
Cash and cash equivalents	\$ 882,010	\$ -	\$ -	\$ 882,010
Marketable securities - shares	8,159,597	-	-	8,159,597
Marketable securities - convertible debt	998,887	-	-	998,887
Marketable securities - warrants	-	1,523,035	-	1,523,035
<b>Total financial assets at fair value</b>	<b>\$ 10,040,494</b>	<b>\$ 1,523,035</b>	<b>\$ -</b>	<b>\$ 11,563,529</b>

## **Management of financial risks**

The financial risks arising from the Company's operations include credit risk, liquidity risk, interest rate risk, currency risk and market risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### **Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and receivables. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at February 28, 2018, receivables were comprised interest receivable of \$6,517 (November 30, 2017 - \$26,983) and other receivable - sale of marketable securities of \$Nil (November 30, 2017 - \$62,016). As a result, credit risk is considered insignificant.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. The Company has cash and cash equivalents of \$1,109,642 (November 30, 2017 - \$882,010) to settle current liabilities of \$1,965 (November 30, 2017 - \$158,811), therefore liquidity risk is considered insignificant.

### **Interest rate risk**

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short period of time, the impact would likely not be significant. The Company also has investments in convertible debentures which have a fixed interest rate and are not subject to interest rate fluctuations.

A 1% change in short-term rates would have changed the interest income and net earnings of the Company, assuming that all other variables remained constant, by approximately \$2,120 (February 28, 2017 - \$2,385) for the three month period ended February 28, 2018.

### **Currency risk**

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

## **Market risk**

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its marketable securities and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Company's investment activities are currently concentrated primarily in junior exploration and mining companies active in the gold and silver sector as well as several technology companies.

## **RISKS AND UNCERTAINTIES**

The Company believes that the following items represent significant areas for consideration.

### ***Cash Flows and Additional Funding Requirements***

The Company has a limited history of operating earnings and no assurances that sufficient funding, including adequate financing, will be available. The sources of funds currently available to the Company include; sale of marketable securities, raising equity or debt capital.

### ***Composition of Portfolio***

The composition of the Company's securities portfolio taken as a whole may vary widely from time to time, particularly equity securities in which the Company invests in the natural resource sector which often have very high volatilities. The Company may make investments in securities that have low trading volumes. Accordingly, it may be difficult for the Company to make trades in these securities without adversely affecting the price of such securities.

### ***Stock Price and Performance***

The Company's stock price may vary according to the value of the securities in which it invests, which will depend, in part, upon the performance of the issuers of such securities. The value of the securities acquired by the Company will be affected by business factors and risks that are beyond the control of the Company. In addition, the performance of certain of the securities may be affected by business factors and risks other than their exposure to metal and mineral prices, which may be more determinative of such securities performance. Some of the factor and risks are: (i) some of the issuers in which the Company invests may have limited operating histories, (ii) operational risks related to specific business activities of the respective issuers; (iii) quality of underlying assets; (iv) financial performance of the respective issuers and their competitors; (v) volatility in the price of metal and mineral prices; (vi) environmental risks; (vii) political risks; (viii) fluctuation in exchange rates; (ix) fluctuation in interest rates; and (x) government regulation, including regulation to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection.

There is no assurance that the investment objectives of the Company will actually be achieved. The value of the shares of the Company may increase or decrease with the value of its investment portfolio and general economic conditions beyond the control of the Company's management, including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors.

### ***Key Management***

The success of the Company will be largely dependent upon the performance of its key officers and consultants. The success of the Company is largely dependent on the discretion and ability of the Company in determining the composition of the portfolio of assets, and in negotiating the pricing and other terms of the agreements leading to the acquisition of assets. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

### ***Conflict of Interest***

Some of the Company's directors and officers are directors and officers of other reporting companies. These associations may give rise from time to time to conflicts of interest. As a result of, the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The ability to liquidate investments held by the Company in corporations with common director may be impaired by trading black-out periods imposed on insiders of such entities.

### **SUBSEQUENT EVENTS**

There were no significant events or repurchase of common shares that occurred subsequent to February 28, 2018.

### **OUTSTANDING SHARE DATA**

The Company is authorized to issue unlimited common shares without par value. As at April 5, 2018, there were 21,842,474 outstanding common shares.

The following table summarizes information regarding stock options outstanding and exercisable as at April 5, 2018:

<b>Grant date</b>	<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>
August 3, 2016	July 7, 2018	100,000	100,000	\$ 0.30
August 3, 2016	August 3, 2019	400,000	400,000	\$ 0.30
July 7, 2017	July 7, 2020	575,000	575,000	\$ 0.305
February 27, 2018	February 27, 2021	650,000	650,000	\$ 0.33
<b>Total options</b>		<b>1,725,000</b>	<b>1,725,000</b>	

There were no warrants outstanding as at February 28, 2018 or April 5 2018.