



**Management's Discussion and Analysis  
For the Three month period Ended February 28, 2017**

Contact Information

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## **ELYSEE DEVELOPMENT CORP.**

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

#### **For the Three Month Period Ended February 28, 2017**

*This management's discussion and analysis ("MD&A") of Elysee Development Corp. ("Elysee" or "the Company"), dated March 20, 2017 should be read in conjunction with the accompanying condensed interim financial statements and notes for the three month period ended February 28, 2017 and the audited financial statements for the year ended November 30, 2016. 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 future production, reserve potential, exploration drilling, exploitation activities and 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 2016; and (ii) under the heading "Liquidity and Capital Resources" the statement that the Company believes it has sufficient funds to fund its currently planned exploration and administrative budget through the balance of fiscal 2016. Further, information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. 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. The foregoing forward-looking statements are based on assumptions including that the Company will be able to identify potential assets for acquisition on terms that are satisfactory to the Company; that the execution of the Company's capital expenditure plans will remain in the best interests of the Company; that the Company will obtain all required regulatory approvals; and that the company will be able to source the required services (including drilling rigs) to execute its capital expenditure plans.

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, exploitation and exploration successes, 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, 2016 the Company has invested over \$1.3 million in publicly listed companies in the U.S. and Canada, with total assets increasing to \$12,131,853 as at February 28, 2017 from \$11,766,210 on November 30, 2016. The Company's primary investments have been junior exploration and mining companies active in the gold and silver sector.

During the three month period ended February 28, 2017 the Company had net and comprehensive earnings of \$1,045,088 mainly due to \$1,132,158 of net investment income on its portfolio. At February 28, 2017, the Company had unused tax losses of approximately \$13,535,000 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 11 of the audited annual financial statements for the year ended November 30, 2016 on the Company's web site and available at [www.sedar.com](http://www.sedar.com).

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.

### **SIGNIFICANT MARKETABLE SECURITY TRANSACTIONS**

On February 15, 2017, the Company acquired 650,000 common shares of TerraX Minerals Inc. ("TerraX") through the exercise of 650,000 warrants at \$0.57 for \$370,500.

On February 14, 2017, the Company subscribed for 200,000 units of Niocorp ("Niocorp") in a private placement at \$0.70 per unit for \$140,000. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Niocorp for three years from closing at \$0.85 per share.

On December 22, 2016, the Company subscribed for 440,000 units of Nouveau Monde Mining Enterprises Inc. ("Nouveau") in a private placement at \$0.23 per unit for \$101,200. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Nouveau for two years from closing at \$0.35 per share.

On October 18, 2016, the Company subscribed for 666,000 units of PolyMet Mining Corp. ("PolyMet") in a private placement at US\$0.75 per unit for US\$499,500. 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 PolyMet for five years from closing at US\$1.00 per share.

On September 1, 2016, the Company subscribed for 1,110,000 units of Largo Resources Ltd. ("Largo") in a private placement at \$0.45 per unit for \$499,500. 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 Largo for three years from closing at \$0.65 per share.

On June 14, 2016, the Company subscribed for 1,200,000 shares of Rye Patch Gold Corp. in a private placement at \$0.22 per share for \$264,000.

On May 11, 2016, the Company subscribed for 232,500 units of Alexco Resource Corp. ("Alexco") in a private placement at \$1.20 per unit for \$279,000. 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 Alexco for two years from closing at \$1.75 per share.

On May 25, 2016, the Company subscribed for 1,300,000 units of IBC Advanced Alloys Corp. ("IBC") in a private placement at \$0.375 per unit for \$437,500. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of IBC for five years from closing at \$0.50 per share.

On February 24, 2014, the Company subscribed for 1,300,000 units of TerraX Minerals Inc., a company with a director and officer in common, at \$0.45 per unit for gross proceeds of \$585,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the Company to purchase an additional common share of TerraX at an exercise price of \$0.57 per share exercisable until February 28, 2017.

On May 6, 2016, 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 1,063,500 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, 2016 and will terminate on May 8, 2017, 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 219,000 of its common shares at a total cost of \$82,650 pursuant to the normal course issuer bid from December 1, 2016 to February 28, 2017.

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, 2017 the Company’s statement of financial position includes working capital of \$12,091,400 inclusive of \$954,153 of cash and cash equivalents and \$11,163,883 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, 2017**

The Company’s net and comprehensive earnings for the three month period ended February 28, 2017 was \$1,045,088 (\$0.048 basic earnings per share) compared to net and comprehensive earnings of \$391,851 (\$0.019 basic earnings per share) for the three month period ended February 28, 2016.

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 \$454,741 for the three month period ended February 28, 2017 compared to \$180,596 in the prior year.

There was an unrealized gain on marketable securities of \$648,229 for the three month period ended February 28, 2017 compared to an unrealized gain of \$240,203 in the prior year. The current three month period unrealized gain is comprised of \$ 642,847 as a result of the fair market valuation of marketable securities and \$5,382 for the valuation of investment warrants.

Interest and dividend income decreased \$8,373 to \$30,160 for the three month period ended February 28, 2017, compared to \$38,533 during the same period a year prior as the Company reduced its holdings of convertible debentures.

Legal and accounting fees increased \$10,111 to \$26,471 for the three month period ended February 28, 2017 from \$16,360 incurred for the three month period ended February 28, 2016. The increase was due to the increased audit requirements of being an Investment Issuer.

Management fees increased \$10,125 to \$40,125 for the three month period ended February 28, 2017 from \$30,000 incurred for the three month period ended February 28, 2016. The increase was attributable to taxes and to compensate for the increased time required to monitor and evaluate the growing number of marketable securities

There was a \$33,258 share-based payment expense, a non-cash item, on the granting of options during the three month period ended February 28, 2016 compared to share-based payment expense of \$Nil during the current three month period as no options were granted.

All other general and administrative costs were relatively similar to those incurred in the three month period a year prior.

## SUMMARY OF QUARTERLY RESULTS

The following information is derived from the Company's quarterly financial statements for the past eight quarters and has been prepared using IFRS:

Quarter Ended	Net and Comprehensive Earnings (Loss)	Basic Earnings (Loss) per Share
February 28, 2017 (Q1, 2017)	\$1,045,088	\$0.048
November 30, 2016 (Q4, 2016)	\$(1,823,297)	\$(0.083)
August 31, 2016 (Q3, 2016)	\$2,263,647	\$0.106
May 31, 2016 (Q2, 2016)	\$2,785,084	\$0.133
February 29, 2016 (Q1, 2016)	\$391,851	\$0.019
November 30, 2015 (Q4, 2015)	\$(54,203)	\$(0.003)
August 31, 2015 (Q3, 2015)	\$(273,011)	\$(0.013)
May 31, 2015 (Q2, 2015)	\$(194,724)	\$(0.009)

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 \$1,045,088 for the first quarter ended February 28, 2017 (Q1, 2017) and were mainly comprised of a \$648,229 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.

The Company's net and comprehensive earnings were \$391,851 for the first quarter ended February 29, 2016 (Q1, 2016) and were mainly comprised of a \$240,203 unrealized gain on marketable securities, \$180,596 realized gain on sale of marketable securities, \$28,935 unrealized foreign exchange gain, and \$38,533 in interest income offset by \$96,973 in general and administrative expenses.

The Company's net and comprehensive loss was \$54,203 for the fourth quarter ended November 30, 2015 (Q4, 2015) and is mainly comprised of a \$94,850 unrealized gain on marketable securities, \$37,284 realized gain on sale of marketable securities, \$124,500 realized foreign exchange gain, and \$20,597 in interest income offset by \$196,834 in general and administrative expenses.

The Company's net and comprehensive loss was \$273,011 for the third quarter ended August 31, 2015 (Q3, 2015) and is mainly comprised of a \$325,457 unrealized loss on marketable securities, \$15,484 realized gain on sale of marketable securities, \$106,365 unrealized foreign exchange gain, and \$20,068 in interest income offset by \$89,471 in general and administrative expenses.

The Company's net and comprehensive loss was \$194,724 for the second quarter ended May 31, 2015 (Q2, 2015) and is mainly comprised of a \$1,258,353 unrealized loss on marketable securities, \$1,135,468 realized gain on sale of marketable securities, \$10,669 unrealized foreign exchange loss, and \$15,739 in interest income offset by \$77,784 in general and administrative expenses.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company relies on its working capital and equity financing to fund its investing, exploration and administrative costs.

As at February 28, 2017, the Company had working capital of \$12,091,400 mainly comprised of cash and cash equivalents of \$954,153 and marketable securities of \$11,163,883. This compares to working capital of \$11,569,781 at November 30, 2016, which included \$1,214,972 in cash and cash equivalents and marketable securities of \$10,516,494.

The decrease in cash of \$260,819 during the three month period ended February 28, 2017 was mainly due to the purchase of \$1,356,769 of marketable securities and payment of dividends of \$440,819, offset by the sale of \$1,812,350 in marketable securities.

Total assets at February 28, 2017 increased to \$12,131,853 from \$11,766,210 at November 30, 2016, primarily as a result of the realization of a gain on the sale of marketable securities of \$454,741 and the unrealized gain on marketable securities of \$648,229 during the three month period ended February 28, 2017.

The Company believes that its working capital is sufficient to fund its currently planned investments and administrative budget through the balance of fiscal 2017.

## **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, Tom Ogryzlo, Stuart Rogers and Martin Burian. Stuart Rogers is the Company's President and Chief Executive Officer, Guido Cloetens is the Company's Chairman and Gord Steblin is the Company's Chief Financial Officer.

The Company paid amounts to related parties as follows:

	For the Three months Ended	
	February 28, 2017	February 28, 2016
Management fees paid to a company controlled by Mr. Stuart Rogers	*17,625	15,000
Chairman fees paid to a company controlled by Mr. Guido Cloetens	22,500	15,000
Accounting fees paid to a company controlled by Mr. Gord Steblin	**14,400	12,000
Director fees paid to Mr. Tom Ogryzlo	1,500	1,500
Director fees paid to Mr. Martin Burian	***1,950	1,500
	****\$57,975	\$45,000

\* Includes \$2,625 of GST that is non-recoverable

\*\* Includes \$1,400 of GST that is non-recoverable

\* \*\* Includes \$450 of GST that is non-recoverable

\*\*\*\* Total non-recoverable GST is \$4,475

During the three month period ended February 28, 2017, the Company granted no options (February 28, 2016 – 600,000 options at \$0.20) to directors and officers of the Company with a vested estimated fair value of \$Nil (February 28, 2016 – \$33,258).

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 three month period ended February 28, 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 also not expected to impact the Company in a significant manner.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

	February 28, 2017	November 30, 2016
<b>FINANCIAL ASSETS</b>		
<b>Fair value through profit or loss , at fair value</b>		
Cash and cash equivalents	\$ 954,153	\$ 1,214,972
Marketable securities	11,163,883	10,516,494
<b>Loans and receivables, at amortized cost</b>		
Interest receivable	10,054	28,051
<b>Total financial assets</b>	<b>\$ 12,128,090</b>	<b>\$ 11,759,517</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	\$ 40,453	\$ 28,929
Due to related parties	-	167,500
<b>Total financial liabilities</b>	<b>\$ 40,453</b>	<b>\$ 196,429</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 \$1,472,175 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, 2017, the Company does not have any Level 3 financial instruments.

	Level 1	Level 2	Level 3	Total
<b>As at February 28, 2017</b>				
Cash and cash equivalents	\$ 954,153	\$ -	\$ -	\$ 954,153
Marketable securities - shares	8,641,509	-	-	8,641,509
Marketable securities - convertible debt	1,050,199	-	-	1,050,199
Marketable securities - warrants	-	1,472,175	-	1,472,175
<b>Total financial assets at fair value</b>	<b>\$ 10,645,861</b>	<b>\$ 1,472,175</b>	<b>\$ -</b>	<b>\$ 12,118,036</b>

	Level 1	Level 2	Level 3	Total
<b>As at November 30, 2016</b>				
Cash and cash equivalents	\$ 1,214,972	\$ -	\$ -	\$ 1,214,972
Marketable securities - shares	7,819,691	-	-	7,819,691
Marketable securities - convertible debt	1,230,010	-	-	1,230,010
Marketable securities - warrants	-	1,466,793	-	1,466,793
<b>Total financial assets at fair value</b>	<b>\$ 10,264,673</b>	<b>\$ 1,466,793</b>	<b>\$ -</b>	<b>\$ 11,731,466</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 commodity price 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, 2017, receivables were comprised of GST receivable of \$1,807 (November 30, 2016 - \$1,807) and interest receivable of \$10,054 (November 30, 2016 - \$28,051). 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 \$954,153 (November 30, 2016 - \$1,214,972) to settle current liabilities of \$40,453 (November 30, 2016 - \$196,429), 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 \$2,385 (February 28, 2016 - \$5,025) for the three month period ended February 28, 2017.

#### 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 (Note 4). 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.

## **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 frequently invests in securities that are issued with statutory hold periods which prohibit resale for a period of time. 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**

No events occurred subsequent to February 28, 2017.

### **OUTSTANDING SHARE DATA**

The Company is authorized to issue unlimited common shares without par value. As at March 20, 2017, there were 21,821,979 outstanding common shares.

The following table summarizes information regarding stock options outstanding and exercisable as at March 20, 2017:

<b>Grant date</b>	<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>
January 29, 2016	January 29, 2018	450,000	450,000	\$0.20
August 3, 2016	August 3, 2019	500,000	500,000	\$0.30
<b>Total options</b>		<b>950,000</b>	<b>950,000</b>	

There were no warrants outstanding as at February 28, 2017 or March 20, 2017.