ELYSEE

DEVELOPMENT CORP.

Consolidated Financial Statements

December 31, 2019

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Elysee Development Corp.

Opinion

We have audited the accompanying consolidated financial statements of Elysee Development Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and November 30, 2018, and the consolidated statements of earnings and comprehensive earnings, cash flows, and changes in equity for the thirteen month period ended December 31, 2019 and the year ended November 30, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the thirteen month period ended December 31, 2019 and the year ended November 30, 2018 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

February 19, 2020

Elysee Development Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	**As at December 31, 2019**	As at November 30, 2018
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 1,919,243**	$ 4,000,039
Interest receivable		**75,609**	73,106
Prepaid expenses	5	**6,532**	6,230
Marketable securities	6	**10,260,554**	9,143,332
		12,261,938	13,222,707
Investments in private companies	6	**2,960,506**	870,836
Total assets		**$ 15,222,444**	$ 14,093,543
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	7	**$ 31,984**	$ 49,805
Due to related parties	13	**130,000**	130,000
Total liabilities		**161,984**	179,805
Equity			
Common shares	8	**43,482,108**	43,502,268
Contributed surplus	8	**13,951,234**	13,923,766
Deficit		**(42,372,882)**	(43,512,296)
Total equity		**15,060,460**	13,913,738
Total liabilities and equity		**$ 15,222,444**	$ 14,093,543

Basis of Preparation (Note 2) and Subsequent Event (Note 15)

APPROVED ON BEHALF OF THE BOARD:

" Stuart Rogers"	Director	*" Guido Cloetens"*	Director
Stuart Rogers		Guido Cloetens	

The accompanying notes are an integral part of these consolidated financial statements.

Elysee Development Corp.
Consolidated Statements of Earnings and Comprehensive Earnings
(Expressed in Canadian dollars)

	Notes	**Thirteen months ended December 31, 2019**	Twelve months ended November 30, 2018
Net investment income			
Realized gain on sale of marketable securities	6	**$ 912,800**	$ 2,554,635
Unrealized gain (loss) on marketable securities	6	**1,313,909**	(817,010)
Consulting income		**5,000**	10,000
Unrealized foreign exchange gain (loss)		**(3,465)**	2,717
Interest and dividend income		**212,393**	142,945
Total net investment income		**2,440,637**	1,893,287
General and administrative expenses			
Advertising and promotion		**15,180**	3,090
Bank charges and interest		**2,874**	3,266
Director fees	13	**22,550**	22,550
Legal and accounting	13	**139,168**	131,114
Management fees	13	**272,000**	259,250
Office and miscellaneous		**23,721**	21,601
Rent	13	**21,548**	9,390
Share-based payments - non-cash expense	8 &13	**69,393**	99,309
Transfer agent, filing fees and shareholder communications		**27,519**	25,931
Travel and entertainment		**29,372**	28,513
Total general and administrative expenses		**(623,325)**	(604,014)
Net earnings and comprehensive earnings for the year		**$1,817,312**	$ 1,289,273
Basic and diluted earnings per share			
Earnings per share – basic	10	**$ 0.07**	$ 0.06
Earnings per share – diluted	10	**$ 0.07**	$ 0.06

The accompanying notes are an integral part of these consolidated financial statements.

Elysee Development Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	**Thirteen months ended December 31, 2019**	Twelve months ended November 30, 2018
OPERATING ACTIVITIES			
Earnings for the year		**$ 1,817,312**	$ 1,289,273
Adjustments for:			
Accrued interest income		**(75,609)**	(73,106)
Share-based payments	8 & 13	**69,393**	99,309
Realized gain on sale of marketable securities	6	**(912,800)**	(2,554,635)
Unrealized (gain) loss on marketable securities	6	**(1,313,909)**	817,010
Purchase of investments	6	**(7,850,231)**	(7,094,585)
Proceeds from sale of investments	6	**6,870,043**	9,499,561
Adjustments for non-cash working capital items:			
Decrease in receivables		**73,106**	88,999
(Increase) decrease in prepaid expenses		**(302)**	1,158
Increase (decrease) in trade and other payables		**(14,085)**	12,263
Increase (decrease) in due to related parties		**-**	5,000
Cash provided (used) by operating activities		**(1,337,082)**	2,090,247
FINANCING ACTIVITIES			
Common shares issued	8	**-**	1,703,849
Share issue costs	8	**(3,731)**	(11,543)
Cash dividends	8	**(804,428)**	(655,024)
Stock options exercised	8	**98,125**	45,000
Purchase of common shares returned to treasury	8	**(33,680)**	(54,500)
Cash provided by (used in) financing activities		**(743,714)**	1,027,782
Increase (decrease) in cash and cash equivalents		**(2,080,796)**	3,118,029
Cash and cash equivalents, beginning of year		**4,000,039**	882,010
Cash and cash equivalents, end of year		**$ 1,919,243**	$ 4,000,039

Supplemental cash flow information (Note 14)

The accompanying notes are an integral part of these consolidated financial statements.

Elysee Development Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Notes	Common shares Number	Common shares Amount	Contributed surplus	Deficit	Total
Balances, November 30, 2017		21,692,474	$ 42,095,833	$ 13,836,922	$ (44,431,650)	$ 11,501,105
Common shares issued	8	4,868,139	1,703,849	-	-	1,703,849
Share issue costs	8	-	(15,274)	-	-	(15,274)
Common shares returned to treasury	8	(175,000)	(339,605)	-	285,105	(54,500)
Stock options exercised	8	225,000	57,465	(12,465)	-	45,000
Cash dividend declared	8	-	-	-	(655,024)	(655,024)
Share-based payments	8	-	-	99,309	-	99,309
Net earnings for the year		-	-	-	1,289,273	1,289,273
Balances, November 30, 2018		26,610,613	43,502,268	13,923,766	(43,512,296)	13,913,738
Common shares returned to treasury	8	(98,000)	(160,210)	-	126,530	(33,680)
Stock options exercised	8	325,000	140,050	(41,925)	-	98,125
Cash dividends declared	8	-	-	-	(804,428)	(804,428)
Share-based payments	8	-	-	69,393	-	69,393
Net earnings for the year		-	-	-	1,817,312	1,817,312
Balances, December 31, 2019		**26,837,613**	**$ 43,482,108**	**$ 13,951,234**	**$ (42,372,882)**	**$ 15,060,460**

The accompanying notes are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Elysee Development Corp. (the "Company") was incorporated under the laws of the province of Alberta on September 6, 1996. On July 15, 2015, the Company changed its name from Alberta Star Development Corp. to Elysee Development Corp.

The Company is an investment issuer with an actively managed investment portfolio of common shares and other securities. The investments cover a broad range of activities with a focus on natural resources and in particular the precious metals sector.

On October 16, 2019, the Company announced a change in its financial year-end from November 30 to December 31 effective for the current fiscal year ended December 31, 2019.

The head office, principal address and registered and records office is located at Suite 2300 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2.

The Company's consolidated financial statements as at December 31, 2019 and for the thirteen months then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has net comprehensive earnings of $1,817,312 for the thirteen months ended December 31, 2019 (twelve months ended November 30, 2018 - $1,289,273) and has working capital of $12,099,954 as at December 31, 2019 (November 30, 2018 - $13,042,902). Management believes that the Company's cash position will support operations for the next twelve months.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company for the year ended December 31, 2019 were approved and authorized for issue by the Board of Directors on February 19, 2020.

Basis of presentation

The Company's consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 12, and are presented in Canadian dollars except where otherwise indicated. In addition, the consolidated financial statements are prepared using the accrual method of accounting, with the exception of cash flow information.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting year ended December 31, 2019.

Adoption of new and revised standards and interpretations

During the year ended December 31, 2019, the Company adopted certain new and amended accounting pronouncements, none of which had a material impact on the Company's consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract: the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by IAS 17, Leases, and instead introduces a single lessee accounting model. The Company does not have any leases, and therefore, adoption of this standard did not have an impact on the Company's financial statements or its presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the Company's wholly-owned US subsidiary, Elysee Development (US), Inc. Intercompany balances are eliminated upon consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated 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 consolidated financial statements and reported amounts of earnings 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.

Revenue recognition

Security transactions are recorded on a trade basis. Realized gains and losses on the disposal of marketable securities and unrealized gains and losses in the value of marketable securities are reflected in the statement of earnings and comprehensive earnings. Cost is calculated on an average cost basis. Upon disposal of a security, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Interest and dividend income are recognized on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods on a “graded” basis. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of the options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Taxation

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Foreign currency translation

The Company’s reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Earnings (loss) per share

Basic earnings per share amounts are calculated by dividing the earnings or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted per share amounts are determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of share purchase warrants and stock options.

Financial instruments

Financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets:

a) Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Company's cash and cash equivalents, marketable securities and investments in private companies are recorded at FVTPL.

b) Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. The Company's interest receivable is recorded at amortized cost.

c) Financial assets at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in other comprehensive income and are never reclassified to profit or loss. The Company does not have any financial assets recorded at FVOCI.

Financial liabilities are designated as either fair value through profit or loss, or at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the statement of financial position at amortized cost. The Company's trade and other payables, and due to related parties are recorded at amortized cost.

Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Comparative figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies:

	December 31, 2019	November 30, 2018
Denominated in Canadian dollars	**$ 1,808,981**	$ 3,723,718
Denominated in British pounds	**2,530**	-
Denominated in U.S. dollars	**107,732**	276,321
Total cash and cash equivalents	**$ 1,919,243**	$ 4,000,039

At December 31, 2019 and November 30, 2018, all of the Company's cash and cash equivalents were classified as cash.

5. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

	December 31, 2019	November 30, 2018
Insurance	**$ 2,544**	$ 3,180
Travel	**3,988**	3,050
Total prepaid expenses	**$ 6,532**	$ 6,230

(Expressed in Canadian dollars)

6. MARKETABLE SECURITIES AND INVESTMENTS IN PRIVATE COMPANIES

The Company's marketable securities and investments in private companies are as follows:

	Marketable Securities	Warrants	Convertible Debentures	Total Marketable Securities	Private Convertible Debentures	Private Company Investments	Total Private Company Investments	Total	Total Gain (Loss)
COST									
November 30, 2017	$ 8,042,741	$ -	$ 833,046	$ 8,875,787	$	$ -	$ -	$ 8,875,787	
Additions	4,813,075	-	1,410,674	6,223,749	384,090	486,746	870,836	7,094,585	
Proceeds on sale	(8,830,912)	-	(668,649)	(9,499,561)	-	-	-	(9,499,561)	
Realized gain (loss)	2,513,443	-	41,192	2,554,635	-	-	-	2,554,635	
November 30, 2018	6,538,347	-	1,616,263	8,154,610	384,090	486,746	870,836	9,025,446	2,554,635
Additions	5,335,086	-	225,476	5,560,562	220,000	2,069,669	2,289,669	7,850,231	
Proceeds on sale	(6,094,579)	-	(625,464)	(6,720,043)	(150,000)	-	(150,000)	(6,870,043)	
Realized gain (loss)	879,544	-	33,256	912,800	-	-	-	912,800	
December 31, 2019	**$ 6,658,398**	**$ -**	**$ 1,249,531**	**$ 7,907,929**	**$ 454,090**	**$ 2,556,415**	**$ 3,010,505**	**$ 10,918,434**	**$ 912,800**
FAIR VALUE									
November 30, 2017	$ 8,159,597	$ 1,523,035	$ 998,887	$ 10,681,519	$ -	$ -	$ -	$ 10,681,519	
Additions	4,813,075	-	1,410,674	6,223,749	384,090	486,746	870,836	7,094,585	
Cost of disposals	(6,317,469)	-	(627,457)	(6,944,926)	-	-	-	(6,944,926)	
Unrealized gain (loss)	(634,663)	(73,652)	(108,695)	(817,010)	-	-	-	(817,010)	
November 30, 2018	6,020,540	1,449,383	1,673,409	9,143,332	384,090	486,746	870,836	10,014,168	(817,010)
Additions	5,335,086	-	225,476	5,560,562	220,000	2,069,669	2,289,669	7,850,231	
Cost of disposals	(5,215,035)	-	(592,213)	(5,807,248)	(150,000)	-	(150,000)	(5,957,248)	
Unrealized gain (loss)	1,707,559	(280,497)	(63,154)	1,363,908	-	(49,999)	(49,999)	1,313,909	
December 31, 2019	**$ 7,848,150**	**$ 1,168,886**	**$ 1,243,518**	**$ 10,260,554**	**$ 454,090**	**$ 2,506,416**	**$ 2,960,506**	**$ 13,221,060**	**$ 1,313,909**
TOTAL GAIN 2019									**$ 2,226,709**

(Expressed in Canadian dollars)

Valuation of common shares held as part of marketable securities has been determined in whole by reference to the quoted closing trade price of the shares on the TSX, TSX Venture Exchange and OTCQB at each period end date. Warrants received as attachments to various share purchase units do not trade in an active market. At the time of purchase, the per unit cost is allocated in full to each common share. The value of warrants are subsequently determined at the measurement date using the Black-Scholes Option Pricing Model. Convertible debentures that are traded in an active market are presented at fair value based on quoted closing trade prices at the statement of financial position dates. Derivatives embedded in convertible debentures are not bifurcated, and instead the convertible debenture is disclosed as a single financial instrument.

7. TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

	December 31, 2019	November 30, 2018
Trade payables	**$ 1,494**	$ 19,805
Accrued liabilities	**30,490**	30,000
Total trade and other payables	**$ 31,984**	$ 49,805

8. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of voting common shares with no par value. Authorized share capital also consists of an unlimited number of preferred shares with no par value, to be issued in series, with the directors being authorized to determine the designation, rights, privileges, restrictions and conditions attached to all of the preferred shares. At December 31, 2019, the Company had 26,837,613 common shares outstanding (November 30, 2018 – 26,610,613) and no preferred shares outstanding (November 30, 2018 - Nil).

Share issuances and repurchases

During the year ended December 31, 2019, the Company did not issue any shares but closed a non-brokered private placement during the year ended November 30, 2018 of 4,868,139 shares at a price of $0.35 per share for gross proceeds of $1,703,849. Total share issue costs of $15,274 were paid in connection with this private placement.

During the year ended December 31, 2019, the Company issued a total of 325,000 common shares (November 30, 2018 – 225,000), comprising 200,000 common shares at $0.30 and 125,000 common shares at $0.305 (November 30, 2018 - $0.20) per share pursuant to the exercise of stock options for proceeds of $98,125 (November 30, 2018 - $45,000). A total of $41,925 (November 30, 2018 - $12,465) was reversed from contributed surplus to common shares in connection with stock options exercised.

In addition, 98,000 (November 30, 2018 – 175,000) shares were repurchased at a total cost of $33,680 (November 30, 2018 - $54,500) and were returned to the Company's treasury pursuant to the Normal Course Issuer Bid.

Normal Course Issuer Bid

On April 29, 2019, 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

(Expressed in Canadian dollars)

Bid, the Company may purchase for cancellation, from time to time, as it considers advisable, up to 1,340,380 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 Bid commenced on May 9, 2019 and will terminate on May 8, 2020, 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. During the year ended December 31, 2019, the Company purchased 98,000 shares (November 30, 2018 – 175,000) at a total cost of $33,680 (November 30, 2018 - $54,500). The difference between the share repurchase price and the original share issuance of $126,530 (November 30, 2018 - $285,105) has been included in deficit.

Cash dividend

On February 28, 2019, the Company paid a dividend of $0.02 per common share for $536,852 and on July 31, 2019, the Company paid an interim dividend of $0.01 per common share for $267,576. The total amount of dividends paid for fiscal 2019 was $804,428.

On February 20, 2018, the Company paid a dividend of $0.02 per common share for $436,850 and on August 3, 2018, the Company paid an interim dividend of $0.01 per common share for $218,174. The total amount of dividends paid for fiscal 2018 was $655,024.

Share purchase warrants

There were no share purchase warrants outstanding for the years ended December 31, 2019 and November 30, 2018.

Stock options

The Company grants share options in accordance with the policies of the Exchange. Under the general guidelines of the Exchange, the Company may reserve up to 20% of its issued and outstanding shares for its employees, directors or consultants to purchase shares of the Company. The exercise price for options granted under the plan will not be less than the market price of the common shares less applicable discounts permitted by the Exchange and options will be exercisable for a term of up to five years, subject to earlier termination in the event of death or the cessation of services.

The following is a summary of the changes to the Company's outstanding stock options for the years ended December 31, 2019 and November 30, 2018:

	Year ended December 31, 2019		Year ended November 30, 2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	2,025,000	$ 0.32	1,400,000	$ 0.28
Granted	350,000	0.35	650,000	0.33
	-	-	400,000	0.37
Exercised	(200,000)	0.30	(225,000)	0.20
Expired	(200,000)	0.30	(100,000)	0.20
Exercised	(125,000)	0.305	(100,000)	0.30
Outstanding, end of year	**1,850,000**	**$ 0.34**	**2,025,000**	**$ 0.32**

(Expressed in Canadian dollars)

On August 30, 2019, the Company granted 350,000 options to directors and officers, exercisable at $0.35 per share until August 30, 2022. The grant date fair value of the options granted was $32,007 ($0.091 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.27%; volatility of 58.00%; dividend rate 8.57%; forfeiture rate 0%; and expected life of 3 years.

On November 9, 2018, the Company granted 400,000 options to directors and officers, exercisable at $0.37 per share and vested over three years until November 9, 2021. The fair value of the options granted was $59,925 of which $2,660 was attributed to the fourth quarter ended November 30, 2018 and $37,386 was attributed to the thirteen-month period ended December 31, 2019. This valuation was based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.29%; volatility of 64.64%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

On February 27, 2018, the Company granted 650,000 options to directors and officers, exercisable at $0.33 per share until February 27, 2021. The grant date fair value of the options granted was $96,649 ($0.149 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.51%; volatility of 66.94%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2019:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price	Remaining contractual life (years)
July 7, 2017	July 7, 2020	450,000	450,000	$ 0.305	0.52
February 27, 2018	February 27, 2021	650,000	650,000	$ 0.33	1.16
November 9, 2018	November 9, 2021	400,000	133,333	$ 0.37	1.86
August 30, 2019	August 30, 2022	350,000	350,000	$ 0.35	2.67
Total options		**1,850,000**	**1,583,333**		

9. TAXES

Provision for income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Thirteen months ended December 31, 2019	Twelve months ended November 30, 2018
Earnings for the year	**$ 1,817,312**	$ 1,289,273
Expected income tax expense	**491,000**	347,000
Change in statutory tax rates and other	**5,000**	(110,000)
Permanent differences	**24,000**	141,000
Adjustment to prior years provision versus statutory tax returns	**(10,000)**	17,000
Change in unrecognized deductible temporary differences	**(510,000)**	(395,000)
Total income tax expense	**$ -**	$ -

(Expressed in Canadian dollars)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	Year ended December 31, 2019	Year ended November 30, 2018
Deferred tax assets (liabilities)		
Marketable securities	**$ (622,000)**	$ (267,000)
Non-capital losses	**622,000**	267,000
Net deferred tax liability	**$ -**	$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	Year ended December 31, 2019	Year ended November 30, 2018
Deferred tax assets		
Exploration and evaluation properties	**$ 2,285,000**	$ 2,133,000
Equipment	**15,000**	19,000
Allowable capital losses	**5,000**	5,000
Non-capital losses available for future periods	**100,000**	758,000
	2,405,000	2,915,000
Less: Unrecognized deferred tax assets	**(2,405,000)**	(2,915,000)
Net deferred tax assets	**$ -**	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	Year ended December 31, 2019	Expiry Date Range	Year ended November 30, 2018	Expiry Date Range
Temporary Differences				
Exploration and evaluation properties	**$ 8,465,000**	No expiry date	$ 7,898,000	No expiry date
Equipment	**$ 56,000**	No expiry date	$ 70,000	No expiry date
Allowable capital losses	**$ 17,000**	No expiry date	$ 17,000	No expiry date
Non-capital losses available for future periods	**$ 370,000**	2033 to 2035	$ 2,807,000	2029 to 2034

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian dollars)

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Thirteen months ended December 31, 2019	Twelve months ended November 30, 2018
Net earnings for the year	**$ 1,817,312**	$ 1,289,273
Weighted average number of common shares – basic	**26,837,613**	22,636,674
Dilutive effect of stock options outstanding	**224,510**	136,598
Weighted average number of common shares – diluted	**27,062,123**	22,773,272
Basic earnings per share	**$0.07**	$0.06
Diluted earnings per share	**$0.07**	$0.06

The basic earnings per share is computed by dividing the net earnings by the weighted average number of common shares outstanding during the year. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive. During the years ended December 31, 2019 and November 30, 2018, stock options were the only equity instruments with a dilutive impact.

11. CAPITAL RISK MANAGMENT

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS

Categories of financial instruments

	December 31, 2019	November 30, 2018
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	**$ 1,919,243**	$ 4,000,039
Marketable securities	**10,260,554**	9,143,332
Investments in private companies	**2,960,506**	870,836
Amortized cost		
Interest receivable	**75,609**	73,106
Total financial assets	**$ 15,215,912**	$ 14,087,313
FINANCIAL LIABILITIES		
Amortized cost		
Trade and other payables	**$ 31,984**	$ 49,805
Due to related parties	**130,000**	130,000
Total financial liabilities	**$ 161,984**	$ 179,805

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 consolidated 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.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

(Expressed in Canadian dollars)

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Cash and cash equivalents	$ 1,919,243	$ -	$ -	$ 1,919,243
Marketable securities - shares	7,848,150	-	-	7,848,150
Marketable securities - convertible debt	1,243,518	-	-	1,243,518
Investments in private companies - shares	-	-	2,506,416	2,506,416
Investments in private companies - convertible debt	-	-	454,090	454,090
Marketable securities - warrants	-	1,168,886	-	1,168,886
Total financial assets at fair value	$ 11,010,911	$ 1,168,886	$2,960,506	$ 15,140,303

	Level 1	Level 2	Level 3	Total
As at November 30, 2018				
Cash and cash equivalents	$ 4,000,039	$ -	$ -	$ 4,000,039
Marketable securities - shares	6,020,540	-	-	6,020,540
Marketable securities - convertible debt	1,673,409	-	-	1,673,409
Investments in private companies - shares	-	-	486,746	486,746
Investments in private companies - convertible debt	-	-	384,090	384,090
Marketable securities - warrants	-	1,449,383	-	1,449,383
Total financial assets at fair value	$ 11,693,988	$ 1,449,383	$ 870,836	$ 14,014,207

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 December 31, 2019, there is interest receivable of $75,609 (November 30, 2018 - $73,106). 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 $1,919,243 (November 30, 2018 - $4,000,039) to settle current liabilities of $161,984 (November 30, 2018 - $179,805); 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 $19,000 (November 30, 2018 - $40,000) for the year ended December 31, 2019.

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 consolidated 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.

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

Key management personnel and director compensation

The remuneration of directors and other members of key management were as follows:

	Thirteen months ended December 31, 2019	Twelve months ended November 30, 2018
Management fees (including bonuses)	**$ 267,500**	$ 255,000
Accounting fees (including bonuses)	**80,000**	80,000
Director fees (including bonuses)	**22,000**	22,000
Total	**$369,500**	$ 357,000

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

	December 31, 2019	November 30, 2018
Management and directors	$130,000	$ 130,000

During the year ended December 31, 2019, the Company granted 350,000 options, exercisable at $0.35 per share until August 30, 2022 to directors and officers of the Company with a vested non-cash fair value of $32,007.

During the year ended November 30, 2018, the Company granted 400,000 options, exercisable at $0.37 per share until November 9, 2021 to directors and officers of the Company vested over three years. The vested non-cash amount for the year ended November 30, 2018 was an estimated fair value of $2,660 and for the year ended December 31, 2019 was an estimated fair value of $37,386.

During the year ended November 30, 2018, the Company granted 650,000 options, exercisable at $0.33 per share until February 27, 2021 to directors and officers of the Company with a vested estimated non-cash fair value of $96,649.

During the year ended December 31, 2019, the Company paid $19,500 (November 30, 2018 - $7,500) for office rent to a company controlled by the Chief Executive Officer.

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2019, the amount credited to deficit on the repurchase of the Company's shares was $126,530 (November 30, 2018 - $285,105) (Note 8).

During the year ended December 31, 2019, the Company reversed $41,925 (November 30, 2018 - $12,465) from contributed surplus to common shares in connection with stock options exercised (Note 8).

As at December 31, 2019, $Nil (November 30, 2018 - $3,731) of share issue costs were included in trade and other payables.

Cash payments for interest and taxes

The Company made cash payments for interest of $Nil (November 30, 2018 - $Nil) and income taxes of $Nil (November 30, 2018 - $Nil) during the year ended December 31, 2019.

15. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the Company repurchased 50,000 common shares of the Company, which will be returned to treasury pursuant to the Bid.