

ELYSEE

DEVELOPMENT CORP.

**Management's Discussion and Analysis
For the Thirteen months Ended December 31, 2019**

Contact Information

ELYSEE DEVELOPMENT CORP.

2300 – 1066 West Hastings Street

Vancouver, British Columbia

V6E 3X2

Telephone: (604) 689-1749

Contact Name: Stuart Rogers, President

ELYSEE DEVELOPMENT CORP.

Management's Discussion and Analysis

For the Thirteen months Ended December 31, 2019

This management's discussion and analysis ("MD&A") of Elysee Development Corp. ("Elysee" or "the Company"), dated February 19, 2020 should be read in conjunction with the accompanying audited financial statements and notes for the year ended December 31, 2019. 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.

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 2020; 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 2020. 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.

NAV is a non-GAAP (generally accepted accounting principles) measure calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. For the purpose of this calculation, share purchase warrants held by the Company were valued using the Black-Scholes model calculation, as reported in our annual and quarterly financial statements. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP measure presented in the Company's financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial measure. The Company believes that NAV can provide information useful to its shareholders in understanding its performance, and may assist in the evaluation of its business relative to that of its peers.

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.

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.

In the current fiscal year that commenced on December 1, 2018 the Company has invested over \$7.8 million in private and publicly listed companies in the U.S. and Canada, with total assets of \$15,222,444 as at December 31, 2019. The Company's primary investments have been junior exploration and mining companies active in the gold and silver sector and other metals as well as several technology companies and a diversified cannabis company.

During the thirteen-month period ended December 31, 2019 the Company had net and comprehensive earnings of \$1,817,312 as compared to \$1,289,273 during the twelve months ended November 30, 2018 mainly due to \$2,440,637 of net investment income derived from its portfolio (\$1,893,287 during the twelve months ended November 30, 2018). Cash earnings, excluding non-cash items rose to \$1,886,705 as compared to \$1,388,582 in the prior year.

The value of the warrants in the Company's portfolio declined to \$1,168,886 from \$1,449,383 in the prior year. The fair market value is based on the Black-Scholes Pricing Model. The intrinsic value of the Company's investment warrants was \$387,500 on December 31, 2019. The intrinsic value is equal to the difference between the market value of the underlying share less the exercise price of the warrant.

The net asset value of the Company is \$0.56 per share using the Black-Scholes Pricing Model as compared to \$0.53 per share using the intrinsic value for the investment warrants.

On July 31, 2019 the Company paid an interim dividend of \$0.01 per share for fiscal 2019 to shareholders of record as of July 24, 2019 for a total amount of \$267,576.

On February 28, 2019 the Company paid a final dividend of \$0.02 per share for fiscal 2018 to shareholders of record as of February 19, 2019 for a total amount of \$536,852.

At December 31, 2019, the Company had unused tax losses of approximately \$8,908,000 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 9 of the audited annual financial statements for the year ended December 31, 2019 on the Company's web site and available at www.sedar.com.

SIGNIFICANT MARKETABLE SECURITY INVESTMENTS

Management considers the Company's most significant investments during the thirteen-month period ended December 31, 2019 to be as follows:

On November 28, 2018, the Company announced that it had incorporated a wholly-owned Delaware subsidiary to hold a 19% equity interest in US Vanadium LLC ("USV"). USV is in the business of acquiring vanadium concentrate worldwide for processing in the U.S. into refined products such as High Purity Vanadium Pentoxide (V₂O₅), technical grade V₂O₅ and Vanadium Trioxide (V₂O₃) and the subsequent sale of these products to international customers. By way of a tolling agreement with a U.S. refiner, USV is currently processing vanadium bearing concentrate into different vanadium products like V₂O₅ and V₂O₃. (see also news releases dated November 28, 2018 and December 18, 2018). On June 26, 2019, the Company invested an additional \$500,000 (US\$375,000) in USV thereby increasing the total investment to \$2.4 million (US\$1,800,000). After the latest capital increase the Company's ownership in USV declined to approximately 12%. The Company has the option to convert up to US\$1 million into a convertible debenture of USV.

On March 7, 2019, the Company subscribed for 2,700,000 shares of NextSource Materials Inc. ("Next") in a private placement at \$0.11 per share. The Company also acquired 2,500,000 shares of Next on the open market at \$0.10 per share.

On April 15, 2019, the Company subscribed for 680,000 units of IBC Advanced Alloys Corp. ("IBC") in a private placement at \$0.22 per unit for \$149,600. 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 three years from closing at \$0.28 per share.

During the quarter ended August 31, 2019, the Company purchased 2,800,000 shares of Minera Alamos Inc. at \$0.10 per share for \$280,000.

On June 7, 2019, the Company subscribed for 150,000 shares of Alexco Resource Corp. in a private placement at US\$1.00 per share for US \$150,000.

On June 13, 2019, the Company acquired a convertible debenture of WELL Health Technologies Corp. for \$100,000. This debenture pays 8% annual interest for 5 years and is convertible at \$0.95.

On July 22, 2019, the Company subscribed for 200,000 shares of Turmalina Metals Corp. in a private placement at \$0.50 per share for \$100,000.

On July 31, 2019, the Company subscribed for 500,000 units of Southern Silver Exploration Corp. ("Southern") in a private placement at \$0.20 per unit for \$100,000. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Southern for five years from closing at \$0.25 per share.

On August 6, 2019, the Company subscribed for 1,100,000 units of Vendetta Mining Corp. ("Vendetta") in a private placement at \$0.09 per unit for \$99,000. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Vendetta for three years from closing at \$0.13 per share.

On August 8, 2019, the Company subscribed for 250,000 shares of Osisko Mining Inc. in a private placement at \$3.15 per share for \$787,500.

On October 30, 2019, the Company subscribed for 2,000,000 units of Aftermath Silver Ltd. (“Aftermath”) in a private placement at \$0.08 per unit for \$160,000. 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 Aftermath for three years from closing at \$0.12 per share.

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 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 renewed 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. The Company purchased 98,000 of its common shares at a total cost of \$33,680 pursuant to the normal course issuer bid from December 1, 2018 to December 31, 2019.

The Board of Directors of the Company believes that from time to time market prices for the Company’s common shares do not always reflect the underlying value and that, accordingly, the purchase of common shares under the Bid will increase the Net Asset Value per share 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 December 31, 2019 the Company’s statement of financial position includes working capital of \$12,099,954 inclusive of \$1,919,243 of cash and cash equivalents and \$10,260,554 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.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information of the Company for the last three fiscal years. This financial information is derived from the audited financial statements of the Company and have been prepared using IFRS.

	Thirteen months December 31, 2019	Twelve months November 30, 2018	Twelve months November 30, 2017
Total Net Investment Income	\$2,440,637	\$1,893,287	\$1,255,515
Net Earnings and Comprehensive Earnings	\$1,817,312	\$1,289,273	\$651,448
Net Basic Earnings per Share	\$0.07	\$0.06	\$0.03
Net Diluted Earnings per Share	\$0.07	\$0.06	\$0.03
Total Assets	\$15,222,444	\$14,093,543	\$11,659,916
Total Non-current Financial Liabilities	\$Nil	\$Nil	\$Nil
Cash Dividends Declared per Share	\$0.03	\$0.03	\$0.03

Net earnings of \$1,817,312 were realized during fiscal 2019 (compared to net earnings of \$1,289,273 during fiscal 2018) primarily due to a \$912,800 realized gain on the sale of marketable securities and a \$1,313,909 unrealized gain on marketable securities.

Net earnings of \$1,289,273 were realized during fiscal 2018 (compared to net earnings of \$651,448 during fiscal 2017) primarily due to a \$2,554,635 realized gain on the sale of marketable securities offset by a \$817,010 unrealized loss on marketable securities.

Net earnings of \$651,448 were realized during fiscal 2017 (compared to net earnings of \$3,617,285 during fiscal 2016) primarily due to a \$1,797,949 realized gain on the sale of marketable securities offset by a \$628,118 unrealized loss on marketable securities.

RESULTS OF OPERATIONS – THIRTEEN MONTHS ENDED DECEMBER 31, 2019

The Company's net and comprehensive earnings for the thirteen months ended December 31, 2019 was \$1,817,312 (\$0.07 basic earnings per share) compared to net and comprehensive earnings of \$1,289,273 (\$0.06 basic earnings per share) for the twelve months ended November 30, 2018.

The significant changes in net and comprehensive earnings during the current fiscal year compared to the year prior are as follows:

There was a realized gain on the sale of marketable securities of \$912,800 for the thirteen months ended December 31, 2019 compared to \$2,554,635 in the prior year.

There was an unrealized gain on marketable securities of \$1,313,909 for the thirteen months ended December 31, 2019 compared to an unrealized loss of \$817,010 in the prior year. The current year unrealized gain is comprised of \$1,594,406 as a result of the fair market valuation of marketable securities, convertible debentures and private companies offset by an unrealized loss of \$280,497 for the valuation of investment warrants.

Interest and dividend income increased \$69,448 to \$212,393 for the thirteen months ended December 31, 2019, compared to \$142,945 during the prior year as several new convertible debentures were acquired.

Advertising and promotion expenses increased \$12,090 to \$15,180 during the thirteen months ended December 31, 2019 from \$3,090 during the twelve months ended November 30, 2018.

Management fees of \$272,000 for the thirteen months ended December 31, 2019 remained relatively the same as compared to \$259,250 incurred for the twelve months ended November 30, 2018. The current year includes an annual bonus of \$80,000 payable to the Chairman and CEO and \$25,000 payable to the President which were the same as compared to the prior year.

Rent increased \$12,158 to \$21,548 during the thirteen months ended December 31, 2019 from \$9,390 during the twelve months ended November 30, 2018 as the Company obtained additional office space.

There was a \$69,393 share-based payment expense, a non-cash item, on the granting of options during the thirteen months ended December 31, 2019 compared to share-based payment expense of \$99,309 during the prior year.

RESULTS OF OPERATIONS – FOUR MONTH PERIOD ENDED DECEMBER 31, 2019

The Company's net and comprehensive earnings for the four-month period ended December 31, 2019 was \$881,774 or \$0.03 basic earnings per share compared to a net and comprehensive loss of \$94,249 or \$0.00 basic loss per share for the three-month period ended November 30, 2018.

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

There was a realized gain on marketable securities of \$106,519 for the four-month period ended December 31, 2019 compared to a realized gain of \$588,104 in the same quarter of the prior year.

There was an unrealized gain on marketable securities of \$997,424 for the four-month period ended December 31, 2019 compared to an unrealized loss of \$313,596 in the same quarter of the prior year as the majority of the current period's unrealized gain was due to an increase in the fair market value of its marketable securities.

Interest and dividend income increased \$5,674 to \$61,576 for the four-month period ended December 31, 2019, compared to \$55,902 during the same period a year prior as several new convertible debentures were acquired.

Management fees of \$155,000 for the four-month period ended December 31, 2019 remained relatively the same as compared to \$142,500 incurred for the three-month period ended November 30, 2018. The current period includes annual bonuses to management and directors for a total amount of \$130,000.

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:

Quarter Ended	Net and Comprehensive Earnings (Loss)	Basic Earnings (Loss) per Share
December 31, 2019 (Q4, 2019)	\$881,774	\$0.03
August 31, 2019 (Q3, 2019)	\$232,474	\$0.01
May 31, 2019 (Q2, 2019)	\$(77,339)	\$(0.00)
February 28, 2019 (Q1, 2019)	\$780,403	\$0.03
November 30, 2018 (Q4, 2018)	\$94,249	\$0.00
August 31, 2018 (Q3, 2018)	\$195,774	\$0.01
May 31, 2018 (Q2, 2018)	\$84,682	\$0.00
February 28, 2018 (Q1, 2018)	\$914,568	\$0.04

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 \$881,774 for the four-month period ended December 31, 2019 (Q4, 2019) and were mainly comprised of a \$106,519 realized gain on marketable securities, \$997,424 unrealized gain on marketable securities and \$61,576 interest income offset by a \$2,253 unrealized foreign exchange loss and \$281,492 in general and administrative expenses.

The Company's net and comprehensive earnings were \$232,474 for the third quarter ended August 31, 2019 (Q3, 2019) and were mainly comprised of a \$277,377 realized gain on marketable securities, a \$43,457 unrealized gain on marketable securities, \$45,459 in interest income offset by \$133,819 in general and administrative expenses.

The Company's net and comprehensive loss was \$77,339 for the second quarter ended May 31, 2019 (Q2, 2019) and were mainly comprised of a \$52,541 unrealized loss on marketable securities and \$98,145 in general and administrative expenses offset by a \$20,945 realized gain on marketable securities, \$52,264 in interest income and a \$138 unrealized foreign exchange gain.

The Company's net and comprehensive earnings were \$780,404 for the first quarter ended February 28, 2019 (Q1, 2019) and were mainly comprised of a \$507,958 realized gain on marketable securities, a \$325,568 unrealized gain on marketable securities, \$53,095 in interest income and \$5,000 in consulting income offset by a \$1,352 unrealized foreign exchange loss and \$109,865 in general and administrative expenses.

The Company's net and comprehensive earnings were \$94,249 for the fourth quarter ended November 30, 2018 (Q4, 2018) and were mainly comprised of a \$588,104 realized gain on marketable securities, \$1,617 unrealized foreign exchange gain, \$55,902 interest income and \$10,000 consulting income offset by a \$313,596 unrealized loss on marketable securities and \$247,778 in general and administrative expenses.

The Company's net and comprehensive earnings were \$195,774 for the third quarter ended August 31, 2018 (Q3, 2018) and were mainly comprised of a \$548,191 realized gain on marketable securities, \$2,064 unrealized foreign exchange gain and \$40,932 in interest income offset by a \$315,323 unrealized loss on marketable securities and \$80,090 in general and administrative expenses.

The Company's net and comprehensive earnings were \$84,682 for the second quarter ended May 31, 2018 (Q2, 2018) and were mainly comprised of a \$667,023 realized gain on marketable securities, \$528 unrealized foreign exchange gain and \$31,341 in interest income offset by a \$511,913 unrealized loss on marketable securities and \$102,297 in general and administrative expenses.

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.

LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2019, the Company had working capital of \$12,099,954 mainly comprised of cash and cash equivalents of \$1,919,243 and marketable securities of \$10,260,554. This compares to working capital of \$13,042,902 at November 30, 2018, which included \$4,000,039 in cash and cash equivalents and marketable securities of \$9,143,332.

The decrease in cash and cash equivalents of \$2,080,796 during the thirteen months ended December 31, 2019 was mainly due to the purchase of \$7,850,231 of marketable securities, payment of dividends of \$804,428 and purchase of common shares returned to treasury of \$33,680 offset by the proceeds of \$6,870,043 pursuant to the sale of marketable securities and \$98,125 from the exercise of stock options.

Total assets at December 31, 2019 increased to \$15,222,444 from \$14,093,543 at November 30, 2018.

As at the date of this MD&A, the Company has approximately \$2.3 Million in cash and cash equivalents.

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 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:

	Thirteen months ended December 31, 2019	Twelve months ended November 30, 2018
Management fees paid to a company controlled by Mr. Stuart Rogers	65,000	60,000
Annual bonus accrued to a company controlled by Mr. Stuart Rogers	25,000	25,000
Management fees paid to a company controlled by Mr. Guido Cloetens	97,500	90,000
Annual bonus accrued to a company controlled by Mr. Guido Cloetens	80,000	80,000
Accounting fees paid to a company controlled by Mr. Gord Steblin	65,000	65,000
Annual bonus accrued to a company controlled by Mr. Gord Steblin	15,000	15,000
Director fees paid to Mr. Martin Burian	6,000	6,000
Annual bonus accrued to Mr. Martin Burian	5,000	5,000
Director fees paid to a company controlled by Mr. Gaston Reymenants	6,000	6,000
Annual bonus accrued to a company controlled by Mr. Gaston Reymenants	5,000	5,000
	\$369,500	\$357,000

During the thirteen months 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 estimated non-cash fair value of \$32,007.

During the year ended November 30, 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.

During the year ended November 30, 2018, the Company granted 650,000 options, exercisable at \$0.33 per share until February 27, 2021 (November 30, 2017 – 575,000 options granted) to directors and officers of the Company with a vested estimated non-cash fair value of \$96,649 (November 30, 2017 - \$76,584).

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

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

	As at	
	December 31, 2019	November 30, 2018
A company controlled by Mr. Guido Cloetens	80,000	80,000
A company controlled by Mr. Stuart Rogers	25,000	25,000
A company controlled by Mr. Gord Steblin	15,000	15,000
Mr. Martin Burian	5,000	5,000
A company controlled by Mr. Gaston Reymenants	5,000	5,000
	\$130,000	\$130,000

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 December 31, 2019, 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

	December 31, 2019	November 30, 2018
FINANCIAL ASSETS		
Fair value through profit or loss		
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 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 \$1,168,886 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.

	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 were interest receivables 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. 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 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.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at February 19, 2020, there were 26,837,613 outstanding common shares.

The following table summarizes information regarding stock options outstanding and exercisable as at February 19, 2020:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price
July 7, 2017	July 7, 2020	450,000	450,000	\$ 0.305
February 27, 2018	February 27, 2021	650,000	650,000	\$ 0.33
November 9, 2018	November 9, 2021	400,000	133,333	\$ 0.37
August 30, 2019	August 30, 2022	350,000	350,000	\$0.35
Total options		1,850,000	1,583,333	

There were no warrants outstanding as at December 31, 2019 or February 19, 2020.