

ELYSEE

DEVELOPMENT CORP.

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

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ELYSEE DEVELOPMENT CORP.

Management's Discussion and Analysis

For the Year Ended December 31, 2021

This management's discussion and analysis ("MD&A") of Elysee Development Corp. ("Elysee" or "the Company"), dated March 22, 2022 should be read in conjunction with the accompanying audited financial statements and notes for the year ended December 31, 2021. 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 2022; 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 2022. 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.

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

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 goal is to seek returns through investments in the securities of other companies. The Company's primary investments have been in junior mining and exploration companies active in the gold and silver sector and other metals. Occasionally the Company invests in other sectors as well.

On December 31, 2021 the Company had assets of \$18,226,007 and shareholder's equity was \$18,087,694.

In 2021 the Company invested over \$10 million in private and publicly listed companies in the U.S. and Canada.

During the year ended December 31, 2021 the Company had net and comprehensive earnings of \$37,659 as compared to \$4,018,643 during the year ended December 31, 2020 mainly due to \$545,774 of investment income derived from its portfolio (\$4,797,053 during the year ended December 31, 2020).

The value of the warrants in the Company's portfolio decreased to \$574,402 from \$1,701,519 in the prior year. The fair market value is determined based on the Black-Scholes Pricing Model. The intrinsic value of the Company's investment warrants was \$120,700 on December 31, 2021. 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 was \$0.64 per share using the Black-Scholes Pricing Model as compared to \$0.62 per share using the intrinsic value for the investment warrants.

On March 1, 2022, the Company declared a dividend of \$0.02 per common share based on the 2021 financial results. This dividend is to be paid on March 31, 2022 to shareholders of record on March 15, 2022 and is an eligible dividend for Canadian income tax purposes.

On November 27, 2020, the Company paid an interim dividend of \$0.01 per common share. The Company paid a final dividend of \$0.03 per common share on March 3, 2021 based on the 2020 financial results.

At December 31, 2021, the Company had unused tax losses and tax pools of approximately \$4,800,000 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, 2021 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 year ended December 31, 2021 to be as follows:

On November 28, 2018, the Company announced that it had incorporated a wholly-owned Delaware subsidiary to acquire an 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.

During early 2020, a capital raise for USV took place at a reduced price. As a result, the Company elected to recognize a partial write-down of \$632,816 (US\$475,000) on its investment in USV in 2020.

On February 25, 2021, the Company invested an additional \$188,625 (US\$150,000) in USV. This was part of a significant capital raise conducted by USV that was subscribed for by both new and current shareholders. This financing will enable USV to optimize and expand its operations to take advantage of increased demand and higher prices projected for vanadium and vanadium pentoxide anticipated during the year. The Company's total investment in USV is now US\$2,100,000, with a book value of US\$1,625,000.

The realized gain on the sale of marketable securities during the year ended December 31, 2021 of \$4,280,859 included significant gains realized on the sale of shares of:

- Nextsource Materials Inc.;
- Oroco Resource Corp.;
- Lightwave Logic, Inc.;
- Gold Royalty Corp.;
- Aurora Solar Technologies Inc.;
- Canada Nickel Company Inc.;
- Electric Royalties Ltd.;
- Endurance Gold Corporation;
- NioCorp Developments Ltd.; and
- Battle North Gold Corporation.

During the fourth quarter of 2021, the Company acquired shares or units in the following private placements:

- 600,000 shares of Arizona Sonoran Copper Company Inc. at \$2.45 per share for \$1,470,000;
- 200,000 units of Fury Gold Mines Limited at \$0.75 per unit for \$150,000;
- 100,000 shares of CareCru Incorporated (private investment) at \$1.00 per unit for \$100,000.

On May 5, 2021, 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 1,390,843 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 10, 2021 and will terminate on May 10, 2022, or such earlier time as the Bid is completed or at the option of the Company. Research Capital Corporation of Vancouver, B. C. will conduct the Bid on behalf of the Company. The Company purchased 50,000 of its common shares at a total cost of \$35,000 pursuant to the normal course issuer bid from January 1, 2021 to December 31, 2021.

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 sell their shares and will serve to stabilize the market price for the Company's shares.

OUTLOOK

At December 31, 2021 the Company's statement of financial position includes working capital of \$15,258,963 inclusive of \$1,629,312 of cash and \$13,591,111 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.

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020	Thirteen months ended December 31, 2019
Total Investment Income	\$545,774	\$4,797,053	\$2,440,637
Net Earnings and Comprehensive Earnings	\$37,659	\$4,018,643	\$1,817,312
Net Basic Earnings per Share	\$0.00	\$0.15	\$0.07
Net Diluted Earnings per Share	\$0.00	\$0.15	\$0.07
Total Assets	\$18,226,007	\$18,766,877	\$15,222,444
Total Non-current Financial Liabilities	\$Nil	\$Nil	\$Nil
Cash Dividends Paid per Share	\$0.03	\$0.03	\$0.03

Net earnings of \$37,659 were realized during fiscal 2021 (compared to net earnings of \$4,018,643 during fiscal 2020) primarily due to a \$4,210,392 net realized gain (after transaction costs and write-offs) on the sale of marketable securities offset by a \$3,893,862 net unrealized loss on marketable securities (including write-downs).

Net earnings of \$4,018,643 were realized during fiscal 2020 (compared to net earnings of \$1,817,312 during fiscal 2019) primarily due to a \$3,178,052 net realized gain (after transaction costs and write-offs) on the sale of marketable securities and a \$1,477,548 net unrealized gain on marketable securities (after write-downs).

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.

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2021

The Company's net and comprehensive earnings for the year ended December 31, 2021 were \$37,659 (\$0.00 basic earnings per share) compared to net and comprehensive earnings of \$4,018,643 (\$0.15 basic earnings per share) for the year ended December 31, 2020.

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 \$4,280,859 for the year ended December 31, 2021 compared to \$3,776,822 in the prior year. Transactions costs of \$70,467 were recognized for the year ended December 31, 2021 compared to \$65,437 in the prior year. A \$500,000 convertible debenture which matured on February 28, 2020 was written-off in the previous year as this investment was with a company that became insolvent. There were no comparable write-downs during the current fiscal year.

There was an unrealized loss on marketable securities of \$3,843,862 for the year ended December 31, 2021 compared to an unrealized gain of \$2,110,364 in the prior year. During the year ended December 31, 2021, the Company wrote-off \$50,000 in a private company investment. During the prior year, the Company elected to record a partial write down of \$632,816 of its investment in USV to align the carrying value of our equity investment with the price of the most recent USV financings done at that time.

Interest and dividend income increased \$80,232 to \$217,229 for the year ended December 31, 2021, compared to \$136,997 during the prior year as several additional convertible debentures were acquired. Debenture interest of \$33,333 was written-off in the prior year as this accrued interest was with a company that became insolvent.

Advertising and promotion decreased \$11,630 to \$5,587 for the year ended December 31, 2021 from \$17,217 during the year ended December 31, 2020.

There were no consulting fees during the current year compared to \$70,000 during the prior year ended December 31, 2020 when financial consulting fees were incurred on various investment opportunities.

Director fees decreased \$16,675 to \$12,800 for the year ended December 31, 2021 from \$29,475 during the year ended December 31, 2020 as no bonuses were declared for directors in the current year.

Legal and accounting costs decreased \$2,974 to \$148,292 for the year ended December 31, 2021 from \$151,266 during the year ended December 31, 2020.

Management fees decreased \$79,525 to \$243,000 for the year ended December 31, 2021 from \$322,525 incurred during the year ended December 31, 2020 as reduced bonuses were declared in the current year.

There was a \$5,173 share-based payment expense, a non-cash item, on the granting of options during the year ended December 31, 2021 compared to share-based payment expense of \$107,570 during the prior year.

All other general and administrative costs were comparable to those incurred in the prior year.

RESULTS OF OPERATIONS – THREE MONTH PERIOD ENDED DECEMBER 31, 2021

The Company's net and comprehensive earnings for the three-month period ended December 31, 2021 was \$48,782 or \$0.00 basic earnings per share compared to net and comprehensive earnings of \$1,308,771 or \$0.05 basic earnings per share for the three-month period ended December 31, 2020.

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

There was a realized gain on marketable securities of \$412,269 for the three-month period ended December 31, 2021 compared to a realized gain of \$1,252,857 during the three-month period a year prior.

There was an unrealized loss on marketable securities of \$186,230 for the three-month period ended December 31, 2021 compared to an unrealized gain of \$501,090 in the same quarter of the prior year. A \$71,103 additional partial write-down of the investment in USV, a private equity investment, was recorded during the fourth quarter of 2020 to reflect the reduced valuation at which its recent equity financings were completed.

Interest and dividend income increased \$35,210 to \$66,614 for the three-month period ended December 31, 2021, compared to \$31,404 during the three-month period a year prior as several additional convertible debentures were acquired.

Management fees of \$110,750 for the three-month period ended December 31, 2021 decreased as compared to \$208,250 incurred for the three-month period ended December 31, 2020. The current period includes annual bonuses to management in the amount of \$65,000 compared to \$170,000 in the prior year period.

All other general and administrative costs were comparable 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, 2021 (Q4, 2021)	\$48,782	\$0.00
September 30, 2021 (Q3, 2021)	\$(2,113,923)	\$(0.08)
June 30, 2021 (Q2, 2021)	\$2,049,529	\$0.07
March 31, 2021 (Q1, 2021)	\$53,271	\$0.00
December 31, 2020 (Q4, 2020)	\$1,308,771	\$0.05
September 30, 2020 (Q3, 2020)	\$2,330,345	\$0.09
June 30, 2020 (Q2, 2020)	\$4,804,154	\$0.18
March 31, 2020 (Q1, 2020)	\$(4,424,627)	\$(0.16)

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 \$48,782 for the three-month period ended December 31, 2021 (Q4, 2021) and was mainly the result of a \$412,269 realized gain on marketable securities and \$66,614 of interest income, offset by \$5,717 in transaction costs, a \$186,230 unrealized loss on marketable securities, a \$9,930 unrealized foreign exchange loss and \$228,224 in general and administrative expenses.

The Company's net and comprehensive loss was \$2,113,923 for the three-month period ended September 30, 2021 (Q3, 2021) and was mainly the result of a \$2,405,228 unrealized loss on marketable securities due to overall market conditions, \$10,063 in transaction costs and \$91,200 in general and administrative expenses offset by a \$292,287 realized gain on marketable securities, \$82,370 of interest income and a \$17,911 unrealized foreign exchange gain.

The Company's net and comprehensive earnings were \$2,049,529 for the three-month period ended June 30, 2021 (Q2, 2021) and were mainly comprised of a \$1,433,215 realized gain on marketable securities, \$687,336 unrealized gain on marketable securities, \$33,903 of interest income and a \$5,363 unrealized foreign exchange gain offset by a \$19,580 in transaction costs and \$90,708 in general and administrative expenses.

The Company's net and comprehensive earnings were \$53,271 for the three-month period ended March 31, 2021 (Q1, 2021) and were mainly comprised of a \$2,093,088 realized gain on marketable securities and \$34,342 of interest income offset by a \$1,939,744 unrealized loss on marketable securities, \$35,107 in transaction costs, a \$1,324 unrealized foreign exchange loss and \$97,984 in general and administrative expenses.

The Company's net and comprehensive earnings were \$1,308,771 for the three-month period ended December 31, 2020 (Q4, 2020) and were mainly comprised of a \$1,252,857 realized gain on marketable securities, \$501,090 unrealized gain on marketable securities and \$31,404 interest income offset by a \$34 unrealized foreign exchange loss, a \$71,103 write-down of a private company investment and \$405,443 in general and administrative expenses.

The Company's net and comprehensive earnings were \$2,330,345 for the three-month period ended September 30, 2020 (Q3, 2020) and were mainly comprised of a \$2,030,005 realized gain on marketable securities, \$423,036 unrealized gain on marketable securities, \$35,987 of interest income and a \$1,035 unrealized foreign exchange gain offset by \$159,718 in general and administrative expenses.

The Company's net and comprehensive earnings were \$4,804,154 for the three-month period ended June 30, 2020 (Q2, 2020) and were mainly comprised of a \$155,540 realized gain on marketable securities, a \$4,721,914 unrealized gain on marketable securities and \$32,161 of interest income offset by a \$1,621 unrealized foreign exchange loss and \$103,840 in general and administrative expenses.

The Company's net and comprehensive loss was \$4,424,627 for the three-month period ended March 31, 2020 (Q1, 2020) and was mainly comprised of a \$3,535,677 unrealized loss on marketable securities, a \$533,333 write-off of a convertible debenture and accrued interest, a \$561,713 partial write-down of a private company investment, and \$109,410 in general and administrative expenses offset by a \$272,983 realized gain on marketable securities, a \$5,078 unrealized foreign exchange gain and \$37,445 of interest and dividend income.

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, 2021, the Company had working capital of \$15,258,963 mainly comprised of cash of \$1,629,312 and marketable securities of \$13,591,111. This compares to working capital of \$15,477,434 at December 31, 2020, which included \$3,611,736 in cash and marketable securities of \$12,067,267.

The decrease in cash of \$1,982,424 during the year ended December 31, 2021 was mainly due to the purchase of \$10,450,666 of marketable securities, payment of dividends of \$833,178 and purchase of common shares returned to treasury of \$35,000 offset by the proceeds of \$9,381,727 received pursuant to the sale of marketable securities and \$468,500 from the exercise of stock options.

Total assets at December 31, 2021 decreased to \$18,226,007 from \$18,766,877 at December 31, 2020.

As at the date of this MD&A, the Company has approximately \$1.7 Million in cash.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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

The Company paid amounts to related parties as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Management fees (including bonuses)	\$ 237,500	\$ 318,500
Accounting fees (including bonuses)	85,000	88,500
Director fees (including bonuses)	12,000	29,000
	\$ 344,500	\$ 436,000

During the year ended December 31, 2020, the Company granted 500,000 options, exercisable at \$0.42 per share until September 18, 2025 to directors and officers of the Company with a vested non-cash fair value of \$52,244.

During the year ended December 31, 2020, the Company granted 500,000 options, exercisable at \$0.31 per share until May 20, 2023 to directors and officers of the Company with a vested non-cash fair value of \$30,171.

During the year ended December 31, 2021, the Company paid \$30,000 (year ended December 31, 2020 - \$26,000) 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, 2021	December 31, 2020
Management and directors	\$ 90,000	\$ 220,000

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, 2021, 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 not expected to impact the Company in a significant manner.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

	December 31, 2021	December 31, 2020
FINANCIAL ASSETS		
Fair value through profit or loss		
Cash	\$ 1,629,312	\$ 3,611,736
Marketable securities	13,591,111	12,067,267
Investments in private companies	2,828,731	2,967,106
Amortized cost		
Interest receivable	171,311	118,047
Total financial assets	\$ 18,220,465	\$ 18,764,156
FINANCIAL LIABILITIES		
Amortized cost		
Trade and other payables	\$ 48,313	\$ 102,337
Due to related parties	90,000	220,000
Total financial liabilities	\$ 138,313	\$ 322,337

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 \$574,403 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, 2021				
Cash	\$1,629,312	\$ -	\$ -	\$ 1,629,312
Marketable securities – shares	11,004,935	-	-	11,004,935
Marketable securities - convertible debt	2,011,774	-	-	2,011,774
Investments in private companies - shares	-	-	1,052,452	1,052,452
Investments in private companies - convertible debt	-	-	1,776,279	1,776,279
Marketable securities – warrants	-	574,402	-	574,402
Total financial assets at fair value	\$ 14,646,021	\$ 574,402	\$2,828,731	\$ 18,049,154

	Level 1	Level 2	Level 3	Total
As at December 31, 2020				
Cash	\$3,611,736	\$ -	\$ -	\$ 3,611,736
Marketable securities – shares	10,037,495	-	-	10,037,495
Marketable securities - convertible debt	328,253	-	-	328,253
Investments in private companies - shares	-	-	1,120,827	1,120,827
Investments in private companies - convertible debt	-	-	1,846,279	1,846,279
Marketable securities – warrants	-	1,701,519	-	1,701,519
Total financial assets at fair value	\$ 13,977,484	\$ 1,701,519	\$2,967,106	\$ 18,646,109

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 receivables. The Company manages its credit risk relating to cash by dealing only with highly-rated Canadian financial institutions. As at December 31, 2021, there is interest receivable of \$171,311 (December 31, 2020 - \$118,047). 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 of \$1,629,312 (December 31, 2020 - \$3,611,736) to settle current liabilities of \$138,313 (December 31, 2020 - \$322,337), therefore liquidity risk is considered insignificant.

Interest rate risk

The Company's interest rate risk is primarily related to the Company's cash 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. 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 \$14,000 for the year ended December 31, 2021. (December 31, 2020 - \$36,000).

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 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.

Public Health Crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond its control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many

governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in economic activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time. Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. While the extent to which COVID-19 may impact the Company is uncertain, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition

SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company repurchased 75,000 common shares of the Company pursuant to the Normal Course Issuer Bid which have been returned to treasury.

On March 1, 2022, the Company declared a dividend of \$0.02 per common share to be paid on March 31, 2022 to shareholders of record on March 15, 2022.

On March 8, 2022, 100,000 stock options were exercised at \$0.35 per share for proceeds of \$35,000.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at March 22, 2022, there were 28,397,613 outstanding common shares.

The following table summarizes information regarding stock options outstanding and exercisable as at March 22, 2022:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price
August 30, 2019	August 30, 2022	150,000	150,000	\$ 0.35
May 20, 2020	May 20, 2023	300,000	300,000	\$ 0.31
September 18, 2020	September 18, 2025	500,000	500,000	\$0.42
Total options		950,000	950,000	

There were no warrants outstanding as at December 31, 2021 or March 22, 2022.