

ELYSEE

DEVELOPMENT CORP.

Condensed Consolidated Interim Financial Statements

March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Elysee Development Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimates and judgements based on information currently available.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

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

	Notes	As at March 31, 2021	As at December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 3,994,444	\$ 3,611,736
Interest receivable		117,056	118,047
Prepaid expenses	5	680	2,721
Marketable securities	6	10,518,460	12,067,267
		14,630,640	15,799,771
Investments in private companies	6	3,308,756	2,967,106
Total assets		\$ 17,939,396	\$ 18,766,877
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	7	\$ 44,774	\$ 102,337
Due to related parties	12	-	220,000
Total liabilities		44,774	322,337
Equity			
Common shares	8	43,683,382	43,364,551
Contributed surplus	8	13,911,806	14,000,648
Deficit		(39,700,566)	(38,920,659)
Total equity		17,894,622	18,444,540
Total liabilities and equity		\$ 17,939,396	\$ 18,766,877

Basis of Preparation (Note 2) and Subsequent Event (Note 14)

APPROVED ON BEHALF OF THE BOARD:

<u>“ Stuart Rogers ”</u>	Director	<u>“ Guido Cloetens ”</u>	Director
Stuart Rogers		Guido Cloetens	

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

Elysee Development Corp.

Condensed Consolidated Interim Statements of Earnings and Comprehensive Earnings (Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2021	Three months ended March 31, 2020
Net investment income			
Realized gain on sale of marketable securities	6	\$ 2,093,088	\$ 283,621
Transaction costs	6	(35,107)	(10,638)
Unrealized (loss) on marketable securities	6	(1,939,744)	(3,535,677)
Write-off of marketable securities	6	-	(500,000)
Write-off of interest receivable		-	(33,333)
Write-down of investment in private company		-	(561,713)
Unrealized foreign exchange gain (loss)		(1,324)	5,078
Interest and dividend income		34,342	37,445
Total net investment income		151,255	(4,315,217)
General and administrative expenses			
Advertising and promotion		964	2,178
Bank charges and interest		894	1,786
Director fees	12	3,575	3,325
Legal and accounting	12	23,406	30,466
Management fees	12	40,750	41,500
Office and miscellaneous		5,706	3,411
Rent	12	7,973	5,473
Share-based payments - non-cash expense	8 & 12	1,989	4,900
Transfer agent, filing fees and shareholder communications		12,727	9,875
Travel and entertainment		-	6,496
Total general and administrative expenses		(97,984)	(109,410)
Net earnings and comprehensive earnings for the period			
		\$53,271	\$(4,424,627)
Basic and diluted earnings per share			
Earnings per share – basic	9	\$ 0.00	\$(0.16)
Earnings per share – diluted	9	\$ 0.00	\$(0.16)

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

Elysee Development Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2021	Three months ended March 31, 2020
OPERATING ACTIVITIES			
Earnings (loss) for the period		\$ 53,271	\$ (4,424,627)
Adjustments for:			
Accrued interest income		(117,056)	(71,130)
Share-based payments	8 & 12	1,989	4,900
Realized gain on sale of marketable securities, net of transaction costs	6	(2,057,981)	(272,983)
Unrealized loss on marketable securities	6	1,939,744	3,535,677
Write-off of marketable securities		-	500,000
Write-down of investments in private company		-	561,713
Purchase of investments	6	(2,937,639)	(1,608,785)
Proceeds from sale of investments	6	4,263,033	2,118,011
Adjustments for non-cash working capital items:			
Decrease in receivables		118,047	75,609
Decrease in prepaid expenses		2,041	5,896
Increase (decrease) in trade and other payables		(57,563)	18,333
(Decrease) in due to related parties		(220,000)	(130,000)
Cash provided by operating activities		987,886	312,614
FINANCING ACTIVITIES			
Cash dividends	8	(833,178)	(539,782)
Stock options exercised	8	228,000	68,625
Purchase of common shares returned to treasury	8	-	(54,350)
Cash (used in) financing activities		(605,178)	(525,507)
Increase (decrease) in cash and cash equivalents		382,708	(212,893)
Cash and cash equivalents, beginning of year		3,611,736	1,919,243
Cash and cash equivalents, end of period		\$ 3,994,444	\$ 1,706,350

Supplemental cash flow information (Note 13)

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

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

	Notes	Common shares		Contributed surplus	Deficit	Total
		Number	Amount			
Balances, December 31, 2019		26,837,613	\$ 43,482,108	\$ 13,951,234	\$ (42,372,882)	\$ 15,060,460
Common shares returned to treasury	8	(167,000)	(270,573)	-	216,223	(54,350)
Stock options exercised	8	225,000	98,593	(29,968)	-	68,625
Cash dividend declared	8	-	-	-	(539,782)	(539,782)
Share-based payments	8	-	-	4,900	-	4,900
Net earnings (loss) for the period		-	-	-	(4,424,627)	(4,424,627)
Balances, March 31, 2020		26,895,613	43,310,128	13,926,166	(47,121,068)	10,115,226
Balances, December 31, 2020		27,072,613	43,364,551	14,000,648	(38,920,659)	18,444,540
Common shares returned to treasury	8	-	-	-	-	-
Stock options exercised	8	700,000	318,831	(90,831)	-	228,000
Cash dividends declared	8	-	-	-	(833,178)	(833,178)
Share-based payments	8	-	-	1,989	-	1,989
Net earnings for the period		-	-	-	53,271	53,271
Balances, March 31, 2021		27,772,613	\$ 43,683,382	\$ 13,911,806	\$ (39,700,566)	\$ 17,894,622

The accompanying notes are an integral part of these condensed consolidated interim 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 fiscal year ended December 31, 2019.

The head office, principal address and registered and records office is located on the 9th floor - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

The Company’s condensed consolidated interim financial statements as at March 31, 2021 and for the three 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 \$53,271 for the three months ended March 31, 2021 (three months ended March 31, 2020 – net comprehensive loss \$4,424,627) and has working capital of \$14,585,866 as at March 31, 2021 (December 31, 2020 - \$15,477,434). Management believes that the Company’s cash position will support operations for the next twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company for the three-month period ended March 31, 2021 were approved and authorized for issue by the Board of Directors on May 3, 2021.

Basis of presentation

The Company’s condensed consolidated interim 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 11, and are presented in Canadian dollars except where otherwise indicated. In addition, the condensed consolidated interim financial statements are prepared using the accrual method of accounting, with the exception of cash flow information.

Statement of compliance

The condensed interim financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standards (“IAS”) 34, “*Interim Financial Reporting*” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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.

Comparative figures

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

Elysee Development Corp.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021
(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

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

	March 31, 2021	December 31, 2020
Denominated in Canadian dollars	\$ 3,954,990	\$ 3,595,002
Denominated in U.S. dollars	39,454	16,734
Total cash and cash equivalents	\$ 3,994,444	\$ 3,611,736

At March 31, 2021 and December 31, 2020, all of the Company's cash and cash equivalents were classified as cash.

5. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

	March 31, 2021	December 31, 2020
Insurance	\$680	\$ 2,721
Total prepaid expenses	\$ 680	\$ 2,721

Elysee Development Corp.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021
(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									
December 31, 2019	\$ 6,658,398	\$ -	\$ 1,249,531	\$ 7,907,929	\$ 454,090	\$ 2,556,415	\$ 3,010,505	\$ 10,918,434	
Additions	8,181,585	-	148,987	8,330,572	1,392,189	568,927	1,961,116	10,291,688	
Proceeds on sale	(11,442,040)	-	(403,568)	(11,845,608)	-	(1,321,700)	(1,321,700)	(13,167,308)	
Transaction costs	(65,437)	-	-	(65,437)	-	-	-	(65,437)	
Realized gain	3,768,512	-	8,310	3,776,822	-	-	-	3,776,822	
Realized (loss)	-	-	(500,000)	(500,000)	-	-	-	(500,000)	
December 31, 2020	7,101,018	-	503,260	7,604,278	1,846,279	1,803,642	3,649,921	11,254,199	3,211,385
Additions	2,210,396	-	48,593	2,258,989	-	678,650	678,650	2,937,639	
Proceeds on sale	(3,925,933)	-	-	(3,925,933)	(70,000)	(267,100)	(337,100)	(4,263,033)	
Transaction costs	(35,107)	-	-	(35,107)	-	-	-	(35,107)	
Realized gain	2,093,088	-	-	2,093,088	-	-	-	2,093,088	
March 31, 2021	\$ 7,443,462	\$ -	\$ 551,853	\$ 7,995,315	\$ 1,776,279	\$ 2,215,192	\$ 3,991,471	\$ 11,986,786	\$ 2,057,981
FAIR VALUE									
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	
Additions	8,181,585	-	148,987	8,330,572	1,392,189	568,927	1,961,116	10,291,688	
Cost of disposals	(7,738,965)	-	(895,258)	(8,634,223)	-	(1,321,700)	(1,321,700)	(9,955,923)	
Unrealized gain (loss)	1,746,725	532,633	(168,994)	2,110,364	-	-	-	2,110,364	
Write-downs	-	-	-	-	-	(632,816)	(632,816)	(632,816)	
December 31, 2020	10,037,495	1,701,519	328,253	12,067,267	1,846,279	1,120,827	2,967,106	15,034,373	1,477,548
Additions	2,210,396	-	48,593	2,258,989	-	678,650	678,650	2,937,639	
Cost of disposals	(1,867,952)	-	-	(1,867,952)	(70,000)	(267,100)	(337,100)	(2,205,052)	
Unrealized gain (loss)	(1,486,597)	(554,275)	101,028	(1,939,844)	-	100	100	(1,939,744)	
March 31, 2021	\$ 8,893,342	\$ 1,147,244	\$ 477,874	\$ 10,518,460	\$ 1,776,279	\$ 1,532,477	\$ 3,308,756	\$ 13,827,216	\$(1,939,744)
TOTAL GAIN 2021									\$ 118,237

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 CSE, 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:

	March 31, 2021	December 31, 2020
Trade payables	\$ 44,774	\$ 337
Accrued liabilities	-	102,000
Total trade and other payables	\$ 44,774	\$ 102,337

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 March 31, 2021, the Company had 27,772,613 common shares outstanding (December 31, 2020 – 27,072,613) and no preferred shares outstanding (December 31, 2020 - Nil).

Share issuances and repurchases

During the three-month period ended March 31, 2021, the Company issued a total of 700,000 common shares (March 31, 2020 – 225,000), comprising 550,000 common shares at \$0.33 and 150,000 common shares at \$0.31 (March 31, 2020 - comprising 225,000 common shares at \$0.305) per share pursuant to the exercise of stock options for proceeds of \$228,000 (March 31, 2020 - \$68,625). A total of \$90,831 (March 31, 2020 - \$29,968) was reversed from contributed surplus to common shares in connection with stock options exercised.

In addition, no shares (March 31, 2020 – 167,000) shares were repurchased at a total cost of \$Nil (March 31, 2020 - \$54,350) and were returned to the Company's treasury pursuant to the Normal Course Issuer Bid.

Normal Course Issuer Bid

On April 30, 2020, 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 1,344,700 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, 2020 and will terminate on May 8, 2021, or such earlier time as the Bid is completed or at the option of the Company. Research Capital Corporation of Vancouver,

Elysee Development Corp.
Notes to the Condensed Consolidated Interim Financial Statements
 March 31, 2021
 (Expressed in Canadian dollars)

British Columbia will conduct the Bid on behalf of the Company. During the three-month period ended March 31, 2021, the Company purchased no shares (March 31, 2020 – 167,000) at a total cost of \$Nil (March 31, 2020 - \$54,350). The difference between the share repurchase price and the original share issuance of \$Nil (March 31, 2020 - \$216,223) has been included in deficit.

Cash dividend

On March 3, 2021, the Company paid a dividend of \$0.03 per common share for \$833,178 for fiscal 2020. On November 27, 2020, the Company paid an interim dividend of \$0.01 per common share for \$270,726. The total amount of dividends paid for fiscal 2020 was \$1,103,904.

On March 9, 2020, the Company paid a dividend of \$0.02 per common share for \$539,782 for fiscal 2019.

Share purchase warrants

There were no share purchase warrants outstanding for the periods ended March 31, 2021 and December 31, 2020.

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 periods ended March 31, 2021 and December 31, 2020:

	Period ended March 31, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	2,400,000	\$ 0.36	1,850,000	\$ 0.34
Granted	-	-	500,000	0.31
Granted	-	-	600,000	0.42
Exercised	(550,000)	0.33	(325,000)	0.305
Expired	-	-	(125,000)	0.305
Exercised	(150,000)	0.31	(100,000)	0.33
Outstanding, end of period	1,700,000	\$ 0.37	2,400,000	\$ 0.36

On September 18, 2020, the Company granted 600,000 options to directors, officers and a consultant, exercisable at \$0.42 per share until September 18, 2025. The grant date fair value of the options granted was \$62,693 (\$0.10 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.34%; volatility of 58.17%; dividend rate 8.57%; forfeiture rate 0%; and expected life of 5 years.

Elysee Development Corp.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021
(Expressed in Canadian dollars)

On May 20, 2020, the Company granted 500,000 options to directors and officers, exercisable at \$0.31 per share until May 20, 2023. The grant date fair value of the options granted was \$30,171 (\$0.06 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.35%; volatility of 49.11%; 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, \$37,386 was attributed to the thirteen-month period ended December 31, 2019, \$14,706 was attributed to the twelve-month period ended December 31, 2020 and \$1,989 was attributed to the three-month period ended March 31, 2021. 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.

The following table summarizes information regarding stock options outstanding and exercisable as at March 31, 2021:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price	Remaining contractual life (years)
November 9, 2018	November 9, 2021	400,000	300,000	\$ 0.37	0.61
August 30, 2019	August 30, 2022	350,000	350,000	\$ 0.35	1.41
May 20, 2020	May 20, 2023	350,000	350,000	\$ 0.31	2.13
September 18, 2020	September 18, 2025	600,000	600,000	\$ 0.42	4.47
Total options		1,700,000	1,600,000		

9. EARNINGS PER SHARE

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net earnings (loss) for the period	\$ 53,271	\$ (4,424,627)
Weighted average number of common shares – basic	27,585,392	26,882,047
Dilutive effect of stock options outstanding	578,927	31,331
Weighted average number of common shares – diluted	28,164,319	26,913,378
Basic earnings (loss) per share	\$0.00	\$(0.16)
Diluted earnings (loss) per share	\$0.00	\$(0.16)

The basic earnings per share is computed by dividing the net earnings by the weighted average number of common shares outstanding during the period. 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 period, if dilutive. During the periods ended March 31, 2021 and March 31, 2020, stock options were the only equity instruments with a dilutive impact.

10. CAPITAL RISK MANAGEMENT

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 three-month period ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

	March 31, 2021	December 31, 2020
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	\$ 3,994,444	\$ 3,611,736
Marketable securities	10,518,460	12,067,267
Investments in private companies	3,308,756	2,967,106
Amortized cost		
Interest receivable	117,056	118,047
Total financial assets	\$ 17,938,716	\$ 18,764,156
FINANCIAL LIABILITIES		
Amortized cost		
Trade and other payables	\$ 44,774	\$ 102,337
Due to related parties	-	220,000
Total financial liabilities	\$ 44,774	\$ 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 condensed consolidated interim financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

Elysee Development Corp.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021
(Expressed in Canadian dollars)

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.

	Level 1	Level 2	Level 3	Total
As at March 31, 2021				
Cash and cash equivalents	\$ 3,994,444	\$ -	\$ -	\$ 3,994,444
Marketable securities - shares	8,893,342	-	-	8,893,342
Marketable securities - convertible debt	477,874	-	-	477,874
Investments in private companies - shares	-	-	1,532,477	1,532,477
Investments in private companies - convertible debt	-	-	1,776,279	1,776,279
Marketable securities - warrants	-	1,147,244	-	1,147,244
Total financial assets at fair value	\$ 13,365,660	\$ 1,147,244	\$3,308,756	\$ 17,821,660

	Level 1	Level 2	Level 3	Total
As at December 31, 2020				
Cash and cash equivalents	\$ 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 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 March 31, 2021, there is interest receivable of \$117,056 (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 and cash equivalents of \$3,994,444 (December 31, 2020 - \$3,611,736) to settle current liabilities of \$44,774 (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 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 \$10,000 (March 31, 2020 - \$4,260) for the three-month period ended March 31, 2021.

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 condensed consolidated interim 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.

12. RELATED PARTY TRANSACTIONS

Key management personnel and director compensation

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Management fees	\$ 37,500	\$ 39,500
Accounting fees	15,000	15,000
Director fees	3,000	3,000
Share-based payments	1,989	4,900
Total	\$57,489	\$62,400

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

	March 31, 2021	December 31, 2020
Management and directors	\$Nil	\$ 220,000

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 three-month period ended March 31, 2021 was an estimated fair value of \$1,989, (March 31, 2020 - \$4,900).

During the three months ended March 31, 2021, the Company paid \$7,500 (March 31, 2020 - \$5,000) for office rent to a company controlled by the Chief Executive Officer.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the three-month period ended March 31, 2021, the amount credited to deficit on the repurchase of the Company's shares was \$Nil (March 31, 2020 - \$216,223) (Note 8).

During the three-month period ended March 31, 2021, the Company reversed \$90,831 (March 31, 2020 - \$29,968) from contributed surplus to common shares in connection with stock options exercised (Note 8).

Cash payments for interest and taxes

The Company made cash payments for interest of \$Nil (March 31, 2020 - \$Nil) and income taxes of \$Nil (March 31, 2020 - \$Nil) during the three-month period ended March 31, 2021.

14. SUBSEQUENT EVENT

The Company issued 100,000 shares upon the exercise of 100,000 options at \$0.42.