

ELYSEE

DEVELOPMENT CORP.

Financial Statements

November 30, 2017

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Elysee Development Corp.

We have audited the accompanying financial statements of Elysee Development Corp., which comprise the statements of financial position as at November 30, 2017 and 2016 and the statements of earnings and comprehensive earnings, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Elysee Development Corp. as at November 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

January 23, 2018



Elysee Development Corp.

Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at November 30, 2017	As at November 30, 2016
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 882,010	\$ 1,214,972
Receivables	5	88,999	29,858
Prepaid expenses	6	7,388	4,886
Marketable securities	7	10,681,519	10,516,494
		11,659,916	11,766,210
Total assets		\$ 11,659,916	\$ 11,766,210
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	8	\$ 33,811	\$ 28,929
Due to related parties	14	125,000	167,500
Total liabilities		158,811	196,429
Equity			
Common shares	9	42,095,833	42,987,375
Contributed surplus	9	13,836,922	13,767,263
Deficit		(44,431,650)	(45,184,857)
Total equity		11,501,105	11,569,781
Total liabilities and equity		\$ 11,659,916	\$ 11,766,210

Basis of Preparation (Note 2) and Subsequent Events (Note 17)

APPROVED ON BEHALF OF THE BOARD:

“ Stuart Rogers ”

Director

Stuart Rogers

“ Guido Cloetens ”

Director

Guido Cloetens

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

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

		Year ended November 30	
	Notes	2017	2016
Net investment income			
Realized gain on sale of marketable securities	7	\$ 1,797,949	\$ 2,356,135
Unrealized gain (loss) on marketable securities	7	(628,118)	1,726,246
Realized foreign exchange gain (loss)		(788)	10,283
Unrealized foreign exchange gain (loss)		(8,074)	6,603
Interest and dividend income		94,546	137,213
Total net investment income		1,255,515	4,236,480
General and administrative expenses			
Advertising and promotion		1,610	14,034
Bank charges and interest		2,358	2,674
Depreciation		-	1,011
Director fees	14	22,175	27,000
Legal and accounting	14	122,443	119,100
Management fees	14	259,875	280,000
Office and miscellaneous		21,475	22,842
Rent		8,190	8,950
Share-based payments	9 & 14	76,584	96,448
Transfer agent, filing fees and shareholder communications		27,650	25,042
Travel and entertainment		28,788	22,651
Total general and administrative expenses		(571,148)	(619,752)
Realized gain on sale of equipment		-	557
Other taxes	16	(32,919)	-
		(32,919)	557
Net earnings and comprehensive earnings for the year		\$ 651,448	\$ 3,617,285
Basic and diluted earnings per share			
Earnings per share - basic	11	\$ 0.03	\$ 0.17
Earnings per share - diluted	11	\$ 0.03	\$ 0.17

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

Elysee Development Corp.

Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Year ended November 30	
		2017	2016
OPERATING ACTIVITIES			
Earnings for the year		\$ 651,448	\$ 3,617,285
Adjustments for:			
Accrued interest income		(26,983)	(28,051)
Depreciation		-	1,011
Gain on sale of equipment		-	(557)
Share-based payments	9 & 14	76,584	96,448
Realized gain on sale of marketable securities	7	(1,797,949)	(2,356,135)
Unrealized (gain) loss on marketable securities	7	628,118	(1,726,246)
Purchase of marketable securities	7	(4,912,203)	(10,254,016)
Proceeds from sale of marketable securities	7	5,917,009	7,740,495
Adjustments for non-cash working capital items:			
(Increase) decrease in receivables		(32,158)	26,661
(Increase) in prepaid expenses		(2,502)	(123)
Increase in trade and other payables		4,882	4,742
Increase (decrease) in due to related parties		(42,500)	167,500
Cash provided by (used in) operating activities		463,746	(2,710,986)
INVESTING ACTIVITIES			
Proceeds on sale of equipment		-	975
Cash provided by investing activities		-	975
FINANCING ACTIVITIES			
Cash dividends	9	(659,244)	(425,359)
Stock options exercised	9	25,000	320,000
Purchase of common shares returned to treasury	9	(162,464)	(76,502)
Cash used in financing activities		(796,708)	(181,861)
Decrease in cash and cash equivalents		(332,962)	(2,891,872)
Cash and cash equivalents, beginning of year		1,214,972	4,106,844
Cash and cash equivalents, end of year		\$ 882,010	\$ 1,214,972

Supplemental cash flow information (Note 15)

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

Elysee Development Corp.

Statements of Changes in Equity

(Expressed in Canadian dollars)

	Notes	Number of common shares	Common shares	Contributed surplus	Deficit	Total
Balances, November 30, 2015		20,773,979	\$43,258,724	\$ 13,772,905	\$ (48,993,720)	\$ 8,037,909
Common shares returned to treasury	9	(333,000)	(693,439)	-	616,937	(76,502)
Stock options exercised	9	1,600,000	422,090	(102,090)	-	320,000
Cash dividend declared	9	-	-	-	(425,359)	(425,359)
Share-based payments	9	-	-	96,448	-	96,448
Net earnings for the year		-	-	-	3,617,285	3,617,285
Balances, November 30, 2016		22,040,979	42,987,375	13,767,263	(45,184,857)	11,569,781
Common shares returned to treasury	9	(473,500)	(923,467)	-	761,003	(162,464)
Stock options exercised	9	125,000	31,925	(6,925)	-	25,000
Cash dividends declared	9	-	-	-	(659,244)	(659,244)
Share-based payments	9	-	-	76,584	-	76,584
Net earnings for the year		-	-	-	651,448	651,448
Balances, November 30, 2017		21,692,479	\$ 42,095,833	\$ 13,836,922	\$ (44,431,650)	\$ 11,501,105

The accompanying notes are an integral part of these 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.

On December 31, 2015, the Company completed a change of business from a “mining issuer” to an “investment issuer”.

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

The Company’s financial statements as at November 30, 2017 and for the year 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 \$651,448 for the year ended November 30, 2017 (November 30, 2016 - \$3,617,285) and has working capital of \$11,501,105 as at November 30, 2017 (November 30, 2016 - \$11,569,781). Management believes that the Company’s cash position will support operations for the next twelve months.

2. BASIS OF PREPARATION

The financial statements of the Company for the year ended November 30, 2017 were approved and authorized for issue by the Board of Directors on January 23, 2018.

Basis of presentation

The Company’s 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 13, and are presented in Canadian dollars except where otherwise indicated. In addition, the financial statements are prepared using the accrual method of accounting, with the exception of cash flow information.

Statement of compliance

The financial statements of the Company have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting year ended November 30, 2017.

Adoption of new and revised standards and interpretations

During the year ended November 30, 2017, the Company adopted certain new and amended accounting pronouncements, none of which had a material impact on the Company's financial statements.

Further, there are certain future standards, amendments and interpretations as follows:

Effective for annual periods beginning on or after January 1, 2017

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Services*.

Effective for annual periods beginning on or after January 1, 2018

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments, estimates and assumptions

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 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.

Share-based payments

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

Taxation

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

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

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

Foreign currency translation

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

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

of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

Earnings (loss) per share

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

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at FVTPL and loans and receivables.

A financial asset is classified as FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition material transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

The Company's non-derivative marketable securities are classified as FVTPL, and are comprised of the following:

Publicly-traded investments (securities of issuers that are public companies)

Marketable securities which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the statement of financial position dates.

Private company investments (securities of issuers that are not public companies)

Marketable securities held in non-public companies without an active market are classified as non-current assets and are valued at fair value. In situations where fair value is indeterminable or impracticable to determine, the shares are recorded at cost. This may occur when non-public company shares are received as payment for mineral properties. In such situations cost is determined by reference to the issue price of similar shares issued by the non-public entity for cash, at or near the time of issue of the shares, and in similar volumes. When, at future measurement dates, fair value is still indeterminable or impracticable, cost is used as the measure of fair value. When there is evidence of impairment, the shares are written down to an expected realizable value.

Convertible debentures

The Company holds a series of convertible debentures that are traded in an active market. As such, the debentures are presented at fair value based on quoted closing trade prices at the statement of financial position dates.

Cash and cash equivalents are classified as FVTPL and are accounted for at fair value. 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 equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise receivables.

Derivative financial assets

Warrants are classified as derivative financial assets and are recorded at FVTPL. Warrants without an active market that are received as attachments to common share units are initially recorded at nominal amounts. At the time of purchase the per unit cost is allocated in full to each common share. Subsequent value is determined at measurement date using a valuation technique, such as the Black-Scholes Option Pricing Model, or when the valuation technique input variables are not reliable, using the intrinsic value, which is equal to the higher of the market value of the underlying security, less the exercise price of the warrant, or zero.

Non-derivative financial liabilities

The Company has classified its trade and other payables as other financial liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Derecognition of financial assets and liabilities

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

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

Impairment of non-financial assets

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

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

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

Related party transactions

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

Comparative figures

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

4. CASH AND CASH EQUIVALENTS

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

As at November 30	2017	2016
Denominated in Canadian dollars	\$ 637,629	\$ 1,213,076
Denominated in U.S. dollars	244,381	1,896
Total cash and cash equivalents	\$ 882,010	\$ 1,214,972

At November 30, 2017 and November 30, 2016, all of the Company's cash and cash equivalents were classified as cash.

5. RECEIVABLES

The Company's primary receivables arise from interest receivable and other receivable from the sale of investments as follows:

As at November 30	2017	2016
GST receivable	\$ -	\$ 1,807
Interest receivable	26,983	28,051
Other receivable – sale of marketable securities	62,016	-
Total trade and other receivables	\$ 88,999	\$ 29,858

6. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

As at November 30	2017	2016
Insurance	\$ 3,180	\$ 4,886
Travel	4,208	-
Total prepaid expenses	\$ 7,388	\$ 4,886

7. MARKETABLE SECURITIES

The Company's marketable securities are as follows:

	Marketable securities	Warrants	Convertible debentures	Total	Total gain (loss)
COST					
November 30, 2015	\$ 2,457,872	\$ -	\$ 755,116	\$ 3,212,988	
Additions	8,761,651	-	1,492,365	10,254,016	
Proceeds on sale	(6,593,500)	(3,405)	(1,143,590)	(7,740,495)	
Realized gain	2,231,631	3,405	121,099	2,356,135	
November 30, 2016	6,857,654	-	1,224,990	8,082,644	\$ 2,356,135
Additions	4,731,959	-	180,244	4,912,203	
Proceeds on sale	(5,428,992)	-	(488,017)	(5,917,009)	
Realized gain (loss)	1,882,120	-	(84,171)	1,797,949	
November 30, 2017	\$ 8,042,741	\$ -	\$ 833,046	\$ 8,875,787	\$ 1,797,949
FAIR VALUE					
November 30, 2015	\$ 2,328,845	\$ 824,796	\$ 766,951	\$ 3,920,592	
Additions	8,761,651	-	1,492,365	10,254,016	
Cost of disposals	(4,361,869)	-	(1,022,491)	(5,384,360)	
Unrealized gain (loss)	1,091,064	641,997	(6,815)	1,726,246	
November 30, 2016	7,819,691	1,466,793	1,230,010	10,516,494	\$ 1,726,246
Additions	4,731,959	-	180,244	4,912,203	
Cost of disposals	(3,546,872)	-	(572,188)	(4,119,060)	
Unrealized gain (loss)	(845,181)	56,242	160,821	(628,118)	
November 30, 2017	\$ 8,159,597	\$ 1,523,035	\$ 998,887	\$ 10,681,519	\$ (628,118)
Total gain 2017					\$ 1,169,831

Valuation of common shares held as part of marketable securities has been determined in whole by reference to the quoted closing trade price of the shares on the TSX, TSX Venture Exchange and OTCQB at each period end date. Warrants received as attachments to various share purchase units do not trade in an active market. At the time of purchase the per unit cost was 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.

Management considers the Company's most significant investments during the year ended November 30, 2017 to be as follows:

On November 30, 2017, the Company subscribed for 800,000 units of Largo Resources Ltd. ("Largo") in a private placement at \$0.82 per unit for \$656,000. 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 Largo for five years from closing at \$1.15 per share.

On October 19, 2017, the Company subscribed for 300,000 units of Nouveau Monde Mining Enterprises Inc. ("Nouveau") in a private placement at \$0.30 per unit for \$90,000. 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 Nouveau for two years from closing at \$0.40 per share.

On September 22, 2017, the Company subscribed for 333,000 shares of RavenQuest BioMed Inc. in a private placement at \$0.30 per share for \$99,900.

On September 1, 2017, the Company subscribed for 250,000 units of Jericho Oil Corporation. ("Jericho") in a private placement at \$0.48 per unit for \$120,000. 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 Jericho for three years from closing at \$0.60 per share.

On August 1, 2017, the Company subscribed for 200,000 units (pre-consolidated) of Fiore Exploration Ltd. ("Fiore") in a private placement at \$0.305 per unit for \$61,000. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Fiore for three years from closing at \$0.45 per share.

On June 19, 2017, the Company subscribed for 1,000,000 units of IBC Advanced Alloys Corp. ("IBC") in a private placement at \$0.375 per unit for \$375,000. 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 IBC for two years from closing at \$0.45 per share.

On March 1, 2017, the Company subscribed for 81,200 units of Millennial Lithium Corp. ("Millennial") in a private placement at \$1.25 per unit for \$101,500. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the Company to purchase one additional common share of Millennial for two years from closing at \$1.50 per share.

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

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

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

Management considers the Company's most significant investments during the year ended November 30, 2016 to be as follows:

On October 18, 2016, the Company subscribed for 666,000 units of PolyMet Mining Corp. ("PolyMet") in a private placement at US\$0.75 per unit for US\$499,500. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the Company to purchase one additional common share of PolyMet for five years from closing at US\$1.00 per share.

On September 1, 2016, the Company subscribed for 1,110,000 units of Largo in a private placement at \$0.45 per unit for \$499,500. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the Company to purchase one additional common share of Largo for three years from closing at \$0.65 per share.

On May 25, 2016, the Company subscribed for 1,300,000 units of IBC in a private placement at \$0.375 per unit for \$487,500. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of IBC for five years from closing at \$0.50 per share.

On June 2, 2016, the Company subscribed for 770,000 units of Focus Ventures Ltd. ("Focus") in a private placement at \$0.065 per unit for \$50,050. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Focus for one year from closing at \$0.075 per share.

On April 6, 2016, the Company subscribed for 2,000,000 units of Focus in a private placement at \$0.065 per unit for \$130,000. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Focus for one year from closing at \$0.065 per share.

8. TRADE AND OTHER PAYABLES

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

As at November 30	2017	2016
Trade payables	\$ 1,248	\$ 1,620
Accrued liabilities	32,563	27,309
Total trade and other payables	\$ 33,811	\$ 28,929

9. 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 November 30, 2017, the Company had 21,692,479 common shares outstanding (November 30, 2016 – 22,040,979) and no preferred shares outstanding (November 30, 2016 - Nil).

Share issuances and repurchases

During the year ended November 30, 2017, the Company issued 125,000 (November 30, 2016 – 1,600,000) common shares at \$0.20 (November 30, 2016 - \$0.20) per share pursuant to the exercise of stock options for proceeds of \$25,000 (November 30, 2016 - \$320,000). A total of \$6,925 (November 30, 2016 - \$102,090) was reversed from contributed surplus to common shares in connection with stock options exercised.

In addition, 473,500 (November 30, 2016 – 333,000) shares were repurchased at a total cost of \$162,464 (November 30, 2016 - \$76,502) and were returned to the Company's treasury pursuant to the Normal Course Issuer Bid.

Normal Course Issuer Bid

On May 8, 2017, 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 1,090,662 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, 2017 and will terminate on May 8, 2018, or such earlier time as the Bid is completed or at the option of the Company. Mackie Research Capital Corporation of Vancouver, British Columbia will conduct the Bid on behalf of the Company. During the year ended November 30, 2017, the Company purchased 473,500 shares (November 30, 2016 – 333,000) at a total cost of \$162,464 (November 30, 2016 - \$76,502). The difference between the share repurchase price and the original share issuance of \$761,003 (November 30, 2016 - \$616,937) has been included in equity.

Cash dividend

On July 10, 2017, the Company declared a dividend of \$0.01 per common share. The dividend was paid on July 31, 2017 to shareholders of record on July 21, 2017.

On December 6, 2016, the Company declared a dividend of \$0.02 per common share. The dividend was paid on December 22, 2016 to shareholders of record on December 16, 2016.

On March 24, 2016, the Company declared a dividend of \$0.02 per common share for the fiscal year ended November 30, 2015. The dividend was paid in cash on April 27, 2016 to shareholders of record on April 20, 2016.

Share purchase warrants

There were no share purchase warrants outstanding for the years ended November 30, 2017 and November 30, 2016.

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.

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The following is a summary of the changes to the Company's outstanding stock options for the years ended November 30, 2017 and November 30, 2016:

Year ended November 30	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	950,000	\$ 0.25	1,750,000	\$ 0.20
Granted	-	-	600,000	0.20
Granted	575,000	0.305	500,000	0.30
Exercised	(125,000)	0.20	(1,600,000)	0.20
Expired/cancelled	-	-	(300,000)	0.20
Outstanding, end of year	1,400,000	\$ 0.28	950,000	\$ 0.25

On July 10, 2017, the Company granted 575,000 options to directors and officers, exercisable at \$0.305 per share until July 10, 2020. The grant date fair value of the options granted was \$76,584, (\$0.133 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.90%; volatility of 67.49%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

On August 3, 2016, the Company granted 500,000 options to directors and officers, exercisable at \$0.30 per share until August 3, 2019. The grant date fair value of the options granted was \$63,190, (\$0.126 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.71%; volatility of 63.06%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

On January 29, 2016, the Company granted 600,000 options to directors and officers, exercisable at \$0.20 per share until January 29, 2018. The grant date fair value of the options granted was \$33,258, (\$0.055 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.55%; volatility of 61.96%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

The following table summarizes information regarding stock options outstanding and exercisable as at November 30, 2017:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price	Remaining contractual life (years)
January 29, 2016	January 29, 2018	325,000	325,000	\$ 0.20	0.16
August 3, 2016	July 7, 2018	100,000	100,000	\$ 0.30	0.60
August 3, 2016	August 3, 2019	400,000	400,000	\$ 0.30	1.67
July 7, 2017	July 7, 2020	575,000	575,000	\$ 0.305	2.60
Total options		1,400,000	1,400,000		

10. TAXES

Provision for income taxes

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

Year ended November 30	2017	2016
Earnings for the year	\$ 651,448	\$ 3,617,285
Expected income tax expense	169,000	940,000
Change in statutory tax rates and other	(116,000)	-
Permanent differences	20,000	21,000
Adjustment to prior years provision versus statutory tax returns	(44,000)	(87,000)
Change in unrecognized deductible temporary differences	(29,000)	(874,000)
Total income tax expense	\$ -	\$ -

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

As at November 30	2017	2016
Deferred tax assets (liabilities)		
Marketable securities	\$ (488,000)	\$ (449,000)
Non-capital losses	488,000	449,000
Net deferred tax liability	\$ -	\$ -

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

As at November 30	2017	2016
Deferred tax assets		
Exploration and evaluation properties	\$ 2,627,000	\$ 2,530,000
Equipment	93,000	90,000
Non-capital losses available for future periods	590,000	899,000
	3,310,000	3,519,000
Less: Unrecognized deferred tax assets	(3,310,000)	(3,519,000)
Net deferred tax assets	\$ -	\$ -

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

As at November 30	2017	Expiry Date Range	2016	Expiry Date Range
Temporary Differences				
Exploration and evaluation properties	\$ 9,731,000	No expiry date	\$ 9,731,000	No expiry date
Equipment	\$ 344,000	No expiry date	\$ 344,000	No expiry date
Non-capital losses available for future periods	\$ 2,186,000	2029 to 2034	\$ 3,460,000	2028 to 2036

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

11. EARNINGS PER SHARE

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

Year ended November 30	2017	2016
Net earnings for the year	\$ 651,448	\$ 3,617,285
Weighted average number of common shares – basic	21,938,789	21,254,155
Weighted average number of common shares – diluted	22,263,871	21,834,146
Basic earnings per share	\$0.03	\$0.17
Diluted earnings per share	\$0.03	\$0.17

The basic earnings per share is computed by dividing the net earnings by the weighted average number of common shares outstanding during the year. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive. During the years ended November 30, 2017 and November 30, 2016, stock options were the only equity instruments with a dilutive impact.

12. 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 year ended November 30, 2017. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

Categories of financial instruments

As at November 30	2017	2016
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash and cash equivalents	\$ 882,010	\$ 1,214,972
Marketable securities	10,681,519	10,516,494
Loans and receivables, at amortized cost		
Interest receivable	26,983	28,051
Other receivable – sale of marketable securities	62,016	-
Total financial assets	\$ 11,652,528	\$ 11,759,517
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade and other payables	\$ 33,811	\$ 28,929
Due to related parties	125,000	167,500
Total financial liabilities	\$ 158,811	\$ 196,429

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.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at November 30, 2017, the Company does not have any Level 3 financial instruments.

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	Level 1	Level 2	Level 3	Total
As at November 30, 2017				
Cash and cash equivalents	\$ 882,010	\$ -	\$ -	\$ 882,010
Marketable securities - shares	8,159,597	-	-	8,159,597
Marketable securities - convertible debt	998,887	-	-	998,887
Marketable securities - warrants	-	1,523,035	-	1,523,035
Total financial assets at fair value	\$ 10,040,494	\$ 1,523,035	\$ -	\$ 11,563,529

	Level 1	Level 2	Level 3	Total
As at November 30, 2016				
Cash and cash equivalents	\$ 1,214,972	\$ -	\$ -	\$ 1,214,972
Marketable securities - shares	7,819,691	-	-	7,819,691
Marketable securities - convertible debt	1,230,010	-	-	1,230,010
Marketable securities - warrants	-	1,466,793	-	1,466,793
Total financial assets at fair value	\$ 10,264,673	\$ 1,466,793	\$ -	\$ 11,731,466

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 November 30, 2017, receivables were comprised of GST receivable of \$Nil (November 30, 2016 - \$1,807), interest receivable of \$26,983 (November 30, 2016 - \$28,051) and other receivable - sale of marketable securities of \$62,016 (November 30, 2016 - \$Nil). 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 \$882,010 (November 30, 2016 - \$1,214,972) to settle current liabilities of \$158,811 (November 30, 2016 - \$196,429), therefore liquidity risk is considered insignificant.

Interest rate risk

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates

affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short period of time, the impact would likely not be significant. The Company also has investments in convertible debentures which have a fixed interest rate and are not subject to interest rate fluctuations.

A 1% change in short-term rates would have changed the interest income and net earnings of the Company, assuming that all other variables remained constant, by approximately \$9,000 (November 30, 2016 - \$12,000) for the year ended November 30, 2017.

Currency risk

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars (Note 4). The Company monitors and forecasts the values of net foreign currency cash flow and financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

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.

14. RELATED PARTY TRANSACTIONS

Key management personnel and director compensation

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

Year ended November 30	2017	2016
Management fees (including bonuses)	*\$ 259,875	\$ 280,000
Accounting fees (including bonuses)	* 71,650	68,000
Director fees (including bonuses)	* 22,175	27,000
Share-based payments	76,584	96,448
Total	**\$ 430,284	\$ 471,448

* Includes 5% GST that is non-recoverable

** Total non-recoverable GST is \$9,200

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

Year ended November 30	2017	2016
Chairman of the Board of Directors	\$ 80,000	\$ 100,000
President and Chief Executive Officer	25,000	37,500
Chief Financial Officer	10,000	15,000
Directors	10,000	15,000
Total	\$ 125,000	\$ 167,500

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended November 30, 2017, the amount credited to deficit on the repurchase of the Company's shares was \$761,003 (November 30, 2016 - \$616,937) (Note 9).

During the year ended November 30, 2017, the Company reversed \$6,925 (November 30, 2016 - \$102,090) from contributed surplus to common shares in connection with stock options exercised (Note 9).

Cash payments for interest and taxes

The Company made cash payments for interest of \$Nil (November 30, 2016 - \$Nil) and income taxes of \$Nil (November 30, 2016 - \$Nil) during the year ended November 30, 2017.

16. OTHER TAXES

Pursuant to a Canada Revenue Agency GST audit, it was determined that the Company was ineligible to claim GST input tax credits from the date the shareholders approved the change of business from a "mining issuer" to an "investment issuer". As a result, the Company was required to repay GST credits received since 2014 totaling \$32,919. This amount was paid during the year ended November 30, 2017.

17. SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2017:

- i. For the period from December 1, 2017 to January 23, 2018, the Company repurchased 75,000 common shares of the Company, which will be cancelled.
- ii. The Company declared a dividend of \$0.02 per common share.