

**ELYSEE**

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**DEVELOPMENT CORP.**

**Condensed Interim Financial Statements**

**August 31, 2017**

(Unaudited)

(Expressed in Canadian dollars)

## NOTICE OF NO AUDITOR REVIEW OF 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 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 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 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 Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

	Notes	As at August 31, 2017	As at November 30, 2016 (audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 734,696	\$ 1,214,972
Receivables	5	10,653	29,858
Prepaid expenses	6	5,091	4,886
Marketable securities	7	10,503,549	10,516,494
<b>Total assets</b>		<b>\$ 11,253,989</b>	<b>\$ 11,766,210</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	\$ 1,341	\$ 28,929
Due to related parties	13	-	167,500
<b>Total liabilities</b>		<b>1,341</b>	<b>196,429</b>
<b>Equity</b>			
Common shares	9	42,388,378	42,987,375
Contributed surplus	9	13,836,922	13,767,263
Deficit		(44,972,652)	(45,184,857)
<b>Total equity</b>		<b>11,252,648</b>	<b>11,569,781</b>
<b>Total liabilities and equity</b>		<b>\$ 11,253,989</b>	<b>\$ 11,766,210</b>

Basis of Preparation (Note 2) and Subsequent Events (Note 16)

**APPROVED ON BEHALF OF THE BOARD:**

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

# Elysee Development Corp.

## Condensed Interim Statements of Earnings and Comprehensive Earnings

(Expressed in Canadian dollars)

	Notes	For the three month period ended August 31, 2017	For the three month period ended August 31, 2016	For the nine month period ended August 31, 2017	For the nine month period ended August 31, 2016
<b>Net investment income</b>					
Realized gain on sale of marketable securities	7	\$ 270,851	\$ 1,101,068	\$ 1,085,507	\$ 1,988,029
Unrealized gain (loss) on marketable securities	7	(305,844)	1,305,630	(410,226)	3,699,126
Unrealized foreign exchange gain (loss)		(14,513)	(26,143)	(14,569)	(6,581)
Interest and dividend income		21,678	30,788	73,684	107,506
<b>Total net investment income</b>		<b>(27,828)</b>	<b>2,411,343</b>	<b>734,396</b>	<b>5,788,080</b>
<b>General and administrative expenses</b>					
Advertising and promotion		460	13,755	1,348	13,755
Bank charges and interest		765	816	1,855	1,756
Depreciation		-	55	-	165
Director fees	13	2,575	3,000	9,100	9,000
Legal and accounting		20,697	13,005	66,693	63,500
Management fees	13	38,250	37,500	116,625	105,000
Office and miscellaneous		3,046	4,433	13,591	14,191
Rent		2,573	2,550	7,718	6,400
Share-based payments	9 & 13	76,584	63,190	76,584	96,448
Transfer agent, filing fees and shareholder communications		7,750	5,420	26,238	22,602
Travel and entertainment		4,883	3,972	23,734	15,237
<b>Total general and administrative expenses</b>		<b>(157,583)</b>	<b>(147,696)</b>	<b>(343,486)</b>	<b>(348,054)</b>
Realized gain on sale of equipment		-	-	-	557
Other taxes	15	-	-	(32,918)	-
<b>Net earnings (loss) and comprehensive earnings (loss) for the period</b>		<b>\$ (185,411)</b>	<b>\$ 2,263,647</b>	<b>\$ 357,992</b>	<b>\$ 5,440,583</b>
<b>Basic and diluted earnings per share</b>					
Earnings per share - basic	10	\$ (0.008)	\$ 0.106	\$ 0.016	\$ 0.259
Earnings per share - diluted	10	\$ (0.008)	\$ 0.105	\$ 0.016	\$ 0.258

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

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

		<b>Nine month period ended August 31</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>			
Earnings for the period		<b>\$ 357,992</b>	\$ 5,440,583
Adjustments for:			
Accrued interest income		<b>(10,653)</b>	(10,387)
Depreciation		-	165
Gain on sale of equipment		-	(557)
Share-based payments	9 & 13	<b>76,584</b>	96,448
Realized gain on sale of marketable securities	7	<b>(1,085,507)</b>	(1,988,029)
Unrealized (gain) loss on marketable securities	7	<b>410,226</b>	(3,699,126)
Adjustments for non-cash working capital items:			
Decrease in receivables		<b>29,858</b>	26,541
Decrease (increase) in prepaid expenses		<b>(205)</b>	(3,054)
Increase (decrease) in trade and other payables		<b>(27,588)</b>	(24,187)
Decrease in due to related parties		<b>(167,500)</b>	-
<b>Cash used in operating activities</b>		<b>(416,793)</b>	(161,603)
<b>INVESTING ACTIVITIES</b>			
Purchase of marketable securities	7	<b>(3,402,034)</b>	(7,734,395)
Proceeds from sale of marketable securities	7	<b>4,090,260</b>	6,449,561
Proceeds on sale of equipment		-	975
<b>Cash provided by (used in) investing activities</b>		<b>688,226</b>	(1,283,859)
<b>FINANCING ACTIVITIES</b>			
Cash dividend	9	<b>(659,244)</b>	(425,359)
Options exercised	9	<b>25,000</b>	225,000
Purchase of common shares returned to treasury	9	<b>(117,465)</b>	(49,913)
<b>Cash used in financing activities</b>		<b>(751,709)</b>	(250,272)
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(480,276)</b>	(1,695,734)
Cash and cash equivalents, beginning of year		<b>1,214,972</b>	4,106,844
<b>Cash and cash equivalents, end of period</b>		<b>\$ 734,696</b>	\$ 2,411,110

**Supplemental cash flow information** (Note 14)

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

**Elysee Development Corp.**  
**Condensed Interim 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	(252,000)	(524,765)	-	474,852	(49,913)
Stock options exercised	9	1,125,000	296,500	(71,500)	-	225,000
Cash dividend declared	9	-	-	-	(425,359)	(425,359)
Share-based payments	9	-	-	96,448	-	96,448
Net earnings for the period		-	-	-	5,440,583	5,440,583
Balances, August 31, 2016		21,646,979	43,030,459	13,798,853	(43,503,644)	13,324,668
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	(323,500)	(630,922)	-	513,457	(117,465)
Stock options exercised	9	125,000	31,925	(6,925)	-	25,000
Cash dividend declared	9	-	-	-	(659,244)	(659,244)
Share-based payments	9	-	-	76,584	-	76,584
Net earnings for the period		-	-	-	357,992	357,992
<b>Balances, August 31, 2017</b>		<b>21,842,479</b>	<b>\$ 42,388,378</b>	<b>\$ 13,836,922</b>	<b>\$ (44,972,652)</b>	<b>\$ 11,252,648</b>

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 condensed interim financial statements as at August 31, 2017 and for the nine month period 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 \$357,992 for the nine month period ended August 31, 2017 (2016 - \$5,440,583) and has working capital of \$11,252,648 as at August 31, 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 condensed interim financial statements of the Company for the nine month period ended August 31, 2017 were approved and authorized for issue by the Board of Directors on September 28, 2017.

**Basis of presentation**

The Company’s condensed 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 12, 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 condensed interim financial statements of the Company 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 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 financial statements for the year ended November 30, 2016.

**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.

**Comparative figures**

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

**4. CASH AND CASH EQUIVALENTS**

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

	<b>August 31, 2017</b>	November 30, 2016
Denominated in Canadian dollars	<b>\$589,160</b>	\$ 1,213,076
Denominated in U.S. dollars	<b>145,536</b>	1,896
<b>Total cash and cash equivalents</b>	<b>\$ 734,696</b>	\$ 1,214,972

At August 31, 2017 and November 30, 2016, all the Company's cash and cash equivalents were classified as cash.

**Elysee Development Corp.**  
**Notes to the Condensed Interim Financial Statements**  
Three and Nine months ended August 31, 2017 and 2016  
(Expressed in Canadian dollars)

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**5. RECEIVABLES**

The Company's primary receivables arise from interest receivable from various deposits with banks and convertible debentures as follows:

	<b>August 31, 2017</b>	November 30, 2016
GST receivable (Note 15)	\$ -	\$ 1,807
Interest receivable	<b>10,653</b>	28,051
<b>Total trade and other receivables</b>	<b>\$ 10,653</b>	\$ 29,858

**6. PREPAID EXPENSES**

The Company's prepaid expenses are as follows:

	<b>August 31, 2017</b>	November 30, 2016
Insurance	<b>\$ 5,091</b>	\$ 4,886
<b>Total prepaid expenses</b>	<b>\$ 5,091</b>	\$ 4,886

**Elysee Development Corp.**  
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**7. MARKETABLE SECURITIES**

The Company's marketable securities are as follows:

	Marketable securities	Warrants	Convertible debentures	Total	Total gain (loss)
<b>COST</b>					
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	
Additions	3,234,472	-	167,562	3,402,034	
Proceeds on sale	(3,772,804)	-	(317,456)	(4,090,260)	
Realized gain (loss)	1,094,869	-	(9,362)	1,085,507	
<b>August 31, 2017</b>	<b>\$ 7,414,191</b>	<b>\$ -</b>	<b>\$ 1,065,734</b>	<b>\$ 8,479,925</b>	<b>\$ 1,085,507</b>
<b>FAIR VALUE</b>					
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	
Additions	3,234,472	-	167,562	3,402,034	
Cost of disposals	(2,677,935)	-	(326,818)	(3,004,753)	
Unrealized gain (loss)	(490,055)	37,916	41,913	(410,226)	
<b>August 31, 2017</b>	<b>\$ 7,886,173</b>	<b>\$ 1,504,709</b>	<b>\$ 1,112,667</b>	<b>\$ 10,503,549</b>	<b>\$(410,226)</b>
<b>Total gain for the period ended August 31, 2017</b>					<b>\$ 675,281</b>

**Elysee Development Corp.**  
**Notes to the Condensed Interim Financial Statements**  
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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 (the “Exchanges”) 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 transactions to be as follows:

On August 1, 2017, the Company subscribed for 200,000 units 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. The total investment in Fiore is now 550,000 shares at a cost of \$253,500.

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 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 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. (“TerraX”) 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 Monde Mining Enterprises Inc. (“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.

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 Resources Ltd. (“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 \$437,500. 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.

**8. TRADE AND OTHER PAYABLES**

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

	<b>August 31, 2017</b>	November 30, 2016
Trade payables	<b>\$ 1,341</b>	\$ 1,620
Accrued liabilities	-	27,309
<b>Total trade and other payables</b>	<b>\$ 1,341</b>	\$ 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 August 31, 2017, the Company had 21,842,479 common shares outstanding (November 30, 2016 – 22,040,979) and no preferred shares outstanding (November 30, 2016 - Nil).

**Share issuances and repurchases**

During the period ended August 31, 2017, the Company issued 125 000 common shares at \$0.20 pursuant to the exercise of options for proceeds of \$25,000. A total of \$6,925 was reversed from contributed surplus to common shares in connection with stock options exercised

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

During the period ended August 31, 2017, 323,500 (August 31, 2016 – 252,000) shares were repurchased at a total cost of \$117,465 (August 31, 2016 - \$49,913) 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 nine month period ended August 31, 2017, the Company purchased 323,500 shares (August 31, 2016 – 252,000) at a total cost of \$117,465 (August 31, 2016 - \$49,913). The difference between the share repurchase price and the original share issuance of \$513,457 (August 31, 2016 - \$474,852) has been included in equity.

### **Cash dividends**

On July 10, 2017, the Company declared a special 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 special 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 periods ended August 31, 2017 and November 30, 2016.

### **Stock options**

The Company grants share options in accordance with the policies of the TSX Venture 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.

**Elysee Development Corp.**  
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The following is a summary of the changes to the Company's outstanding stock options for the periods ended August 31, 2017 and November 30, 2016:

	August 31, 2017		November 30, 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
<b>Outstanding, end of period</b>	<b>1,400,000</b>	<b>\$ 0.28</b>	<b>950,000*</b>	<b>\$ 0.25</b>

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 August 31, 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	0.41
August 3, 2016	July 7, 2018	100,000	100,000	\$ 0.30	0.83
August 3, 2016	August 3, 2019	400,000	400,000	\$ 0.30	1.92
July 10, 2017	July 10, 2020	575,000	575,000	\$ 0.305	2.86
<b>Total options</b>		<b>1,400,000</b>	<b>1,400,000</b>		

**10. EARNINGS PER SHARE**

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

	<b>For the three month period ended August 31, 2017</b>	For the three month period ended August 31, 2016	<b>For the nine month period ended August 31, 2017</b>	For the nine month period ended August 31, 2016
Net earnings (loss) for the period	<b>\$ (185,411)</b>	\$ 2,263,647	<b>\$ 357,992</b>	\$ 5,440,583
Weighted average number of shares – basic	<b>21,852,533</b>	21,434,229	<b>21,884,857</b>	21,024,172
Weighted average number of shares – diluted	<b>22,552,533</b>	21,622,535	<b>22,584,857</b>	21,212,478
Basic earnings (loss) per share	<b>\$ (0.008)</b>	\$ 0.106	<b>\$ 0.016</b>	\$ 0.259
Diluted earnings (loss) per share	<b>\$ (0.008)</b>	\$ 0.105	<b>\$ 0.016</b>	\$ 0.256

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.

**11. 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 nine month period ended August 31, 2017. The Company is not subject to externally imposed capital requirements.

**12. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

	August 31, 2017	November 30, 2016
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash and cash equivalents	<b>\$ 734,696</b>	\$ 1,214,972
Marketable securities	<b>10,503,549</b>	10,516,494
<b>Loans and receivables, at amortized cost</b>		
Interest receivable	<b>10,653</b>	28,051
<b>Total financial assets</b>	<b>\$ 11,248,898</b>	\$ 11,759,517
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	<b>\$ 1,341</b>	\$ 28,929
Due to related parties	<b>-</b>	167,500
<b>Total financial liabilities</b>	<b>\$ 1,341</b>	\$ 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 August 31, 2017, the Company does not have any Level 3 financial instruments.

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	Level 1	Level 2	Level 3	Total
<b>As at August 31, 2017</b>				
Cash and cash equivalents	\$ 734,696	\$ -	\$ -	\$ 734,696
Marketable securities - shares	7,886,173	-	-	7,886,173
Marketable securities - convertible debt	1,112,667	-	-	1,112,667
Marketable securities - warrants	-	1,504,709	-	1,504,709
<b>Total financial assets at fair value</b>	<b>\$ 9,733,536</b>	<b>\$ 1,504,709</b>	<b>\$ -</b>	<b>\$ 11,238,245</b>

	Level 1	Level 2	Level 3	Total
<b>As at November 30, 2016</b>				
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
<b>Total financial assets at fair value</b>	<b>\$ 10,264,673</b>	<b>\$ 1,466,793</b>	<b>\$ -</b>	<b>\$ 11,731,466</b>

**Management of financial risks**

The financial risks arising from the Company's operations include credit risk, liquidity risk, interest rate risk, currency risk and commodity price 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 August 31, 2017, receivables were comprised of GST receivable of \$Nil (November 30, 2016 - \$1,807) and interest receivable of \$10,653 (November 30, 2016 - \$28,051). 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 \$734,696 (November 30, 2016 - \$1,214,972) to settle current liabilities of \$1,341 (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

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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 \$5,510 (August 31, 2016 - \$6,150) for the nine month period ended August 31, 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.

**13. RELATED PARTY TRANSACTIONS**

**Key management personnel and director compensation**

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

	<b>For the three month period ended August 31, 2017</b>	For the three month period ended August 31, 2016	<b>For the nine month period ended August 31, 2017</b>	For the nine month period ended August 31, 2016
Management fees	<b>*\$ 38,250</b>	\$ 37,500	<b>*\$ 116,625</b>	\$ 105,000
Accounting fees	<b>* 15,750</b>	12,000	<b>*\$ 45,900</b>	41,000
Director fees	<b>* 2,575</b>	3,000	<b>*\$ 9,100</b>	9,000
Share-based payments	<b>76,584</b>	63,190	<b>76,584</b>	96,448
<b>Total key management personnel compensation</b>	<b>**\$ 133,159</b>	\$ 115,690	<b>***\$ 248,209</b>	\$ 251,448

- \* Includes 5% GST that is non-recoverable
- \*\* Total non-recoverable GST is \$1,575
- \*\*\* Total non-recoverable GST is \$7,625

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

	<b>August 31, 2017</b>	November 30, 2016
Chairman of the Board of Directors	\$ -	\$ 100,000
President and Chief Executive Officer	-	37,500
Chief Financial Officer	-	15,000
Directors	-	15,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 167,500</b>

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

During the nine month period ended August 31, 2017, the amount credited to deficit on the repurchase of the Company's shares was \$513,457 (August 31, 2016 - \$474,852) (Note 9).

**Cash payments for interest and taxes**

The Company made cash payments for interest of \$Nil (August 31, 2016 - \$Nil) and income taxes of \$Nil (August 31, 2016 - \$Nil) during the nine month period ended August 31, 2017.

**15. 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 \$32,918. This amount was paid during the period ended August 31, 2017.

**16. SUBSEQUENT EVENTS**

For the period from September 1, 2017 to September 28, 2017, there were no subsequent events.