

# **ELYSEE**

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## **DEVELOPMENT CORP.**

### **Consolidated Financial Statements**

**November 30, 2018**

(Expressed in Canadian dollars)

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Elysee Development Corp.

We have audited the accompanying consolidated financial statements of Elysee Development Corp., which comprise the consolidated statements of financial position as at November 30, 2018 and 2017 and the consolidated statements of earnings and comprehensive earnings, cash flows, and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Elysee Development Corp. as at November 30, 2018 and 2017 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, 2019



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

	Notes	As at November 30, 2018	As at November 30, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 4,000,039	\$ 882,010
Receivables	5	73,106	88,999
Prepaid expenses	6	6,230	7,388
Marketable securities	7	9,143,332	10,681,519
		<b>13,222,707</b>	11,659,916
Investment in private companies	7	870,836	-
<b>Total assets</b>		<b>\$ 14,093,543</b>	\$ 11,659,916
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	\$ 49,805	\$ 33,811
Due to related parties	14	130,000	125,000
<b>Total liabilities</b>		<b>179,805</b>	158,811
<b>Equity</b>			
Common shares	9	43,502,268	42,095,833
Contributed surplus	9	13,923,766	13,836,922
Deficit		(43,512,296)	(44,431,650)
<b>Total equity</b>		<b>13,913,738</b>	11,501,105
<b>Total liabilities and equity</b>		<b>\$ 14,093,543</b>	\$ 11,659,916

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

**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 consolidated financial statements.

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

		<b>Year ended November 30</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Net investment income</b>			
Realized gain on sale of marketable securities	7	\$ 2,554,635	\$ 1,797,949
Unrealized (loss) on marketable securities	7	(817,010)	(628,118)
Consulting income		10,000	-
Unrealized foreign exchange gain (loss)		2,717	(8,862)
Interest and dividend income		142,945	94,546
<b>Total net investment income</b>		<b>1,893,287</b>	<b>1,255,515</b>
<b>General and administrative expenses</b>			
Advertising and promotion		3,090	1,610
Bank charges and interest		3,266	2,358
Director fees	14	22,550	22,175
Legal and accounting	14	131,114	122,443
Management fees	14	259,250	259,875
Office and miscellaneous		21,601	21,475
Rent	14	9,390	8,190
Share-based payments - non-cash expense	9 & 14	99,309	76,584
Transfer agent, filing fees and shareholder communications		25,931	27,650
Travel and entertainment		28,513	28,788
<b>Total general and administrative expenses</b>		<b>(604,014)</b>	<b>(571,148)</b>
Other taxes	16	-	(32,919)
		-	(32,919)
<b>Net earnings and comprehensive earnings for the year</b>		<b>\$ 1,289,273</b>	<b>\$ 651,448</b>
<b>Basic and diluted earnings per share</b>			
Earnings per share – basic	11	\$ 0.06	\$ 0.03
Earnings per share – diluted	11	\$ 0.06	\$ 0.03

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

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

		<b>Year ended November 30</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>			
Earnings for the year		<b>\$ 1,289,273</b>	\$ 651,448
Adjustments for:			
Accrued interest income		<b>(73,106)</b>	(26,983)
Share-based payments	9 & 14	<b>99,309</b>	76,584
Realized gain on sale of marketable securities	7	<b>(2,554,635)</b>	(1,797,949)
Unrealized loss on marketable securities	7	<b>817,010</b>	628,118
Purchase of investments	7	<b>(7,094,585)</b>	(4,912,203)
Proceeds from sale of investments	7	<b>9,499,561</b>	5,917,009
Adjustments for non-cash working capital items:			
(Increase) decrease in receivables		<b>88,999</b>	(32,158)
(Increase) decrease in prepaid expenses		<b>1,158</b>	(2,502)
Increase in trade and other payables		<b>12,263</b>	4,882
Increase (decrease) in due to related parties		<b>5,000</b>	(42,500)
<b>Cash provided by operating activities</b>		<b>2,090,247</b>	463,746
<b>FINANCING ACTIVITIES</b>			
Common shares issued	9	<b>1,703,849</b>	-
Share issue costs	9	<b>(11,543)</b>	-
Cash dividends	9	<b>(655,024)</b>	(659,244)
Stock options exercised	9	<b>45,000</b>	25,000
Purchase of common shares returned to treasury	9	<b>(54,500)</b>	(162,464)
<b>Cash provided by (used in) financing activities</b>		<b>1,027,782</b>	(796,708)
<b>Increase (decrease) in cash and cash equivalents</b>		<b>3,118,029</b>	(332,962)
Cash and cash equivalents, beginning of year		<b>882,010</b>	1,214,972
<b>Cash and cash equivalents, end of year</b>		<b>\$ 4,000,039</b>	\$ 882,010

Supplemental cash flow information (Note 15)

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

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

	Notes	Common shares		Contributed surplus	Deficit	Total
		Number	Amount			
Balances, November 30, 2016		22,040,974	\$ 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 dividend declared	9	-	-	-	(659,244)	(659,244)
Share-based payments	9	-	-	76,584	-	76,584
Net earnings for the year		-	-	-	651,448	651,448
<b>Balances, November 30, 2017</b>		<b>21,692,474</b>	<b>42,095,833</b>	<b>13,836,922</b>	<b>(44,431,650)</b>	<b>11,501,105</b>
Common shares issued	9	4,868,139	1,703,849	-	-	1,703,849
Share issue costs	9	-	(15,274)	-	-	(15,274)
Common shares returned to treasury	9	(175,000)	(339,605)	-	285,105	(54,500)
Stock options exercised	9	225,000	57,465	(12,465)	-	45,000
Cash dividends declared	9	-	-	-	(655,024)	(655,024)
Share-based payments	9	-	-	99,309	-	99,309
Net earnings for the year		-	-	-	1,289,273	1,289,273
<b>Balances, November 30, 2018</b>		<b>26,610,613</b>	<b>\$ 43,502,268</b>	<b>\$ 13,923,766</b>	<b>\$ (43,512,296)</b>	<b>\$ 13,913,738</b>

The accompanying notes are an integral part of these consolidated 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 consolidated financial statements as at November 30, 2018 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 \$1,289,273 for the year ended November 30, 2018 (November 30, 2017 - \$651,448) and has working capital of \$13,042,902 as at November 30, 2018 (November 30, 2017 - \$11,501,105). Management believes that the Company’s cash position will support operations for the next twelve months.

**2. BASIS OF PREPARATION**

The consolidated financial statements of the Company for the year ended November 30, 2018 were approved and authorized for issue by the Board of Directors on January 22, 2019.

**Basis of presentation**

The Company’s consolidated 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 consolidated financial statements are prepared using the accrual method of accounting, with the exception of cash flow information.

**Statement of compliance**

The consolidated 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, 2018.

### **Adoption of new and revised standards and interpretations**

During the year ended November 30, 2018, the Company adopted certain new and amended accounting pronouncements, none of which had a material impact on the Company's consolidated financial statements.

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

#### **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. The application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

#### **Effective for annual periods beginning on or after January 1, 2019**

##### **IFRS 16, *Leases***

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract: the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by IAS 17, *Leases*, and instead introduces a single lessee accounting model.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Consolidation**

These consolidated 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 consolidated 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 consolidated 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 earnings 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:

<b>As at November 30</b>	<b>2018</b>	<b>2017</b>
Denominated in Canadian dollars	<b>\$ 3,723,718</b>	\$ 637,629
Denominated in U.S. dollars	<b>276,321</b>	244,381
<b>Total cash and cash equivalents</b>	<b>\$ 4,000,039</b>	\$ 882,010

At November 30, 2018 and November 30, 2017, 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 marketable securities as follows:

<b>As at November 30</b>	<b>2018</b>	<b>2017</b>
Interest receivable	<b>\$ 73,106</b>	\$ 26,983
Other receivable – sale of marketable securities	-	62,016
<b>Total trade and other receivables</b>	<b>\$ 73,106</b>	\$ 88,999

**6. PREPAID EXPENSES**

The Company's prepaid expenses are as follows:

<b>As at November 30</b>	<b>2018</b>	<b>2017</b>
Insurance	<b>\$ 3,180</b>	\$ 3,180
Travel	<b>3,050</b>	4,208
<b>Total prepaid expenses</b>	<b>\$ 6,230</b>	\$ 7,388

**Elysee Development Corp.**  
**Notes to the Consolidated Financial Statements**  
November 30, 2018  
(Expressed in Canadian dollars)

**7. MARKETABLE SECURITIES AND INVESTMENTS**

The Company's marketable securities and investments are as follows:

	Marketable securities	Warrants	Convertible debentures	Private Convertible debentures	Private company investments	Total	Total gain (loss)
<b>COST</b>							
November 30, 2016	\$ 6,857,654	\$ -	\$ 1,224,990	\$ -	\$ -	\$ 8,082,644	
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
Additions	4,813,075	-	1,410,674	384,090	486,746	7,094,585	
Proceeds on sale	(8,830,912)	-	(668,649)	-	-	(9,499,561)	
Realized gain (loss)	2,513,443	-	41,192	-	-	2,554,635	
<b>November 30, 2018</b>	<b>\$ 6,538,347</b>	<b>\$ -</b>	<b>\$ 1,616,263</b>	<b>\$ 384,090</b>	<b>\$ 486,746</b>	<b>\$ 9,025,446</b>	<b>\$ 2,554,635</b>
<b>FAIR VALUE</b>							
November 30, 2016	\$ 7,819,691	\$ 1,466,793	\$ 1,230,010	\$ -	\$ -	\$10,516,494	
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)
Additions	4,813,075	-	1,410,674	384,090	486,746	7,094,585	
Cost of disposals	(6,317,469)	-	(627,457)	-	-	(6,944,926)	
Unrealized gain (loss)	(634,663)	(73,652)	(108,695)	-	-	(817,010)	
<b>November 30, 2018</b>	<b>\$ 6,020,540</b>	<b>\$ 1,449,383</b>	<b>\$ 1,673,409</b>	<b>\$ 384,090</b>	<b>\$ 486,746</b>	<b>\$ 10,014,168</b>	<b>\$ (817,010)</b>
<b>Total gain 2018</b>							<b>\$ 1,737,625</b>

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.

## 8. TRADE AND OTHER PAYABLES

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

<b>As at November 30</b>	<b>2018</b>	2017
Trade payables	<b>\$ 19,805</b>	\$ 1,248
Accrued liabilities	<b>30,000</b>	32,563
<b>Total trade and other payables</b>	<b>\$ 49,805</b>	\$ 33,811

## 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, 2018, the Company had 26,610,613 common shares outstanding (November 30, 2017 – 21,692,474) and no preferred shares outstanding (November 30, 2017 - Nil).

### Share issuances and repurchases

During the year ended November 30, 2018, the Company closed a non-brokered private placement of 4,868,139 shares at a price of \$0.35 per share for gross proceeds of \$1,703,849. Total share issue costs of \$15,274 were paid in connection with the private placement.

During the year ended November 30, 2018, the Company issued 225,000 (November 30, 2017 – 125,000) common shares at \$0.20 (November 30, 2017 - \$0.20) per share pursuant to the exercise of stock options for proceeds of \$45,000 (November 30, 2017 - \$25,000). A total of \$12,465 (November 30, 2017 - \$6,925) was reversed from contributed surplus to common shares in connection with stock options exercised.

In addition, 175,000 (November 30, 2017 – 473,500) shares were repurchased at a total cost of \$54,500 (November 30, 2017 - \$162,464) and were returned to the Company's treasury pursuant to the Normal Course Issuer Bid.

### Normal Course Issuer Bid

On May 8, 2018, 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 1,091,687 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, 2018 and will terminate on May 8, 2019, 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, 2018, the Company purchased 175,000 shares (November 30, 2017 – 473,500) at a total cost

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of \$54,500 (November 30, 2017 - \$162,464). The difference between the share repurchase price and the original share issuance of \$285,105 (November 30, 2017 - \$761,003) has been included in deficit.

**Cash dividend**

On July 17, 2018, the Company declared an interim dividend of \$0.01 per common share for fiscal 2018. The dividend was paid on August 3, 2018 to shareholders of record on July 27, 2018 for the total amount of \$218,175.

On January 30, 2018, the Company declared a dividend of \$0.02 per common share for fiscal 2017. The dividend was paid on February 20, 2018 to shareholders of record on February 12, 2018 for the total amount of \$436,849.

On July 10, 2017, the Company declared an interim dividend of \$0.01 per common share for fiscal 2017. The dividend was paid on July 31, 2017 to shareholders of record on July 21, 2017 for the total amount of \$218,425.

On December 6, 2016, the Company declared a dividend of \$0.02 per common share for fiscal 2016. The dividend was paid on December 22, 2016 to shareholders of record on December 16, 2016 for the total amount of \$440,819.

**Share purchase warrants**

There were no share purchase warrants outstanding for the years ended November 30, 2018 and November 30, 2017.

**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 years ended November 30, 2018 and November 30, 2017:

Year ended November 30	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,400,000	\$ 0.28	950,000	\$ 0.25
Granted	650,000	0.33	-	-
Granted	400,000	0.37	575,000	0.305
Exercised	(225,000)	0.20	(125,000)	0.20
Expired/cancelled	(100,000)	0.20	-	-
Expired/cancelled	(100,000)	0.30	-	-
<b>Outstanding, end of year</b>	<b>2,025,000</b>	<b>\$ 0.32</b>	<b>1,400,000</b>	<b>\$ 0.28</b>

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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 \$2,660 (\$0.150 per option) for the year ended November 30, 2018 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.

On February 27, 2018, the Company granted 650,000 options to directors and officers, exercisable at \$0.33 per share until February 27, 2021. The grant date fair value of the options granted was \$96,649 (\$0.149 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.51%; volatility of 66.94%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

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.

The following table summarizes information regarding stock options outstanding and exercisable as at November 30, 2018:

<b>Grant date</b>	<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>	<b>Remaining contractual life (years)</b>
August 3, 2016	August 3, 2019	400,000	400,000	\$ 0.30	0.67
July 7, 2017	July 7, 2020	575,000	575,000	\$ 0.305	1.60
February 27, 2018	February 27, 2021	650,000	650,000	\$ 0.33	2.25
November 9, 2018	November 9, 2021	400,000	-	\$ 0.37	2.95
<b>Total options</b>		<b>2,025,000</b>	<b>1,625,000</b>		

**10. TAXES**

**Provision for income taxes**

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

<b>Year ended November 30</b>	<b>2018</b>	<b>2017</b>
Earnings for the year	<b>\$ 1,289,273</b>	\$ 651,448
Expected income tax expense	<b>347,000</b>	169,000
Change in statutory tax rates and other	<b>(110,000)</b>	(116,000)
Permanent differences	<b>141,000</b>	20,000
Adjustment to prior years provision versus statutory tax returns	<b>17,000</b>	(44,000)
Change in unrecognized deductible temporary differences	<b>(395,000)</b>	(29,000)
<b>Total income tax expense</b>	<b>\$ -</b>	\$ -

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

<b>As at November 30</b>	<b>2018</b>	<b>2017</b>
Deferred tax assets (liabilities)		
Marketable securities	\$ (267,000)	\$ (488,000)
Non-capital losses	267,000	488,000
<b>Net deferred tax liability</b>	<b>\$ -</b>	<b>\$ -</b>

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

<b>As at November 30</b>	<b>2018</b>	<b>2017</b>
Deferred tax assets		
Exploration and evaluation properties	\$ 2,133,000	\$ 2,627,000
Equipment	19,000	93,000
Allowable capital losses	5,000	-
Non-capital losses available for future periods	758,000	590,000
	<b>2,915,000</b>	<b>3,310,000</b>
Less: Unrecognized deferred tax assets	(2,915,000)	(3,310,000)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

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

<b>As at November 30</b>	<b>2018</b>	<b>Expiry Date Range</b>	<b>2017</b>	<b>Expiry Date Range</b>
Temporary Differences				
Exploration and evaluation properties	\$ 7,898,000	No expiry date	\$ 9,731,000	No expiry date
Equipment	\$ 70,000	No expiry date	\$ 344,000	No expiry date
Allowable capital losses	\$ 17,000	No expiry date	\$ -	No expiry date
Non-capital losses available for future periods	\$ 2,807,000	2029 to 2034	\$ 2,186,000	2028 to 2034

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:

<b>Year ended November 30</b>	<b>2018</b>	<b>2017</b>
Net earnings for the year	\$ 1,289,273	\$ 651,448
Weighted average number of common shares – basic	22,636,674	21,938,789
Weighted average number of common shares – diluted	22,773,272	22,263,871
Basic earnings per share	\$0.06	\$0.03
Diluted earnings per share	\$0.06	\$0.03

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, 2018 and November 30, 2017, 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, 2018. The Company is not subject to externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS

### Categories of financial instruments

As at November 30	2018	2017
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash and cash equivalents	\$ 4,000,039	\$ 882,010
Marketable securities	9,143,332	10,681,519
Investment in private companies	870,836	-
<b>Loans and receivables, at amortized cost</b>		
Interest receivable	73,106	26,983
Other receivable – sale of marketable securities	-	62,016
<b>Total financial assets</b>	<b>\$ 14,087,313</b>	<b>\$ 11,652,528</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	\$ 49,805	\$ 33,811
Due to related parties	130,000	125,000
<b>Total financial liabilities</b>	<b>\$ 179,805</b>	<b>\$ 158,811</b>

**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 consolidated 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.

	Level 1	Level 2	Level 3	Total
<b>As at November 30, 2018</b>				
Cash and cash equivalents	\$ 4,000,039	\$ -	\$ -	\$ 4,000,039
Marketable securities - shares	6,020,540	-	-	6,020,540
Marketable securities - convertible debt	1,673,409	-	-	1,673,409
Investment in private companies - shares	-	-	486,746	486,746
Investment in private companies - convertible debt	-	-	384,090	384,090
Marketable securities - warrants	-	1,449,383	-	1,449,383
<b>Total financial assets at fair value</b>	<b>\$ 11,693,988</b>	<b>\$ 1,449,383</b>	<b>\$ 870,836</b>	<b>\$ 14,014,207</b>

	Level 1	Level 2	Level 3	Total
<b>As at November 30, 2017</b>				
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
<b>Total financial assets at fair value</b>	<b>\$ 10,040,494</b>	<b>\$ 1,523,035</b>	<b>\$ -</b>	<b>\$ 11,563,529</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 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, 2018, receivables were comprised of interest receivable of \$73,106 (November 30, 2017 - \$26,983) and other receivable - sale of marketable securities of \$Nil (November 30, 2017 - \$62,016). 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 \$4,000,039 (November 30, 2017 - \$882,010) to settle current liabilities of \$179,805 (November 30, 2017 - \$158,811), 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 \$40,000 (November 30, 2017 - \$9,000) for the year ended November 30, 2018.

### **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 consolidated 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:

<b>Year ended November 30</b>	<b>2018</b>	2017
Management fees (including bonuses)	<b>\$ 259,250</b>	\$ 259,875
Accounting fees (including bonuses)	<b>83,750</b>	71,650
Director fees (including bonuses)	<b>22,550</b>	22,175
<b>Total</b>	<b>\$ 365,550</b>	\$ 353,700

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

<b>Year ended November 30</b>	<b>2018</b>	2017
Chairman of the Board of Directors	<b>\$ 80,000</b>	\$ 80,000
President and Chief Executive Officer	<b>25,000</b>	25,000
Chief Financial Officer	<b>15,000</b>	10,000
Directors	<b>10,000</b>	10,000
<b>Total</b>	<b>\$ 130,000</b>	\$ 125,000

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 year ended November 30, 2018 was an estimated fair value of \$2,660.

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

During the year ended November 30, 2017, the Company granted 575,000 options, exercisable at \$0.305 per share until July 10, 2020 to directors and officers of the Company with a vested estimated non-cash fair value of \$76,584.

During the year ended November 30, 2018, the Company paid \$7,500 (November 30, 2017 - \$Nil) for office rent to a company controlled by the Chief Executive Officer.

**15. SUPPLEMENTAL CASH FLOW INFORMATION**

During the year ended November 30, 2018, the amount credited to deficit on the repurchase of the Company's shares was \$285,105 (November 30, 2017 - \$761,003) (Note 9).

During the year ended November 30, 2018, the Company reversed \$12,465 (November 30, 2017 - \$6,925) from contributed surplus to common shares in connection with stock options exercised (Note 9).

As at November 30, 2018, \$3,731 (November 30, 2017 - \$Nil) of share issue costs were included in trade and other payables.

**Cash payments for interest and taxes**

The Company made cash payments for interest of \$Nil (November 30, 2017 - \$Nil) and income taxes of \$Nil (November 30, 2017 - \$Nil) during the year ended November 30, 2018.

**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, 2018:

- i. For the period from December 1, 2018 to January 22, 2019, the Company repurchased 3,000 common shares of the Company, which will be cancelled.
- ii. The Company declared a dividend of \$0.02 per common share.