

ELYSEE

DEVELOPMENT CORP.

Condensed Consolidated Interim Financial Statements

June 30, 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Notes	As at June 30, 2020	As at December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 1,723,804	\$ 1,919,243
Interest receivable		93,316	75,609
Prepaid expenses	5	6,803	6,532
Marketable securities	6	10,256,245	10,260,554
		12,080,168	12,261,938
Investments in private companies	6	2,886,412	2,960,506
Total assets		\$ 14,966,580	\$ 15,222,444
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	7	\$ 13,031	\$ 31,984
Due to related parties	12	-	130,000
Total liabilities		13,031	161,984
Equity			
Common shares	8	43,310,128	43,482,108
Contributed surplus	8	13,960,335	13,951,234
Deficit		(42,316,914)	(42,372,882)
Total equity		14,953,549	15,060,460
Total liabilities and equity		\$ 14,966,580	\$ 15,222,444

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

APPROVED ON BEHALF OF THE BOARD:

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

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

Elysee Development Corp.

Condensed Consolidated Interim Statements of Earnings and Comprehensive Earnings

(Expressed in Canadian dollars)

	Notes	For the three month period ended June 30, 2020	For the three month period ended May 31, 2019	For the six month period ended June 30, 2020	For the six month period ended May 31, 2019
Net investment income					
Realized gain on sale of marketable securities	6	\$ 155,540	\$ 20,945	\$ 428,522	\$ 528,903
Unrealized gain (loss) on marketable securities	6	4,721,914	(52,541)	1,186,237	273,027
Write-off of marketable securities	6	-	-	(500,000)	-
Write-off of interest receivable	6	-	-	(33,333)	-
Write-down of investment in private company		-	-	(561,713)	-
Consulting income		-	-	-	5,000
Unrealized foreign exchange gain (loss)		(1,621)	138	3,458	(1,214)
Interest and dividend income		32,161	52,264	69,606	105,359
Total net investment income		4,907,994	20,806	592,777	911,075
General and administrative expenses					
Advertising and promotion		1,090	2,528	3,268	5,839
Bank charges and interest		562	859	2,348	1,315
Director fees	12	-	3,075	3,325	6,400
Legal and accounting		21,969	21,850	52,435	41,184
Management fees	12	30,525	38,250	72,025	77,750
Office and miscellaneous		3,279	4,267	6,690	10,694
Rent	12	6,473	4,973	11,945	9,945
Share-based payments	8 & 12	34,169	10,274	39,069	21,159
Transfer agent, filing fees and shareholder communications		5,773	11,838	15,648	15,295
Travel and entertainment		-	231	6,497	18,430
Total general and administrative expenses		(103,840)	(98,145)	(213,250)	(208,011)
Net earnings (loss) and comprehensive earnings (loss) for the period					
		\$4,804,154	\$ (77,339)	\$379,527	\$ 703,064
Basic and diluted earnings per share					
Earnings per share - basic	9	\$ 0.18	\$ (0.00)	\$ 0.01	\$ 0.03
Earnings per share - diluted	9	\$ 0.18	\$ (0.00)	\$ 0.01	\$ 0.03

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

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

	Notes	Six months ended June 30, 2020	Six months ended May 31, 2019
OPERATING ACTIVITIES			
Earnings for the period		\$ 379,527	\$ 703,064
Adjustments for:			
Write-off on marketable securities	6	500,000	-
Write-down of investments in private company	6	561,713	-
Accrued interest income		(93,316)	(75,115)
Share-based payments	8 & 12	39,069	21,159
Realized gain on sale of marketable securities	6	(428,522)	(528,903)
Unrealized (gain) on marketable securities	6	(1,186,237)	(273,027)
Purchase of investments	6	(3,505,169)	(3,712,579)
Proceeds from sale of investments	6	4,103,294	2,536,108
Adjustments for non-cash working capital items:			
Decrease in receivables		108,942	73,106
(Increase) in prepaid expenses		(271)	(770)
(Decrease) in trade and other payables		(18,962)	(49,689)
(Decrease) in due to related parties		(130,000)	(130,000)
Cash provided (used) by operating activities		330,068	(1,436,646)
FINANCING ACTIVITIES			
Cash dividends	8	(539,782)	(536,852)
Stock options exercised	8	68,625	60,000
Purchase of common shares returned to treasury	8	(54,350)	(9,680)
Cash (used in) financing activities		(525,507)	(486,532)
(Decrease) in cash and cash equivalents		(195,439)	(1,923,178)
Cash and cash equivalents, beginning of year		1,919,243	4,000,039
Cash and cash equivalents, end of period		\$ 1,723,804	\$ 2,076,861

Supplemental cash flow information (Note 13)

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

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

	Notes	Common shares		Contributed surplus	Deficit	Total
		Number	Amount			
Balances, November 30, 2018		26,610,613	\$ 43,502,268	\$ 13,923,766	\$ (43,512,296)	\$ 13,913,738
Common shares returned to treasury	8	(28,000)	(45,774)	-	36,094	(9,680)
Stock options exercised	8	200,000	85,276	(25,276)	-	60,000
Cash dividend declared	8	-	-	-	(536,852)	(536,852)
Share-based payments	8	-	-	21,159	-	21,159
Net earnings for the period		-	-	-	703,064	703,064
Balances, May 31, 2019		26,782,613	43,541,770	13,919,649	(43,309,990)	14,151,429
Balances, December 31, 2019		26,837,613	\$ 43,482,108	\$ 13,951,234	\$ (42,372,882)	\$ 15,060,460
Common shares returned to treasury	8	(167,000)	(270,573)	-	216,223	(54,350)
Stock options exercised	8	225,000	98,593	(29,968)	-	68,625
Cash dividends declared	8	-	-	-	(539,782)	(539,782)
Share-based payments	8	-	-	39,069	-	39,069
Net earnings for the period		-	-	-	379,527	379,527
Balances, June 30, 2020		26,895,613	\$ 43,310,128	\$ 13,960,335	\$ (42,316,914)	\$ 14,953,549

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

1. CORPORATE INFORMATION

Elysee Development Corp. (the “Company”) was incorporated under the laws of the province of Alberta on September 6, 1996. On July 15, 2015, the Company changed its name from Alberta Star Development Corp. to Elysee Development Corp.

The Company is an investment issuer with an actively managed investment portfolio of common shares and other securities. The investments cover a broad range of activities with a focus on natural resources and in particular the precious metals sector.

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

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 consolidated interim financial statements as at June 30, 2020 and for the six months then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has net comprehensive earnings of \$379,527 for the six months ended June 30, 2020 (six months ended May 31, 2019 net comprehensive earnings - \$703,064) and has working capital of \$12,067,137 as at June 30, 2020 (December 31, 2019 - \$12,099,954). Management believes that the Company’s cash position will support operations for the next twelve months.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company for the six-month period ended June 30, 2020 were approved and authorized for issue by the Board of Directors on July 23, 2020.

Basis of presentation

The Company’s condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 11, and are presented in Canadian dollars except where otherwise indicated. In addition, the condensed consolidated interim financial statements are prepared using the accrual method of accounting, with the exception of cash flow information.

Statement of compliance

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

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These condensed consolidated interim financial statements include the accounts of the Company's wholly-owned US subsidiary, Elysee Development (US), Inc. Intercompany balances are eliminated upon consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of earnings and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Revenue recognition

Security transactions are recorded on a trade basis. Realized gains and losses on the disposal of marketable securities and unrealized gains and losses in the value of marketable securities are reflected in the statement of earnings and comprehensive earnings. Cost is calculated on an average cost basis. Upon disposal of a security, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Interest and dividend income are recognized on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Comparative figures

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

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June 30, 2020
(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

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

	June 30, 2020	December 31, 2019
Denominated in Canadian dollars	\$ 1,579,769	\$ 1,808,981
Denominated in British pounds	105,622	2,530
Denominated in U.S. dollars	38,413	107,732
Total cash and cash equivalents	\$ 1,723,804	\$ 1,919,243

At June 30, 2020 and December 31, 2019, all of the Company's cash and cash equivalents were classified as cash.

5. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

	June 30, 2020	December 31, 2019
Insurance	\$ 6,803	\$ 2,544
Travel	-	3,988
Total prepaid expenses	\$ 6,803	\$ 6,532

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6. MARKETABLE SECURITIES AND INVESTMENTS IN PRIVATE COMPANIES

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

	Marketable Securities	Warrants	Convertible Debentures	Total Marketable Securities	Private Convertible Debentures	Private Company Investments	Total Private Company Investments	Total	Total Gain
COST									
November 30, 2018	\$ 6,538,347	\$ -	\$ 1,616,263	\$ 8,154,610	\$ 384,090	\$ 486,746	\$ 870,836	\$ 9,025,446	
Additions	5,335,086	-	225,476	5,560,562	220,000	2,069,669	2,289,669	7,850,231	
Proceeds on sale	(6,094,579)	-	(625,464)	(6,720,043)	(150,000)	-	(150,000)	(6,870,043)	
Realized gain (loss)	879,544	-	33,256	912,800	-	-	-	912,800	
December 31, 2019	6,658,398	-	1,249,531	7,907,929	454,090	2,556,415	3,010,505	10,918,434	912,800
Additions	1,689,526	-	6,324	1,695,850	1,534,089	275,230	1,809,319	3,505,169	
Proceeds on sale	(2,608,252)	-	(173,342)	(2,781,594)	-	(1,321,700)	(1,321,700)	(4,103,294)	
Realized gain (loss)	435,053	-	(6,531)	428,522	-	-	-	428,522	
Write-downs	-	-	(533,333)	(533,333)	-	-	-	(533,333)	
June 30, 2020	\$ 6,174,725	\$ -	\$ 542,649	\$ 6,717,374	\$ 1,988,179	\$ 1,509,945	\$ 3,498,124	\$ 10,215,498	\$ (104,811)
)									
FAIR VALUE									
November 30, 2018	\$6,020,540	\$ 1,449,383	\$ 1,673,409	\$ 9,143,332	\$ 384,090	\$ 486,746	\$ 870,836	\$ 10,014,168	
Additions	5,335,086	-	225,476	5,560,562	220,000	2,069,669	2,289,669	7,850,231	
Cost of disposals	(5,215,035)	-	(592,213)	(5,807,248)	(150,000)	-	(150,000)	(5,957,248)	
Unrealized gain (loss)	1,707,559	(280,497)	(63,154)	1,363,908	-	(49,999)	(49,999)	1,313,909	
December 31, 2019	7,848,150	1,168,886	1,243,518	10,260,554	454,090	2,506,416	2,960,506	13,221,060	1,313,909
Additions	1,689,526	-	6,324	1,695,850	1,534,089	275,230	1,809,319	3,505,169	
Cost of disposals	(2,173,190)	-	(713,206)	(2,886,396)	-	(1,321,700)	(1,321,700)	(4,208,096)	
Unrealized gain (loss)	1,185,019	186,225	(185,007)	1,186,237	-	-	-	1,186,237	
Write-downs	-	-	-	-	-	(561,713)	(561,713)	(561,713)	
June 30, 2020	\$ 8,549,505	\$ 1,355,111	\$ 351,629	\$ 10,256,245	\$ 1,988,179	\$ 898,233	\$ 2,886,412	\$ 13,142,657	\$ 624,524
TOTAL EARNINGS 2020									\$ 519,713

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 is allocated in full to each common share. The value of warrants are subsequently determined at the measurement date using the Black-Scholes Option Pricing Model. Convertible debentures that are traded in an active market are presented at fair value based on quoted closing trade prices at the statement of financial position dates. Derivatives embedded in convertible debentures are not bifurcated, and instead the convertible debenture is disclosed as a single financial instrument.

7. TRADE AND OTHER PAYABLES

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

	June 30, 2020	December 31, 2019
Trade payables	\$ 13,031	\$ 1,494
Accrued liabilities	-	30,490
Total trade and other payables	\$ 13,031	\$ 31,984

8. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of voting common shares with no par value. Authorized share capital also consists of an unlimited number of preferred shares with no par value, to be issued in series, with the directors being authorized to determine the designation, rights, privileges, restrictions and conditions attached to all of the preferred shares. At June 30, 2020, the Company had 26,895,613 common shares outstanding (December 31, 2019 – 26,837,613) and no preferred shares outstanding (December 31, 2019 - Nil).

Share issuances and repurchases

During the six-month period ended June 30, 2020, the Company issued a total of 225,000 common shares (May 31, 2019 – 200,000) at \$0.305 (May 31, 2019 - \$0.30) per share pursuant to the exercise of stock options for proceeds of \$68,625 (May 31, 2019 - \$60,000). A total of \$29,968 (May 31, 2019 - \$25,276) was reversed from contributed surplus to common shares in connection with stock options exercised.

In addition, 167,000 (May 31, 2019 – 28,000) shares were repurchased at a total cost of \$54,350 (May 31, 2019 - \$9,680) and were returned to the Company's treasury pursuant to the Normal Course Issuer Bid.

Normal Course Issuer Bid

On April 30, 2020, the Company received approval from the TSX Venture Exchange (the "Exchange") to renew its Normal Course Issuer Bid (the "Bid"). The original Bid started on May 3, 2013. Pursuant to the Bid, the Company may purchase for cancellation, from time to time, as it considers advisable, up to 1,344,700 of its issued and outstanding common shares. The price which the Company will pay for any shares purchased will be the prevailing market price of such common shares on the Exchange at the time of such purchase. The Bid commenced on May 9, 2020 and will terminate on May 8, 2021, or such earlier time as the Bid is completed or at the option of the Company. Mackie Research Capital Corporation of Vancouver, British Columbia will conduct the Bid on behalf of the Company. During the six-month period ended June 30, 2020, the Company purchased 167,000 shares (May 31, 2019 – 28,000) at a total cost of

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\$54,350 (May 31, 2019 - \$9,680). The difference between the share repurchase price and the original share issuance of \$216,223 (May 31, 2019 - \$36,094) has been included in deficit.

Cash dividend

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

On February 28, 2019, the Company paid a dividend of \$0.02 per common share for \$536,852 and on July 31, 2019, the Company paid an interim dividend of \$0.01 per common share for \$267,576. The total amount of dividends paid for fiscal 2019 was \$804,428.

Share purchase warrants

There were no share purchase warrants outstanding for the periods ended June 30, 2020 and December 31, 2019.

Stock options

The Company grants share options in accordance with the policies of the Exchange. Under the general guidelines of the Exchange, the Company may reserve up to 20% of its issued and outstanding shares for its employees, directors or consultants to purchase shares of the Company. The exercise price for options granted under the plan will not be less than the market price of the common shares less applicable discounts permitted by the Exchange and options will be exercisable for a term of up to five years, subject to earlier termination in the event of death or the cessation of services.

The following is a summary of the changes to the Company's outstanding stock options for the periods ended June 30, 2020 and December 31, 2019:

	Period ended June 30, 2020		Year ended December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,850,000	\$ 0.34	2,025,000	\$ 0.32
Granted	500,000	0.31	350,000	0.35
Exercised	(225,000)	0.305	(200,000)	0.30
Expired	-	-	(200,000)	0.30
Exercised	-	-	(125,000)	0.305
Outstanding, end of period	2,125,000	\$ 0.33	1,850,000	\$ 0.34

On May 20, 2020, the Company granted 500,000 options to directors and officers, exercisable at \$0.31 per share until May 20, 2023. The grant date fair value of the options granted was \$30,171 (\$0.06 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.35%; volatility of 49.11%; dividend rate 8.57%; forfeiture rate 0%; and expected life of 3 years.

On August 30, 2019, the Company granted 350,000 options to directors and officers, exercisable at \$0.35 per share until August 30, 2022. The grant date fair value of the options granted was \$32,007 (\$0.091 per option) based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.27%; volatility of 58.00%; dividend rate 8.57%; forfeiture rate 0%; and expected life of 3 years.

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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 \$59,925 of which \$2,660 was attributed to the fourth quarter ended November 30, 2018, \$37,386 was attributed to the thirteen-month period ended December 31, 2019 and \$8,898 was attributed to the six-month period ended June 30, 2020. This valuation was based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.29%; volatility of 64.64%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

The following table summarizes information regarding stock options outstanding and exercisable as at June 30, 2020:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price	Remaining contractual life (years)
July 7, 2017	July 7, 2020	225,000	225,000	\$ 0.305	0.02
February 27, 2018	February 27, 2021	650,000	650,000	\$ 0.33	0.66
November 9, 2018	November 9, 2021	400,000	200,000	\$ 0.37	1.36
August 30, 2019	August 30, 2022	350,000	350,000	\$ 0.35	2.17
May 20, 2020	May 20, 2023	500,000	500,000	\$ 0.31	2.89
Total options		2,125,000	1,925,000		

9. EARNINGS PER SHARE

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

	For the three-month period ended June 30, 2020	For the three-month period ended May 31, 2019	For the six- month period ended June 30, 2020	For the six- month period ended May 31, 2019
Net earnings (loss) for the period	\$4,804,154	\$ (77,339)	\$ 379,527	\$ 703,064
Weighted average number of shares – basic	26,895,613	26,807,613	26,888,831	26,732,003
Dilutive effect of stock options outstanding	185,855	170,219	185,855	170,219
Weighted average number of shares – diluted	27,081,468	26,977,832	27,074,686	26,902,222
Basic earnings (loss) per share	\$ 0.18	\$ (0.00)	\$ 0.01	\$ 0.03
Diluted earnings (loss) per share	\$ 0.18	\$ (0.00)	\$ 0.01	\$ 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 period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the period, if dilutive. During the periods ended June 30, 2020 and May 31, 2019, stock options were the only equity instruments with a dilutive impact.

10. CAPITAL RISK MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six-month period ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

	June 30, 2020	December 31, 2019
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	\$ 1,723,804	\$ 1,919,243
Marketable securities	10,256,245	10,260,554
Investments in private companies	2,886,412	2,960,506
Amortized cost		
Interest receivable	93,316	75,609
Total financial assets	\$ 14,959,777	\$ 15,215,912
FINANCIAL LIABILITIES		
Amortized cost		
Trade and other payables	\$ 13,031	\$ 31,984
Due to related parties	-	130,000
Total financial liabilities	\$ 13,031	\$ 161,984

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the condensed consolidated interim financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

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.

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(Expressed in Canadian dollars)

	Level 1	Level 2	Level 3	Total
As at June 30, 2020				
Cash and cash equivalents	\$ 1,723,804	\$ -	\$ -	\$ 1,723,804
Marketable securities - shares	8,549,505	-	-	8,549,505
Marketable securities - convertible debt	351,629	-	-	351,629
Investments in private companies - shares	-	-	898,233	898,233
Investments in private companies - convertible debt	-	-	1,988,179	1,988,179
Marketable securities - warrants	-	1,355,111	-	1,355,111
Total financial assets at fair value	\$ 10,624,938	\$ 1,355,111	\$ 2,886,412	\$ 14,866,461

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Cash and cash equivalents	\$ 1,919,243	\$ -	\$ -	\$ 1,919,243
Marketable securities - shares	7,848,150	-	-	7,848,150
Marketable securities - convertible debt	1,243,518	-	-	1,243,518
Investments in private companies - shares	-	-	2,506,416	2,506,416
Investments in private companies - convertible debt	-	-	454,090	454,090
Marketable securities - warrants	-	1,168,886	-	1,168,886
Total financial assets at fair value	\$ 11,010,911	\$ 1,168,886	\$ 2,960,506	\$ 15,140,303

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 June 30, 2020, there is interest receivable of \$93,316 (December 31, 2019 - \$75,609). 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 \$1,723,804 (December 31, 2019 - \$1,919,243) to settle current liabilities of \$13,031 (December 31, 2019 - \$161,984); 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 \$8,619 (May 31, 2019 - \$10,384) for the six-month period ended June 30, 2020.

Currency risk

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

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

Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its marketable securities and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Company's investment activities are currently concentrated primarily in junior exploration and mining companies active in the gold and silver sector as well as several technology companies.

12. RELATED PARTY TRANSACTIONS

Key management personnel and director compensation

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

	For the three-month period ended June 30, 2020	For the three-month period ended May 31, 2019	For the six-month period ended June 30, 2020	For the six-month period ended May 31, 2019
Management fees	\$ 30,000	\$ 37,500	\$ 69,500	\$ 75,000
Accounting fees	13,500	15,000	\$ 28,500	\$ 30,000
Director fees	-	3,000	\$ 3,000	\$ 6,000
Total key management personnel compensation	\$ 43,500	\$ 55,500	\$ 101,000	\$ 111,000

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

	June 30, 2020	December 31, 2019
Management and directors	\$Nil	\$ 130,000

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

During the year ended December 31, 2019, the Company granted 350,000 options, exercisable at \$0.35 per share until August 30, 2022 to directors and officers of the Company with a vested non-cash fair value of \$32,007.

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, for the year ended December 31, 2019 an estimated fair value of \$37,386 and for the six months ended June 30, 2020 an estimated fair value of \$8,898.

During the six-month period ended June 30, 2020, the Company paid \$11,000 (May 31, 2019 - \$9,000) for office rent to a company controlled by the Chief Executive Officer.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the six-month period ended June 30, 2020, the amount credited to deficit on the repurchase of the Company's shares was \$216,223 (May 31, 2019 - \$36,094) (Note 8).

During the six-month period ended June 30, 2020, the Company reversed \$29,968 (May 31, 2019 - \$25,276) from contributed surplus to common shares in connection with stock options exercised (Note 8).

Cash payments for interest and taxes

The Company made cash payments for interest of \$Nil (May 31, 2019 - \$Nil) and income taxes of \$Nil (May 31, 2019 - \$Nil) during the six-month period ended June 30, 2020.

14. SUBSEQUENT EVENTS

On July 7, 2020, 100,000 stock option at \$0.305 were exercised and on July 10, 2020, 125,000 options at \$0.305 expired.