ELYSEE

DEVELOPMENT CORP.

Condensed Consolidated Interim Financial Statements

March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Elysee Development Corp.
Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at March 31, 2023	As at December 31, 2022 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 798,292**	$ 789,767
Interest receivable		**47,747**	62,385
Prepaid expenses	5	**890**	3,562
Loan receivable	6(b)	**100,000**	100,000
Marketable securities	6(a)	**10,693,822**	10,245,734
Other investments - current	6(a)	**567,305**	567,304
		12,208,056	11,768,752
Other investments	6(a)	**3,778,130**	3,768,333
Total assets		**$ 15,986,186**	$ 15,537,085
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	7	**$ 12,472**	$ 65,804
Dividend payable	8	**284,506**	-
Due to related parties	12	**-**	75,000
Total liabilities		**296,978**	140,804
Equity			
Common shares	8	**43,770,848**	43,842,388
Contributed surplus	8	**14,026,658**	14,002,175
Deficit		**(42,108,298)**	(42,448,282)
Total equity		**15,689,208**	15,396,281
Total liabilities and equity		**$ 15,986,186**	$ 15,537,085

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

APPROVED ON BEHALF OF THE BOARD:

“ Martin Burian” Director *“ Guido Cloetens”* Director

Martin Burian Guido Cloetens

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

Elysee Development Corp.
Condensed Consolidated Interim Statements of Earnings and Comprehensive Earnings

(Expressed in Canadian dollars)

	Notes	**Three months ended March31, 2023**	Three months ended March 31, 2022
Investment income (loss)			
Interest and dividend income		**96,434**	95,544
Realized gain (loss) on sale of marketable securities	6(a)	**$ (111,460)**	$ 519,307
Transaction costs	6(a)	**(7,308)**	(10,688)
Unrealized gain on marketable securities and other investments	6(a)	**736,677**	234,644
Unrealized foreign exchange gain (loss)		**1,392**	(1,989)
Total investment income		**715,735**	836,818
General and administrative expenses			
Advertising and promotion		**977**	1,121
Bank charges and interest		**1,255**	1,373
Consulting		**12,600**	6,300
Director fees	12	**3,075**	3,075
Legal and accounting	12	**23,356**	20,736
Management fees	12	**43,100**	46,500
Office and miscellaneous		**3,510**	5,010
Rent	12	**7,973**	7,973
Share-based payments - non-cash expense	8 &12	**24,483**	-
Transfer agent, filing fees and shareholder communications		**13,048**	12,025
Travel and entertainment		**7,682**	4,226
Total general and administrative expenses		**(141,059)**	(108,339)
Net earnings and comprehensive earnings for the period		**$ 574,676**	$ 728,479
Basic and diluted earnings per share			
Earnings per share – basic	9	**$ 0.02**	$ 0.03
Earnings per share – diluted	9	**$ 0.02**	$ 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	**Three months ended March31, 2023**	Three months ended March 31, 2022
OPERATING ACTIVITIES			
Earnings for the period		**$ 574,676**	$ 728,479
Adjustments for:			
Accrued interest income		**(32,294)**	(180,921)
Share-based payments	8 & 12	**24,483**	-
Realized (gain) loss on sale of marketable securities, inclusive of transaction costs	6(a)	**118,768**	(508,618)
Unrealized (gain) on marketable securities and other investments	6(a)	**(736,677)**	(234,644)
Purchase of investments	6(a)	**(1,310,816)**	(1,964,832)
Proceeds from sale of investments	6(a)	**1,455,387**	2,207,983
Adjustments for non-cash working capital items:			
Decrease in receivables		**62,385**	171,310
Decrease in prepaid expenses		**2,672**	4,753
Increase (decrease) in trade and other payables		**(53,333)**	5,119
Decrease in due to related parties		**(75,000)**	(90,000)
Cash and cash equivalents provided by operating activities		**30,251**	138,629
FINANCING ACTIVITIES			
Cash dividends paid	8	**-**	(567,952)
Stock options exercised	8	**-**	35,000
Purchase of common shares returned to treasury	8	**(21,726)**	(47,249)
Cash and cash equivalents used in financing activities		**(21,726)**	(580,201)
Increase (decrease) in cash and cash equivalents		**8,525**	(441,572)
Cash and cash equivalents, beginning of year		**789,767**	1,629,312
Cash and cash equivalents, end of period		**$ 798,292**	$ 1,187,740

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 Number	Common shares Amount	Contributed surplus	Deficit	Total
Balances, December 31, 2021		28,372,613	$ 43,926,324	$ 13,832,458	$ (39,671,088)	$18,087,694
Common shares returned to treasury	8	(75,000)	(116,115)	-	68,866	(47,249)
Stock options exercised	8	100,000	44,145	(9,145)	-	35,000
Cash dividend declared	8	-	-	-	(567,952)	(567,952)
Net earnings for the period		-	-	-	728,479	728,479
Balances, March 31, 2022		28,397,613	43,854,354	13,823,313	(39,441,695)	18,235,972
Balances, December 31, 2022		28,497,113	43,842,388	14,002,175	(42,448,282)	15,396,281
Common shares returned to treasury	8	(46,500)	(71,540)	-	49,814	(21,726)
Share-based payments	8	-	-	24,483	-	24,483
Cash dividend declared	8	-	-	-	(284,506)	(284,506)
Net earnings for the period		-	-	-	574,676	574,676
Balances, March 31, 2023		**28,450,613**	**$ 43,770,848**	**$ 14,026,658**	**$ (42,108,298)**	**$ 15,689,208**

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.

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

The Company's condensed consolidated interim financial statements as at March 31, 2023 and for the three months then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has net comprehensive earnings of $574,676 for the three months ended March 31, 2023 and has working capital of $11,911,078 as at March 31, 2023. Management believes that the Company's cash position will support operations for the next twelve months.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company for the three-month period ended March 31, 2023 were approved and authorized for issue by the Board of Directors on May 3, 2023.

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").

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 and transactions, including unrealized income and expenses arising from inter-company transactions, 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 and 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, which are readily convertible to cash, and 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.

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. When a company is in a loss situation, all outstanding dilutive shares are excluded from the calculation of diluted earnings because their inclusion would be antidilutive; and the basic and fully diluted common shares outstanding are stated to be the same.

Financial instruments

Financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets:

a) Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Company's cash and cash equivalents, marketable securities and other investments are recorded at FVTPL.

b) Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. The Company's interest receivable and loan receivable are recorded at amortized cost.

c) Financial assets at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in other comprehensive income and are never reclassified to profit or loss. The Company does not have any financial assets recorded at FVOCI.

Financial liabilities are designated as either fair value through profit or loss, or at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the statement of financial position at amortized cost. The Company's trade and other payables, and due to related parties are recorded at amortized cost.

Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

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.

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.

4. CASH AND CASH EQUIVALENTS

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

	March 31, 2023	December 31, 2022
Denominated in Canadian dollars	**$ 696,978**	$ 510,764
Denominated in U.S. dollars	**101,314**	279,003
Total cash and cash equivalents	**$ 798,292**	$ 789,767

Cash and cash equivalents consist of:

	March 31, 2023	December 31, 2022
Cash	**$ 798,292**	$ 689,268
Money market funds	**-**	100,499
Total cash and cash equivalents	**$ 798,292**	$ 789,767

5. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

	March 31, 2023	December 31, 2022
Insurance	**$ 890**	$ 3,562
Total prepaid expenses	**$ 890**	$ 3,562

(Expressed in Canadian dollars)

6. (a) MARKETABLE SECURITIES AND OTHER INVESTMENTS

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

	Marketable Securities	Warrants	Convertible Debentures (1)	Total Marketable Securities	Convertible Debentures (2)	Private Company Investments	Total Other Investments	Total	Total Gain (Loss)
COST									
December 31, 2021	$ 10,975,975	-	$ 2,046,109	$ 13,022,084	$ 1,776,279	$ 1,685,167	$ 3,461,446	$ 16,483,530	$ 4,160,392
Additions	4,160,169	-	146,336	4,306,505	335,000	-	335,000	4,641,505	
Conversions	-	-	-	-	(1,321,700)	1,335,362	13,662	13,662	
Proceeds on sale	(4,438,104)	-	(154,462)	(4,592,566)	-	-	-	(4,592,566)	
Transaction costs	(23,405)	-	-	(23,405)	-	-	-	(23,405)	
Realized gain (loss)	783,829	-	(1,141)	782,688	-	-	-	782,688	
December 31, 2022	11,458,464	-	2,036,842	13,495,306	789,579	3,020,529	3,810,108	17,305,414	759,283
Additions	1,140,164	-	170,652	1,310,816	-	-	-	1,310,816	
Proceeds on sale	(1,359,442)	-	(95,945)	(1,455,387)	-	-	-	(1,455,387)	
Transaction costs	(7,308)	-	-	(7,308)	-	-	-	(7,308)	
Realized gain (loss)	(110,880)	-	(580)	(111,460)	-	-	-	(111,460)	
March 31, 2023	**$ 11,120,998**	**-**	**$ 2,110,969**	**$ 13,231,967**	**$ 789,579**	**$ 3,020,529**	**$ 3,810,108**	**$ 17,042,075**	**$ (118,768)**
FAIR VALUE									
December 31, 2021	$ 11,004,935	$ 574,402	$ 2,011,774	$ 13,591,111	$ 1,776,279	$ 1,052,452	$ 2,828,731	$ 16,419,842	$(3,843,862)
Additions	4,160,169	-	146,336	4,306,505	360,610	-	360,610	4,667,115	
Conversions	-	-	-	-	(1,321,700)	1,335,362	13,662	13,662	
Cost of disposals	(3,677,680)	-	(155,603)	(3,833,283)	-	-	-	(3,833,283)	
Unrealized gain (loss)	(3,062,738)	(387,934)	(367,927)	(3,818,599)	70,129	1,062,505	1,132,634	(2,685,965)	
December 31, 2022	8,424,686	186,468	1,634,580	10,245,734	885,318	3,450,319	4,335,637	14,581,371	(2,685,965)
Additions	1,140,164	-	170,652	1,310,816	-	-	-	1,310,816	
Conversions	-	-	(25,250	(25,250)	9,798	-	9,798	(15,452)	
Cost of disposals	(1,477,630)	-	(96,525)	(1,574,155)	-	-	-	(1,574,155)	
Unrealized gain (loss)	938,063	150,698	(352,084)	736,677	-	-	-	736,677	
March 31, 2023	**$ 9,025,283**	**$ 337,166**	**$ 1,331,373**	**$ 10,693,822**	**$ 895,116**	**$ 3,450,319**	**$ 4,345,435**	**$ 15,039,257**	**$ 736,677**
TOTAL LOSS									**$ 617,909**

(1) Comprised of investments in convertible debentures that are traded in an active market.
(2) Comprised of investments in convertible debentures issued by both public and private companies that are not traded in an active market.

(Expressed in Canadian dollars)

The realized gain or loss from financial instruments at FVTPL represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and the consideration received on disposal less transaction costs.

The unrealized gain or loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

Marketable securities

The Company's marketable securities are comprised of common shares, warrants and convertible debentures that are traded in an active market. Valuation of common shares held as part of marketable securities has been determined in whole by reference to the quoted closing trade price of the shares on the CSE, TSX, TSX Venture Exchange and OTCQB at each period end date. Warrants received as attachments to various share purchase units do not trade in an active market. At the time of purchase, the per unit cost is allocated in full to each common share. The value of the warrants are subsequently determined at the measurement date using the Black-Scholes Option Pricing Model using the following assumptions: the risk-free rate of 2.92–4.49%; expected life of the warrants; volatility of 44–403%; forfeiture rate and dividend yield of nil; and the exercise prices of the warrants. Valuation of convertible debentures that are traded in an active market are 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.

Other investments

The Company’s other investments are comprised of equity investments in private companies and investments in convertible debentures issued by both public and private companies that are not traded in an active market. Valuation of equity investments in private companies are based on a market approach using valuation inputs from the latest financing rounds. The valuation of investments in convertible debentures issued by both public and private companies that are not traded in an active market are based on the present value of the future cash flows discounted by the weighted average cost of capital. Derivatives embedded in convertible debentures are not bifurcated, and instead the convertible debenture is disclosed as a single financial instrument.

6. (b) Loan receivable

Loan receivable of $100,000 from a private company that pays 12% interest and is secured by their Scientific Research and Experimental Development tax credits.

7. TRADE AND OTHER PAYABLES

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

	March 31, 2023	December 31, 2022
Trade payables	**$ 12,472**	$ 15,804
Accrued liabilities	**-**	50,000
Total trade and other payables	**$ 12,472**	$ 65,804

8. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of voting common shares with no par value. Authorized share capital also consists of an unlimited number of preferred shares with no par value, to be issued in series, with the directors being authorized to determine the designation, rights, privileges, restrictions and conditions attached to all of the preferred shares. At March 31, 2023, the Company had 28,450,613 common shares outstanding (December 31, 2022 – 28,497,113) and no preferred shares outstanding (December 31, 2022 – Nil).

Share issuances and repurchases

During the three months ended March 31, 2023, the Company did not issue any common shares (March 31, 2022 – 100,000), (March 31, 2022 - comprising 100,000 common shares at $0.35, per share pursuant to the exercise of stock options for proceeds of $35,000. A total of $Nil (March 31, 2022 – $9,145) was reversed from contributed surplus to common shares in connection with stock options exercised.

In addition, 46,500 (March 31, 2022 – 75,000) shares were repurchased at a total cost of $21,726 (March 31, 2022 – $47,249) and were returned to the Company's treasury pursuant to the Normal Course Issuer Bid.

Normal Course Issuer Bid

On May 5, 2023, 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 1,422,530 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 will commence on May 11, 2023 and will terminate on May 10, 2024, or such earlier time as the Bid is completed or at the option of the Company. Research Capital Corporation of Vancouver, British Columbia will conduct the Bid on behalf of the Company. During the three months ended March 31, 2023, the Company purchased 46,500 shares (March 31, 2022 – 75,000) at a total cost of $21,726 (March 31, 2022 – $47,249). The difference between the share repurchase price and the original share issuance of $49,814 (March 31, 2022 – $68,866) has been included in deficit.

Cash dividend

On March 14, 2023, the Board of Directors of the Company approved a dividend of $0.01 per common share to shareholders of record on March 31, 2023, payable on April 11, 2023 based on the 2022 financial results.

On March 31, 2022, the Company paid a dividend of $0.02 per common share for $567,952.

Share purchase warrants

There were no share purchase warrants outstanding for the periods ended March 31, 2023 and December 31, 2022.

(Expressed in Canadian dollars)

Security based compensation plan ("SBC Plan")

The Company has implemented a fixed SBC Plan whereby 20% of the issued shares (5,699,422 shares) are issuable under the SBC Plan. Pursuant to the SBC Plan, the Company grants share options in accordance with the policies of the Exchange. Under the general guidelines of the Exchange, the Company may reserve up to 20% of its issued and outstanding shares for its employees, directors or consultants to purchase shares of the Company. The exercise price for options granted under the plan will not be less than the market price of the common shares less applicable discounts permitted by the Exchange and options will be exercisable for a term of up to five years, subject to earlier termination in the event of death or the cessation of services.

The following is a summary of the changes to the Company's outstanding stock options for the periods ended March 31, 2023 and December 31, 2022:

	March 31, 2023		December 31, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,850,000	$ 0.56	1,050,000	$ 0.37
Exercised	-	-	(250,000)	0.35
Granted	-	-	1,050,000	0.70
Outstanding, end of period	**1,850,000**	**$ 0.56**	1,850,000	$ 0.56
Exercisable, end of period	**1,325,000**	**$ 0.51**	1,325,000	$ 0.51

On May 17, 2022, the Company granted 1,050,000 options to directors, officers and consultants, exercisable at $0.70 per share with 50% vesting immediately and 50% vesting on May 17, 2023. The fair value of the options granted was $231,475 of which $192,580 was attributed to the year ended December 31, 2022 and $24,483 was attributed to the three months ended March 31, 2023. The valuation was based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.94%; volatility of 52.50%; dividend rate 4.27%; forfeiture rate 0%; and expected life of 4.87 years.

The following table summarizes information regarding stock options outstanding and exercisable as at March 31, 2023:

Grant date	**Expiry date**	**Number of options outstanding***	**Number of options exercisable**	**Exercise price**	**Remaining contractual life (years)**
May 20, 2020	May 20, 2023	300,000	300,000	$ 0.31	0.13
September 18, 2020	September 18, 2025	500,000	500,000	$ 0.42	2.47
May 17, 2022	May 17, 2027	1,050,000	525,000	$ 0.70	4.13
Total options		**1,850,000**	**1,325,000**		

* The weighted average remaining life of options outstanding is 3.03.

(Expressed in Canadian dollars)

9. EARNINGS PER SHARE

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

	March 31, 2023	March 31, 2022
Net earnings for the period	**$ 574,676**	$ 728,479
Weighted average number of common shares – basic	**28,487,263**	28,363,630
Dilutive effect of stock options outstanding	**206,263**	444,663
Weighted average number of common shares – diluted	**28,693,526**	28,808,293
Basic earnings per share	**$ 0.02**	$ 0.03
Diluted earnings per share	**$ 0.02**	$ 0.03

The basic earnings (loss) per share is computed by dividing the net earnings (loss) 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 period ended March 31, 2023, stock options were the only equity instruments with a dilutive impact.

10. CAPITAL RISK MANAGMENT

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 investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

	March 31, 2023	December 31, 2022
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	**$ 798,292**	$ 789,767
Marketable securities	**10,693,822**	10,245,734
Other investments	**4,345,435**	4,335,637
Amortized cost		
Interest receivable	**47,747**	62,385
Loan receivable	**100,000**	100,000
Total financial assets	**$ 15,985,296**	$ 15,533,523
FINANCIAL LIABILITIES		
Amortized cost		
Trade and other payables	**$ 12,472**	$ 65,804
Dividend payable	**284,506**	-
Due to related parties	**-**	75,000
Total financial liabilities	**$ 296,978**	$ 140,804

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.

(Expressed in Canadian dollars)

	Level 1	Level 2	Level 3	Total
As at March 31, 2023				
Cash and cash equivalents	$ 798,292	$ -	$ -	$ 798,292
Marketable securities - shares	9,025,283	-	-	9,025,283
Marketable securities - convertible debt	1,331,373	-	-	1,331,373
Marketable securities - warrants	-	337,166	-	337,166
Other investments – equity	-	-	3,450,319	3,450,319
Other investments - convertible debt	-	-	895,116	895,116
Total financial assets at fair value	$ 11,154,948	$ 337,166	$ 4,345,435	$ 15,837,549

	Level 1	Level 2	Level 3	Total
As at December 31, 2022				
Cash and cash equivalents	$ 789,767	$ -	$ -	$ 789,767
Marketable securities - shares	8,424,686	-	-	8,424,686
Marketable securities - convertible debt	1,634,580	-	-	1,634,580
Marketable securities - warrants	-	186,468	-	186,468
Other investments - equity	-	-	3,450,319	3,450,319
Other investments - convertible debt	-	-	885,318	885,318
Total financial assets at fair value	$ 10,849,033	$ 186,468	$ 4,335,637	$ 15,371,138

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 receivables. The Company manages its credit risk relating to cash by dealing only with highly-rated Canadian financial institutions. As at March 31, 2023, there is interest receivable of $47,747 (December 31, 2022 - $62,385). 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 $798,292 (December 31, 2022 - $789,767) to settle current liabilities of $296,978 (December 31, 2022 - $140,804); therefore, liquidity risk is considered insignificant.

Interest rate risk

The Company's interest rate risk is primarily related to the Company's cash 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. 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.

Currency risk

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

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

Market risk

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

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

12. RELATED PARTY TRANSACTIONS

Key management personnel and director compensation

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Management fees	**$ 42,000**	$ 45,000
Accounting fees	**16,500**	15,500
Director fees	**3,000**	3,000
Total	**$ 61,500**	$ 63,500

(Expressed in Canadian dollars)

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

	March 31, 2023	December 31, 2022
Management and directors	$ -	$ 75,000

During the year ended December 31, 2022, the Company granted 600,000 options to directors and officers, exercisable at $0.70 per share with 50% vested immediately and 50% vested on May 17, 2023. The fair value of the options granted was $146,112 of which $118,691 was attributed to the year ended December 31, 2022 and $18,014 was attributed to the three-month period ended March 31, 2023.

During the three-month period ended March 31, 2023, the Company paid $7,500 (Three-month period ended March 31, 2022 - $7,500) for office rent to a company controlled by the Chief Executive Officer.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the three-month period ended March 31, 2023, the amount credited to deficit on the repurchase of the Company's shares was $49,814 (March 31, 2022 - $68,866) (Note 8).

During the three-month period ended March 31, 2023, the Company reversed $Nil (March 31, 2022 - $9,145) from contributed surplus to common shares in connection with stock options exercised (Note 8).

Cash payments for interest and taxes

The Company made cash payments for interest of $Nil (March 31, 2022 - $Nil) and income taxes of $Nil (March 31, 2022 - $Nil) during the three-month period ended March 31, 2023.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2023, the Company repurchased 25,000 common shares of the Company pursuant to the Normal Course Issuer Bid which will be returned to treasury.

On April 3, 2023, the Company granted 300,000 options to directors, officers and consultants, exercisable at $0.50 per share for five years. 50% will vest immediately and 50% will vest on April 3, 2024.

On May 3, 2023, the Company renewed its NCIB. See "Note 8" for details.