

# ELYSEE

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## DEVELOPMENT CORP.

### **Consolidated Financial Statements**

**December 31, 2024**

(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Elysee Development Corp.:

### Opinion

We have audited the consolidated financial statements of Elysee Development Corp. [the "Company"], which comprise the consolidated statements of financial position as at December 31, 2024, and 2023, and the consolidated statements of earnings (loss) and comprehensive earnings (loss), cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

#### Valuation of Other Investments as Level 3 Financial Instruments

##### *Description of the matter*

We draw attention to *Note 6 Marketable Securities and Other Investments* and *Note 13 Financial Instruments* to the consolidated financial statements. The Company's other investments include financial instruments for which there were significant unobservable inputs for which management determined fair value estimates using a variety of valuation techniques (Level 3 financial instruments). These level 3 financial instruments include equity investments in private companies with fair value estimates of \$1,811,059 and investments in convertible debentures issued by both public and private companies that are not traded in an active market with fair value estimates of \$434,011. The valuation of these instruments required management to exercise judgement when determining the fair value in the absence of quoted market values.

##### *Why the matter is a key audit matter*

As at December 31, 2024, management determined the fair value estimates for the equity investments in private companies using the market approach valuation technique. The market approach valuation technique includes key valuation inputs related to the transaction price paid for identical instruments.

As at December 31, 2024, management determined the fair value estimates for the convertible debentures issued by public and private companies that are not traded in an active market using the income approach valuation technique. The income approach valuation technique includes key valuation inputs related to the weighted average cost of capital used to discount the present value of future cash flows.

We determined that this is a key audit matter due to (i) the significance of the other investments balance; (ii) significant management judgment; and (iii) the significant audit effort and subjectivity in applying audit procedures to evaluate management's assessment of valuation techniques and key valuation inputs.

### ***How the matter was addressed in the audit***

The primary procedures we performed to address this key audit matter included the following:

- We assessed the appropriateness of the market and income approach and the reasonableness of using the weighted average cost of capital as the discount rate used in the income approach.
- We tested the underlying data used by management in the market approach.
- We evaluated the appropriateness of the significant assumptions used to calculate the weighted average cost of capital, which was used as the discount rate for calculating the present value of future cash flows under the income approach.
- We tested the mathematical accuracy of the calculations.
- We evaluated the appropriateness of the presentation, disclosure, and accounting policies in accordance with the relevant IFRSs.

### **Other Information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brandon J. David.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC  
March 24, 2025

**Elysee Development Corp.**  
**Consolidated Statements of Financial Position**  
**As at December 31,**  
(Expressed in Canadian dollars)

	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 1,532,977	\$ 849,798
Interest receivable		-	42,715
Prepaid expenses	5	3,903	5,463
Loan receivable		-	40,000
Marketable securities	6	10,039,901	7,982,179
Other investments - current	6	223,929	70,489
		11,800,710	8,990,644
Other investments	6	2,021,141	2,229,361
<b>Total assets</b>		<b>\$ 13,821,851</b>	<b>\$ 11,220,005</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	7	\$ 68,192	\$ 62,087
<b>Non-current liabilities</b>			
Convertible debentures	8	1,804,282	-
<b>Total liabilities</b>		<b>1,872,474</b>	<b>62,087</b>
<b>Equity</b>			
Common shares	9	43,225,173	43,627,327
Contributed surplus	8 & 9	14,271,785	14,060,400
Deficit		(45,547,581)	(46,529,809)
<b>Total equity</b>		<b>11,949,377</b>	<b>11,157,918</b>
<b>Total liabilities and equity</b>		<b>\$ 13,821,851</b>	<b>\$ 11,220,005</b>

Basis of Preparation (Note 2)

**APPROVED ON BEHALF OF THE BOARD:**

"Martin Burian"

Director

Martin Burian

"Guido Cloetens"

Director

Guido Cloetens

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

# Elysee Development Corp.

## Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

For the Years Ended December 31,

(Expressed in Canadian dollars)

	Notes	2024	2023
<b>Investment income (loss)</b>			
Realized loss on sale of marketable securities	6	\$ (843,604)	\$ (186,409)
Transaction costs	6	(13,363)	(15,273)
Realized loss on other investments	6	(70,489)	(301,039)
Unrealized gain (loss) on marketable securities	6	1,681,810	(1,701,237)
Unrealized gain (loss) on other investments	6	292,481	(1,810,495)
Unrealized foreign exchange gain (loss)		30,147	(3,701)
Interest and dividend income		215,345	521,152
Interest write-off		(31,685)	-
<b>Total investment income (loss)</b>		<b>1,260,642</b>	<b>(3,497,002)</b>
<b>General and administrative expenses</b>			
Advertising and promotion		2,147	2,615
Bank charges		4,380	4,426
Consulting		44,838	50,400
Director fees	14	19,215	17,486
Interest and accretion	8	112,869	-
Legal and accounting	14	164,921	153,990
Management fees	14	145,000	137,600
Office and miscellaneous		57,131	51,627
Share-based payments	9 & 14	16,933	76,327
Transfer agent, filing fees and shareholder communications		24,376	30,942
Travel		16,605	12,023
<b>Total general and administrative expenses</b>		<b>(608,415)</b>	<b>(537,436)</b>
<b>Net earnings (loss) and comprehensive earnings (loss) for the year</b>		<b>\$ 652,227</b>	<b>\$ (4,034,438)</b>
<b>Basic and diluted earnings per share</b>			
Earnings (loss) per share – basic	11	\$ 0.02	\$ (0.14)
Earnings (loss) per share – diluted	11	\$ 0.02	\$ (0.14)

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

**Elysee Development Corp.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31,**  
(Expressed in Canadian dollars)

	Notes	2024	2023
<b>OPERATING ACTIVITIES</b>			
Earnings (loss) for the year		\$ 652,227	\$ (4,034,438)
Adjustments for:			
Accrued interest income		-	(42,715)
Accretion		24,759	-
Write-off of interest income		31,685	-
Share-based payments	9 & 14	16,933	76,327
Realized loss on sale of marketable securities, net of transaction costs	6	856,967	201,682
Realized loss on other investments	6	70,489	301,039
Unrealized (gain) loss on marketable securities and other investments	6	(1,681,810)	1,701,237
Unrealized (gain) loss on other investments	6	(292,481)	1,810,495
Purchase of investments	6	(4,580,008)	(3,152,464)
Proceeds from sale of investments	6	3,621,519	3,488,000
Adjustments for non-cash working capital items:			
Decrease in receivables		13,412	11,737
Decrease (increase) in prepaid expenses		1,560	(1,901)
Decrease in loan receivable		40,000	60,000
Increase (decrease) in trade and other payables		6,105	(3,716)
Decrease in due to related parties		-	(75,000)
<b>Cash and cash equivalents (used in) provided by operating activities</b>		<b>(1,218,643)</b>	<b>340,283</b>
<b>FINANCING ACTIVITIES</b>			
Cash dividends	9	-	(284,506)
Stock options exercised	9	-	93,000
Convertible debentures issued	8	2,000,000	-
Convertible debenture issuance costs	8	(26,025)	-
Purchase of common shares returned to treasury	9	(72,153)	(88,746)
<b>Cash and cash equivalents provided by (used in) financing activities</b>		<b>1,901,822</b>	<b>(280,252)</b>
<b>Increase in cash and cash equivalents</b>		<b>683,179</b>	<b>60,031</b>
Cash and cash equivalents, beginning of year		849,798	789,767
<b>Cash and cash equivalents, end of year (Note 4)</b>		<b>\$ 1,532,977</b>	<b>\$ 849,798</b>

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**  
**For the Years Ended December 31,**  
(Expressed in Canadian dollars)

	Notes	Common shares Number	Common shares Amount	Contributed surplus	Deficit	Total
Balances, December 31, 2022		28,497,113	\$ 43,842,388	\$ 14,002,175	\$ (42,448,282)	\$ 15,396,281
Common shares returned to treasury	9	(212,000)	(326,163)	-	237,417	(88,746)
Stock options exercised	9	300,000	111,102	(18,102)	-	93,000
Cash dividend declared	9	-	-	-	(284,506)	(284,506)
Share-based payments	9	-	-	76,327	-	76,327
Net loss for the year		-	-	-	(4,034,438)	(4,034,438)
Balances, December 31, 2023		28,585,113	43,627,327	14,060,400	(46,529,809)	11,157,918
Common shares returned to treasury	9	(263,500)	(402,154)	-	330,001	(72,153)
Share-based payments	9	-	-	16,933	-	16,933
Issuance of convertible debt	8	-	-	194,452	-	194,452
Net earnings for the year		-	-	-	652,227	652,227
<b>Balances, December 31, 2024</b>		<b>28,321,613</b>	<b>\$ 43,225,173</b>	<b>\$ 14,271,785</b>	<b>\$ (45,547,581)</b>	<b>\$ 11,949,377</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.

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 9<sup>th</sup> floor - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

The Company’s consolidated financial statements as at December 31, 2024 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 \$652,227 for the year ended December 31, 2024 and has working capital of \$11,732,518 as at December 31, 2024. 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 December 31, 2024 were approved and authorized for issue by the Board of Directors on March 21, 2025.

**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 International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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

There were no new or amended accounting standards or interpretations that had a significant impact on the Company’s consolidated financial statements during the year ended December 31, 2024.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

#### **Consolidation**

These consolidated 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 consolidated 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 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, convertible debentures, 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 (loss) and comprehensive earnings (loss). 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.

### **Restricted share units**

The restricted share units ("RSUs") entitle employees, consultants, directors, or officers to either the issuance of common shares or cash payments payable upon vesting based on vesting terms determined by the Company's Board of Directors at the time of grant. On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. RSUs settled in common shares are measured at the fair value of awards on the grant date using the grant date closing price, are amortized over the vesting period and are included in share-based payments with a corresponding increase in equity reserves. Amounts recorded for forfeited unvested RSUs are reversed in the period the forfeiture occurs.

### **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, including its wholly-owned US subsidiary, 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 (loss) 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 year. 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, stock options and convertible debentures. The dilutive effect of outstanding stock options and their equivalents is reflected in the calculation of diluted earnings by application of the treasury stock method. The dilutive effect of convertible debentures is reflected in the calculation of diluted earnings by application of the "if converted" method. When a company is in a loss position, all outstanding dilutive shares are excluded from the calculation of diluted earnings because their inclusion would be anti-dilutive; 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 convertible debentures are recorded at amortized cost.

#### *Compound Instruments - Convertible Debentures*

The components of compound instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreements. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar instrument without a conversion feature. The calculated liability component is deducted from the total fair value of the compound instrument, with the residual value assigned to the equity component. Subsequent to initial recognition, the liability component of the convertible debentures are measured at amortized cost using the effective interest method until its expiry at the time of conversion or maturity of the instrument. The equity components are not re-measured. The carrying amounts of the liability and equity components of the convertible debentures are reclassified to share capital on conversion to common shares.

Transaction costs that relate to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible debentures using the effective interest method.

#### *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:

	<b>December 31, 2024</b>	December 31, 2023
Denominated in Canadian dollars	<b>\$ 1,291,387</b>	\$ 735,051
Denominated in U.S. dollars	<b>241,590</b>	114,747
<b>Total cash and cash equivalents</b>	<b>\$ 1,532,977</b>	\$ 849,798

Cash and cash equivalents consist of:

	<b>December 31, 2024</b>	December 31, 2023
Cash	<b>\$ 1,532,977</b>	\$ 799,798
Money market funds	-	50,000
<b>Total cash and cash equivalents</b>	<b>\$ 1,532,977</b>	\$ 849,798

**5. PREPAID EXPENSES**

The Company's prepaid expenses are as follows:

	<b>December 31, 2024</b>	December 31, 2023
Insurance	<b>\$ 3,576</b>	\$ 3,576
Travel	-	1,564
Rent	<b>327</b>	323
<b>Total prepaid expenses</b>	<b>\$ 3,903</b>	\$ 5,463

**Elysee Development Corp.**  
**Notes to the Consolidated Financial Statements**  
December 31, 2024 and 2023  
(Expressed in Canadian dollars)

**6. MARKETABLE SECURITIES AND OTHER INVESTMENTS**

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

	Marketable Securities	Warrants	Convertible Debentures (1)	<b>Total Marketable Securities</b>	Convertible Debentures (2)	Private Company Investments	<b>Total Other Investments</b>	<b>Total</b>	Total Gain (Loss)
<b>COST</b>									
December 31, 2022	\$ 11,458,464	\$ -	\$ 2,036,842	\$ 13,495,306	\$ 789,579	\$ 3,020,529	\$ 3,810,108	\$ 17,305,414	
Additions	2,726,174	-	426,290	3,152,464	16,421	-	16,421	3,168,885	
Conversions	-	-	-	-	(17,212)	17,212	-	-	
Proceeds on sale	(2,592,462)	-	(895,538)	(3,488,000)	-	-	-	(3,488,000)	
Reclassification (3)	-	-	(25,100)	(25,100)	25,100	-	25,100	-	
Transaction costs	(15,273)	-	-	(15,273)	-	-	-	(15,273)	
Realized loss	(185,680)	-	(729)	(186,409)	(134,209)	(166,830)	(301,039)	(487,448)	
December 31, 2023	11,391,223	-	1,541,765	12,932,988	679,679	2,870,911	3,550,590	16,483,578	(502,721)
Additions	4,129,927	-	450,081	4,580,008	75,841	-	75,841	4,655,849	
Conversions	-	-	67,665	67,665	(67,665)	-	(67,665)	-	
Proceeds on redemption	-	-	-	-	(181,725)	-	(181,725)	(181,725)	
Proceeds on sale	(3,259,453)	-	(155,241)	(3,414,694)	(25,100)	-	(25,100)	(3,439,794)	
Transaction costs	(13,363)	-	-	(13,363)	-	-	-	(13,363)	
Realized loss	(838,189)	-	(5,415)	(843,604)	(70,489)	-	(70,489)	(914,093)	
<b>December 31, 2024</b>	<b>\$ 11,410,145</b>	<b>\$ -</b>	<b>\$ 1,898,855</b>	<b>\$ 13,309,000</b>	<b>\$ 410,541</b>	<b>\$ 2,870,911</b>	<b>\$ 3,281,452</b>	<b>\$ 16,590,452</b>	<b>\$ (927,456)</b>
<b>FAIR VALUE</b>									
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	
Additions	2,726,174	-	426,290	3,152,464	44,143	-	44,143	3,196,607	
Conversions	-	-	-	-	(27,129)	17,212	(9,917)	(9,917)	
Cost of disposals	(2,808,366)	-	(881,316)	(3,689,682)	(117,788)	(166,830)	(284,618)	(3,974,300)	
Reclassification (3)	-	-	(25,100)	(25,100)	25,100	-	25,100	-	
Unrealized loss	(987,834)	(47,808)	(665,595)	(1,701,237)	(472,082)	(1,338,413)	(1,810,495)	(3,511,732)	
December 31, 2023	7,354,660	138,660	488,859	7,982,179	337,562	1,962,288	2,299,850	10,282,029	(3,511,732)
Additions	4,144,880	-	435,128	4,580,008	75,841	-	75,841	4,655,849	
Conversions	-	-	67,565	67,565	(67,565)	-	(67,565)	-	
Cost of disposals	(4,111,005)	-	(160,656)	(4,271,661)	(277,314)	-	(277,314)	(4,548,975)	
Unrealized foreign exchange loss	-	-	-	-	(78,223)	-	(78,223)	(78,223)	
Unrealized gain (loss)	1,722,533	185,662	(226,385)	1,681,810	443,710	(151,229)	292,481	1,974,291	
<b>December 31, 2024</b>	<b>\$ 9,111,068</b>	<b>\$ 324,322</b>	<b>\$ 604,511</b>	<b>\$ 10,039,901</b>	<b>\$ 434,011</b>	<b>\$ 1,811,059</b>	<b>\$ 2,245,070</b>	<b>\$ 12,284,971</b>	<b>\$ 1,974,291</b>
<b>TOTAL EARNINGS 2024</b>									<b>\$ 1,046,835</b>

(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.

(3) A convertible debenture originally classified as a marketable security was identified as not trading in an active market. The convertible debenture was reclassified into other investments.

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 is subsequently determined at the measurement date using the Black-Scholes Option Pricing Model. The fair value of the warrants of \$324,322 was valued with the Black-Scholes Option Pricing Model using the following assumptions: the risk-free rate of 2.97–3.13%; expected life of the warrants of 0.21–4.87; volatility of 53–235%; forfeiture rate and dividend yield of nil; and the exercise prices of the warrants of \$0.08–\$4.46. 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 - current**

The Company's other investments-current are comprised of other investments that have maturity terms of less than one year.

#### **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.

#### *US Vanadium*

One of the Company's significant other investments is US Vanadium LLC ("US Vanadium"), a US Limited Liability Corporation ("US LLC") which owns and operates a facility in Hot Springs, Arkansas that produces high-purity vanadium oxides and downstream vanadium chemicals for customers in the catalyst, chemical, petrochemical, titanium and energy storage industries. As an US LLC, US Vanadium has a fixed number of capital units that always remains the same. When new investments are made, the units are re-allocated among the investors with changes to the effective amount paid per capital unit. The Company determined that the best estimate of the fair value is the effective value of the investment calculated through its ownership interest.

During the year ended December 31, 2023, the Company's ownership interest held in US Vanadium decreased from 4.75% to 1.24% as a result of US Vanadium completing investment financings that the Company did not participate in. As a result, the Company reduced the fair value of its investment from \$3,174,685 to \$1,836,272 to reflect the change to its ownership interest, and recognized an unrealized loss on other investments of \$1,338,413.

During the year ended December 31, 2024, the Company's ownership interest held in US Vanadium decreased from 1.24% to 0.71% as a result of US Vanadium completing investment financings that the Company did not participate in. As a result, the Company reduced the fair value of its investment from \$1,836,272 to \$1,685,043 to reflect the change to its ownership interest, and recognized an unrealized loss on other investments of \$151,229.

#### *Baker Street*

On September 24, 2018, the Company purchased a convertible promissory note (the "Note") for US\$300,000 with an initial 36-month term paying an interest rate of 10% per annum from Baker Street Scientific Inc. ("Baker Street"), a Delaware corporation registered as a foreign profit corporation in the State of Georgia. On September 24, 2021, the Note and the accrued interest was extended to September 24, 2022. On September 24, 2022, Baker Street paid the Company the full interest accrued to that date (US\$139,230) and entered into a second amendment effective October 24, 2022, to extend the maturity date to September 24, 2023.

On November 2, 2023, the Company sent a written notice of default to demand payment in full but was unsuccessful in collecting payment. During the year ended December 31, 2023, the Company recorded an unrealized loss on other investments of \$471,982 (US\$348,585) to reduce the fair value of the investment to \$Nil due to the uncertainty of collectability. On February 23, 2024, the Company filed a verified complaint for breach of promissory note in the Superior Court of Cobb County of the State of Georgia against Baker Street seeking all principal and interest due and owing.

Between August 2024 and November 2024, the Company received total payment of US\$232,000 from Baker Street relating to the partial recovery of US\$150,000 of principal and US\$48,585 of interest, along with new interest under the Note of US\$21,415 and reimbursement for legal expenses of US\$12,000. On November 21, 2024, the Company agreed to a settlement of the original Note in exchange for a new convertible promissory note ("New Note") with a principal balance of US\$150,000 with a maturity date of September 30, 2025, paying an interest rate of 15% per annum in equal quarterly installment of US\$5,625. No gain or loss was recognized on the settlement of the original Note. Under the terms of the New Note, Baker Street will have the option to extend the maturity date by 6 months to March 31, 2026, for an extension fee of US\$3,000.

During the year ended December 31, 2024, the Company recognized an unrealized gain of \$475,783 (US\$348,585) relating to the recovery of principal and interest under the original Note due to payments received and the settlement resulting in the issuance of the New Note.

## **7. TRADE AND OTHER PAYABLES**

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

	<b>December 31, 2024</b>	December 31, 2023
Trade payables	<b>\$ 8,192</b>	\$ 7,087
Accrued liabilities	<b>60,000</b>	55,000
<b>Total trade and other payables</b>	<b>\$ 68,192</b>	\$ 62,087

## **8. CONVERTIBLE DEBENTURES**

On June 14, 2024, the Company closed a non-brokered private placement of convertible debentures gross proceeds of \$2,000,000. The convertible debentures will mature on June 14, 2028 (the “Maturity Date”) and bear interest at 8% per annum, payable quarterly with the first payment being for the period from June 14, 2024 to September 30, 2024. At the option of the holder, the principal amount of the convertible debentures are convertible into common shares of the Company at any time until the Maturity Date at a price equal to \$0.38 per common share. The Company may elect to redeem the convertible debentures at 102% of the nominal value at any time after June 14, 2027 and prior to the Maturity Date.

The convertible debentures are compound financial instruments and were recorded using the residual method, where the convertible debentures have been bifurcated into a liability component and equity component comprised of the convertible feature embedded within the liability. The value of the liability component, at the time of issuance of the debentures, was determined to be \$1,802,984 using a present value calculation assuming a discount rate of 10%, which is the estimated interest rate the Company would pay on a similar debt instrument without a conversion option. The residual value of \$197,016 was allocated to the equity component. The Company also incurred issuance costs of \$26,025, which were allocated in proportion to the allocation of the gross proceeds as \$23,461 to be included as a discount and \$2,564 to be recognized directly in equity. The resulting combined discount of \$220,477 will be recognized over the term of the convertible debentures using the effective interest method.

During the year ended December 31, 2024, the Company recorded accretion interest of \$24,759 and made interest payments of \$88,110. As at December 31, 2024, the carrying value of the convertible debentures was \$1,804,282.

## **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 December 31, 2024, the Company had 28,321,613 common shares outstanding (2023 – 28,585,113) and no preferred shares outstanding (2023 – Nil).

### **Share issuances and repurchases**

During the year ended December 31, 2023, the Company issued a total of 300,000 common shares at \$0.31 per share pursuant to the exercise of stock options for proceeds of \$93,000. A total of \$18,102 was reclassified from contributed surplus to common shares in connection with stock options exercised.

During the year ended December 31, 2024, 263,500 shares (2023 – 212,000) were repurchased at a total cost of \$72,153 (2023 – \$88,746) and were returned to the Company’s treasury for cancellation pursuant to the Normal Course Issuer Bid.

### **Normal Course Issuer Bid**

On May 9, 2024, 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 1,418,238 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 13, 2024 and will terminate on May 12, 2025, 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 year ended December 31, 2024, the Company purchased 263,500 shares (2023 – 212,000) at a total cost of \$72,153 (2023 – \$88,746). The difference between the share repurchase price and the original share issuance of \$330,001 (2023 – \$237,417) 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 for \$284,506 to shareholders of record on March 31, 2023, paid on April 11, 2023, based on the 2022 financial results.

The Company did not pay dividends during the year ended December 31, 2024.

### **Share purchase warrants**

There were no share purchase warrants outstanding for the years ended December 31, 2024 and 2023.

### **Security based compensation plan (“SBC Plan”)**

The Company has implemented a fixed SBC Plan whereby 20% of the issued shares are issuable under the SBC Plan through the granting of share options or RSUs. 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 years ended December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,850,000	\$ 0.59	1,850,000	\$ 0.56
Exercised	-	-	(300,000)	0.31
Granted	-	-	300,000	0.50
<b>Outstanding, end of year</b>	<b>1,850,000</b>	<b>\$ 0.59</b>	<b>1,850,000</b>	<b>\$ 0.59</b>
<b>Exercisable, end of year</b>	<b>1,850,000</b>	<b>\$ 0.59</b>	<b>1,700,000</b>	<b>\$ 0.60</b>

On April 3, 2023, the Company granted 300,000 options to directors, officers and consultants, exercisable at \$0.50 per share with 50% vesting immediately and 50% vesting on April 3, 2024. The fair value of the options granted was \$44,829 of which \$39,384 was attributed to the year ended December 31, 2023 and \$5,445 was attributed to the year ended December 31, 2024. The valuation was based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.83%; volatility of 52.67%; dividend rate 4.90%; forfeiture rate 0%; and expected life of 5.01 years.

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 \$38,895 was attributed to the year ended December 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 December 31, 2024:

<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>
September 18, 2020	September 18, 2025	500,000	500,000	\$ 0.42	0.72
May 17, 2022	May 17, 2027	1,050,000	1,050,000	\$ 0.70	2.38
April 3, 2023	April 3, 2028	300,000	300,000	\$ 0.50	3.26
<b>Total options</b>		<b>1,850,000</b>	<b>1,850,000</b>		

\* The weighted average remaining life of options outstanding is 2.07.

On July 15, 2024, the Company granted 140,000 RSUs to directors and officers pursuant to the SBC Plan. The RSUs vest annually in three equal tranches over a period of three years with the first vesting on July 15, 2025. The fair value of the RSUs granted was \$40,600 of which \$11,487 was attributed to the year ended December 31, 2024. The valuation was based on the market price of the shares on the grant date.

## 10. TAXES

### Provision for income taxes

The Company subject to a Canadian statutory income tax rate of 27%, and the wholly-owned US subsidiary is subject to a United States statutory income tax rate of 21%. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>December 31, 2024</b>	December 31, 2023
Earnings (loss) for the year	<b>\$652,227</b>	\$(4,034,438)
Expected income tax expense	<b>183,000</b>	(1,011,000)
Change in statutory tax rates and other	<b>76,000</b>	(118,000)
Permanent differences	<b>11,000</b>	21,000
Adjustment to prior years provision versus statutory tax returns	<b>(415,000)</b>	(7,000)
Change in unrecognized deductible temporary differences	<b>145,000</b>	1,115,000
<b>Total income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>

**Elysee Development Corp.**  
**Notes to the Consolidated Financial Statements**  
December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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

	<b>December 31, 2024</b>	December 31, 2023
Deferred tax assets (liabilities)		
Marketable securities	<b>\$ 232,000</b>	\$ (200,000)
Non-capital losses available for future period	<b>(232,000)</b>	200,000
<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>December 31, 2024</b>	December 31, 2023
Deferred tax assets		
Exploration and evaluation properties	<b>\$ 441,000</b>	\$ 559,000
Equipment	<b>6,000</b>	8,000
Marketable securities and investments in private companies	<b>881,000</b>	1,417,000
Non-capital losses available for future periods	<b>1,822,000</b>	1,021,000
	<b>3,150,000</b>	3,005,000
Less: Unrecognized deferred tax assets	<b>(3,150,000)</b>	(3,005,000)
<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>December 31, 2024</b>	Expiry Date Range	December 31, 2023	Expiry Date Range
Temporary Differences				
Exploration and evaluation properties	<b>\$ 1,635,000</b>	No expiry date	\$ 2,069,000	No expiry date
Equipment	<b>\$ 24,000</b>	No expiry date	\$ 31,000	No expiry date
Marketable securities and investments in private companies	<b>\$ 3,263,000</b>	No expiry date	\$ 5,248,000	No expiry date
Non-capital losses available for future periods	<b>\$ 7,498,000</b>	See below	\$ 6,275,000	See below
<b>Total</b>	<b>\$ 12,420,000</b>		<b>\$ 13,623,000</b>	

Non-capital losses available for future periods by country are as follows:

	<b>December 31, 2024</b>	Expiry Date Range	December 31, 2023	Expiry Date Range
Canada	<b>\$ 4,113,000</b>	2030 to 2044	\$ 3,042,000	2030 to 2043
United States	<b>\$ 3,385,000</b>	No expiry date	\$ 3,233,000	No expiry date

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

## 11. EARNINGS (LOSS) PER SHARE

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

	<b>December 31, 2024</b>	December 31, 2023
Numerator:		
Net earnings (loss) for the year - basic	<b>\$ 652,227</b>	\$ (4,034,438)
Dilutive effect of convertible debentures - after-tax interest expense	<b>64,320</b>	-
Adjusted net earnings (loss) for the year - diluted	<b>\$ 716,547</b>	\$ (4,034,438)
Denominator:		
Weighted average number of common shares – basic	<b>28,438,737</b>	28,597,939
Dilutive effect of stock options outstanding	-	-
Dilutive effect of convertible debentures - weighted shares	<b>2,876,043</b>	-
Weighted average number of common shares – diluted	<b>31,314,780</b>	28,597,939
Basic earnings (loss) per share	<b>\$0.02</b>	\$(0.14)
Diluted earnings (loss) per share	<b>\$0.02</b>	\$(0.14)

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 year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and convertible debentures, in the weighted average number of common shares outstanding during the year, if dilutive. The potential dilutive impact of the stock options outstanding has been excluded as it would be anti-dilutive.

## 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 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 December 31, 2024. The Company is not subject to externally imposed capital requirements.

### 13. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	December 31, 2024	December 31, 2023
<b>FINANCIAL ASSETS</b>		
<b>FVTPL</b>		
Cash and cash equivalents	\$ 1,532,977	\$ 849,798
Marketable securities	10,039,901	7,982,179
Other investments	2,245,070	2,299,850
<b>Amortized cost</b>		
Interest receivable	-	42,715
Loan receivable	-	40,000
<b>Total financial assets</b>	<b>\$ 13,817,948</b>	<b>\$ 11,214,542</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Amortized cost</b>		
Trade and other payables	\$ 68,192	\$ 62,087
Convertible debentures	1,804,282	-
<b>Total financial liabilities</b>	<b>\$ 1,872,474</b>	<b>\$ 62,087</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.

**Elysee Development Corp.**  
**Notes to the Consolidated Financial Statements**  
December 31, 2024 and 2023  
(Expressed in Canadian dollars)

	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2024</b>				
Cash and cash equivalents	\$ 1,532,977	\$ -	\$ -	\$ 1,532,977
Marketable securities - shares	9,111,068	-	-	9,111,068
Marketable securities - convertible debt	604,511	-	-	604,511
Marketable securities - warrants	-	324,322	-	324,322
Other investments - equity	-	-	1,811,059	1,811,059
Other investments - convertible debt	-	-	434,011	434,011
<b>Total financial assets at fair value</b>	<b>\$ 11,248,556</b>	<b>\$ 324,322</b>	<b>\$ 2,245,070</b>	<b>\$ 13,817,948</b>
	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2023</b>				
Cash and cash equivalents	\$ 849,798	\$ -	\$ -	\$ 849,798
Marketable securities - shares	7,354,660	-	-	7,354,660
Marketable securities - convertible debt	488,859	-	-	488,859
Marketable securities - warrants	-	138,660	-	138,660
Other investments - equity	-	-	1,962,288	1,962,288
Other investments - convertible debt	-	-	337,562	337,562
<b>Total financial assets at fair value</b>	<b>\$ 8,693,317</b>	<b>\$ 138,660</b>	<b>\$ 2,299,850</b>	<b>\$ 11,131,827</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 by dealing only with highly-rated Canadian financial institutions. As at December 31, 2024, there is interest receivable of \$Nil (2023 - \$42,715). 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 \$1,532,977 (2023 - \$849,798) to settle current liabilities of \$68,192 (2023 - \$62,087); 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 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>December 31, 2024</b>	December 31, 2023
Management fees	<b>\$ 145,000</b>	\$ 136,500
Accounting fees	<b>69,300</b>	68,475
Director fees	<b>19,215</b>	17,175
Share-based payments	<b>16,342</b>	60,371
<b>Total</b>	<b>\$ 249,857</b>	\$ 282,521

During the year ended December 31, 2024, the Company recognized share-based payments of \$11,487 relating to 140,000 RSUs granted to directors and officers during the year ended December 31, 2024 (Note 9).

During the year ended December 31, 2024, the Company recognized share-based payments of \$4,855 (2023 - \$32,950) relating to 240,000 options granted to directors and officers during the year ended December 31, 2023 (Note 9).

During the year ended December 31, 2024, the Company recognized share-based payments of \$Nil (2023 - \$27,421) relating to 600,000 options granted to directors and officers during the year ended December 31, 2022 (Note 9).

During the year ended December 31, 2024, the Company paid \$36,000 (2023 - \$30,000) for office rent and expenses, and administrative and general expenses including shareholder relations costs to a company controlled by the Chief Executive Officer.

During the year ended December 31, 2024, \$335,000 of the convertible debentures issued on June 14, 2024 (Note 8) was subscribed by directors and officers. The Company made interest payments totaling \$14,758 on the convertible debentures to related parties.

#### **15. SUPPLEMENTAL CASH FLOW INFORMATION**

During the year ended December 31, 2024, the amount credited to deficit on the repurchase of the Company's shares was \$330,001 (2023 - \$237,417) (Note 9).

During the year ended December 31, 2024, the Company reclassified \$Nil (2023 - \$18,102) from contributed surplus to common shares in connection with stock options exercised (Note 9).

#### **Cash payments for interest and taxes**

The Company made cash payments for interest of \$88,110 (2023 - \$Nil) and income taxes of \$Nil (2023 - \$Nil) during the year ended December 31, 2024.