

FORM 51-102F3
Material Change Report
Section 7.1 of National Instrument 51-102
Continuous Disclosure Obligations

- Item 1. Name and Address of Company
- Elysee Development Corp.**
2300-1066 West Hastings Street
Vancouver, B.C. V6E 3X2
- Item 2. Date of Material Change October 16, 2019
- Item 3. News Release
- Issued and distributed through the facilities of Newsfile on October 16, 2019
- Item 4. Summary of Material Change
- See attached copy of the October 16, 2019 News Release
- Item 5. Full Description of Material Change
- See attached copy of the October 16, 2019 News Release
- Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102
- N/A
- Item 7. Omitted Information N/A
- Item 8. Executive Officer
- Stuart Rogers
Telephone: (778) 373-1562
- Item 9. Date of Report October 16, 2019

ELYSEE

DEVELOPMENT CORP.

NEWS RELEASE

ELYSEE earns \$935,538 (\$0.03 per share) during the nine months ended August 31, 2019

October 16, 2019 - Elysee Development Corp. (TSXV: ELC) is pleased to announce that its unaudited financial statements and management discussion and analysis for the three and nine months ended August 31, 2019 are now available for viewing on SEDAR and at www.elyseedevelopment.com. All dollar amounts are in Canadian funds.

For the nine month period ending August 31, 2019, the Company earned \$935,538 (\$0.03 per share) as compared with net earnings of \$1,195,025 (\$0.06 per share) for the nine months ended August 31, 2018. The earnings for the period were primarily the result of realized gains on marketable securities of \$806,281, unrealized gains on marketable securities of \$316,485 and interest and dividend income of \$150,817.

During the three months ended on August 31, 2019, Elysee earned \$232,474 (\$0.01 per share) compared to net earnings of \$195,474 (\$0.01 per share) during the same period a year prior. Total investment income in the third quarter increased to \$366,296 from \$275,864 for the third quarter of fiscal 2018. The realized gain on securities sold during the current period was \$277,377, with an unrealized gain of \$43,457 and interest and dividend income of \$45,459. General and administrative expenses during the current quarter totalled \$133,822 as compared to \$80,900 during the same period a year prior. The increase in general and administrative expenses during the current quarter was due to a share-based payments expense of \$39,989 (a non-cash item) incurred during the period.

As of August 31, 2019 Elysee's net asset value ("NAV") increased to \$14,148,783 (\$0.53 per share) after paying a one cent per share interim dividend for 2019 in July. The fair value of the company's investments in marketable securities was \$10,103,691 at August 31, 2019, with cash and cash equivalents totaling \$1,045,150. The company is debt-free.

Guido Cloetens, the chief executive officer of Elysee, stated: "In the three months ending on August 31, 2019 volatility continued in the junior exploration sector. However, our active investment management policy has allowed us to continue to deliver solid results and maintain a very strong balance sheet. Furthermore, we were still able to increase our net asset value during the period while at the same time paying an interim cash dividend of one cent per share for fiscal 2019 to our shareholders."

Significant transactions during the three month period ended August 31, 2019 included:

- the acquisition of 2,800,000 shares of Minera Alamos Inc. at \$0.10 per share for \$280,000.
- a subscription for \$100,000 to a convertible debenture of WELL Health Technologies Corp. The debenture is convertible at \$0.95 per share for 5 years and pays an annual interest rate of 8%.

- the acquisition of 500,000 units of Southern Silver Exploration Corp. in a private placement at \$0.20 per unit for \$100,000. Each unit consists of one common share and one warrant, with each warrant entitling the Company to purchase one additional common share of Southern for five years from closing at \$0.25 per share.
- The acquisition for 150,000 shares of Alexco Resource Corp. in a private placement at US\$1.00 per share for US\$150,000.
- A subscription for 200,000 shares of Turmalina Metals Corp. in a private placement at \$0.50 per share for \$100,000; and
- The acquisition of 250,000 shares of Osisko Mining Inc. in a private placement at \$3.15 per share for \$787,500.

In June 2019 the Company also took part in a capital raise of U.S. Vanadium Holding Company LLC (“USV”) for an amount of US\$375,000. In aggregate, Elysee has now invested US\$1.8 million in USV, making it our most significant investment. USV is in the business of sourcing and providing high purity Vanadium Pentoxide (V2O5), technical grade V2O5 and Vanadium Trioxide (V2O3) to customers worldwide. USV recently completed the acquisition of a processing facility in Hot Springs, Arkansas that produces the world’s highest purity vanadium pentoxide (see our news release of October 15, 2019).

The most significant equity investments held by Elysee on August 31, 2019 were US Vanadium Holding Company LLC, Kirkland Lake Gold Ltd., Osisko Mining Inc, Alexco Resource Corp. and TerraX Minerals Inc.

In order to align its reporting periods with those of a number of its private equity investments, the board of directors of Elysee has elected to change its year end to December 31 from November 30. This will be effective for the current fiscal year, which will now end on December 31, 2019.

NAV is a non-GAAP (generally accepted accounting principles) measure calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. For the purpose of this calculation, share purchase warrants held by Elysee were valued using the Black-Scholes model calculation, as reported in our annual and quarterly financial statements. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP measure presented in Elysee’s financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial measure. The Company believes that NAV can provide information useful to its shareholders in understanding its performance, and may assist in the evaluation of its business relative to that of its peers.

Shareholders are invited to visit our website www.elyseedevelopment.com on a regular basis for updates.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Stuart Rogers
President
Elysee Development Corp.
Tel: (778) 373-1562

Guido Cloetens
Chairman and CEO
info@elyseedevelopment.com
Tel: (778) 985-8011

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Caution Regarding Forward-Looking Statements - This news release contains certain forward-looking statements that are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements. When relying on forward-looking statements to

make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Company does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf, except as required by applicable law.