

Cliffwood Capital Corp.
(formerly 1178406 B.C. Ltd.)

Management Discussion & Analysis
For the period from incorporation on September 5, 2018 to August 31, 2019

The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view of Cliffwood Capital Corp.’s (formerly 1178406 B.C. Ltd.) (“Cliffwood”, the “Company”, “we” or “us”) past performance and future outlook. This MD&A should be read in conjunction with our annual financial statements for the period ended August 31, 2019 (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated. All information contained in this MD&A is current as of December 5, 2019 unless otherwise stated. Additional information on the Company is available on SEDAR.

Forward Looking Information

Certain sections of this MD&A may contain forward-looking statements. Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, and similar expressions used by the Company’s management are intended to identify forward-looking statements. Such statements reflect the Company’s forecasts, estimates and expectations as they relate to the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

The forward-looking statements contained herein are based on information available as of December 5, 2019.

Our Business

The Company was incorporated under the British Columbia Business Corporations Act on September 5, 2018.

On November 1, 2018, the Company signed an arrangement agreement with 1178408 B.C. Ltd. (“1178408”) and Elysian Capital Corp. (formerly Blueprint Corporate Services Ltd.) (“Elysian”) whereby the parties wished to effect a reorganization transaction by way of a spin-out of the companies. The Company and 1178408 became wholly owned subsidiaries of Elysian on September 5, 2018, their date of incorporation.

On February 8, 2019, the Company completed the plan of arrangement pursuant to which the Company was spun out of Elysian and each shareholder received one common share of the Company for each outstanding common share of Elysian.

SELECTED ANNUAL INFORMATION

	Period from September 5, 2018 to August 31, 2019
Revenues	\$ -
Loss and comprehensive loss	26,548
Loss per share, basic and diluted	0.02
Total assets	183,573
Total non-current financial liabilities	-

Results of Operations

At August 31, 2019, the Company had no continuing source of operating revenues. The Company has not paid any cash dividends on its common shares nor does it have any present intention of paying cash dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

At August 31, 2019, the Company had not achieved profitable operations and had accumulated losses of \$26,548 since inception.

Results of operations for the year ended August 31, 2019

For the period from September 5, 2018 to August 31, 2019, the Company reported a net loss of \$26,548 as summarized below:

Consulting fees	\$ 15,750
Professional fees	10,149
Office and administration	97
Filing fees	519
Bank charges and interest	33
<u>Net and comprehensive loss</u>	<u>\$ 26,548</u>

For the period from September 5, 2018 (date of incorporation) to August 31, 2019, the Company's primary expenses related to consulting fees and professional fees. Professional fees were incurred in relation to the Company's financial statement audit and legal expenses for general corporate matters.

The Company does not have any employees; all of our services are carried out by our directors and officers or by consultants retained on an as needed basis.

As the Company was incorporated on September 5, 2018, there is no comparative period.

Results of operations for the quarter ended August 31, 2019

For the three months ended August 31, 2019, the Company reported a net loss of \$18,154 as summarized below:

Consulting fees	\$ 7,875
Professional fees	10,149
Office and administration	97
Bank charges and interest	33
<u>Net and comprehensive loss</u>	<u>\$ 18,154</u>

For the three months ended August 31, 2019, the Company's primary expenses related to consulting fees and professional fees. Professional fees were incurred in relation to the Company's financial statement audit and legal expenses for general corporate matters.

The Company does not have any employees; all of our services are carried out by our directors and officers or by consultants retained on an as needed basis.

As the Company was incorporated on September 5, 2018, there is no comparative period.

Summary of Quarterly Results

The Company was incorporated on September 5, 2018, as such, the four most recent quarters have been presented below.

	Aug 31, 2019	May 31, 2019	Feb 28, 2019	Nov 30, 2018
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Total comprehensive loss	\$18,154	\$8,394	\$Nil	\$Nil
Loss per share, basic and diluted	\$0.00	\$0.02	\$0.00	\$0.00

Liquidity and Capital Resources

The Company reported working capital of \$175,953 at August 31, 2019. As at August 31, 2019, the Company had cash on hand of \$133,573. Current assets excluding cash at August 31, 2019 consisted of a note receivable of \$50,000 due to be repaid on or before December 31, 2019.

The Company has no operating revenue and therefore must continue to rely on external financing to generate capital to maintain its capacity to meet working capital requirements. The Company has relied on the issuance of shares to finance its operating activities since inception, which the Company intends to continue to rely upon to finance its planned operations. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. Management believes the Company will be able to raise additional funds to meet anticipated administrative expenses and pursue future business opportunities.

The Company is not subject to any externally imposed capital requirements.

Commitments

The Company has no commitments.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Remuneration attributed to key management personnel includes:

- Consulting fees of \$5,775 were paid to a Company controlled by the CFO of the Company during the three months ended August 31, 2019 and for the period from incorporation to August 31, 2019.

During the period from incorporation on September 5, 2018 to August 31, 2019, the Company entered into the following transactions with related parties:

- 2,000,000 common shares of the Company were issued to the Chief Executive Officer and director of the Company for proceeds of \$50,000; and
- 100,000 common shares of the Company were issued to the Chief Financial Officer and director of the Company for proceeds of \$2,500.

At August 31, 2019, there is a balance of \$96 payable to a company controlled by the CFO of the Company, which is included in accounts payable. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Company's financial statements requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Based on historic experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The financial statements for the Company for the period ending August 31, 2019 did not include critical accounting estimates. Areas requiring a significant degree of estimation and judgment include the recognition of deferred tax assets and the Company's ability to continue as a going concern.

Accounting Pronouncements Not Yet Adopted

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are effective for annual periods beginning on or after January 1, 2019. The Company has not applied the following new standards which have been issued but are not yet effective:

- IFRS 16, Leases (effective for reporting periods beginning on or after January 1, 2019) introduces new requirements for the classification and measurement of leases. Management does not expect IFRS 16 to have an impact on the Company's financial statements as it has no leases.
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for reporting periods beginning on or after January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. Management does not expect IFRIC 23 to have an impact on the Company's financial statements.

We do not expect the implementation of these standards to have an impact on the Company's results of operations, financial position and disclosures.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, note receivable and accounts payable. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and note receivable. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company assessed credit risk as low.

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's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at August 31, 2019. The Company assessed liquidity risk as low.

Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties that may significantly impact its financial condition and future financial performance. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A, before making an investment decision.

No Operating History

The Company has not commenced commercial operations from incorporation to date. The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Availability of Financing

The Company will be competing with other companies in the capital market for available financing. There is no assurance that the Company will be able to obtain sufficient financing, if at all.

Outstanding Share Data

Our share capital consists of an unlimited number of common shares without par value. As at December 5, 2019, we had 8,506,201 common shares issued and outstanding.

Other MD&A Requirements

Additional information relating to our Company may be found on SEDAR at www.sedar.com.