

Cliffwood Capital Corp.
(formerly 1178406 BC Ltd.)

Management Discussion & Analysis
For the period from incorporation on September 5, 2018 to May 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 BC Ltd.) (“Cliffwood”, the “Company”, “we” or “us”) past performance and future outlook. This MD&A should be read in conjunction with our interim financial statements for the period ended May 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 July 19, 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 July 19, 2019.

Our Business

The Company was incorporated on September 5, 2018 under the laws of British Columbia (“BC”).

On November 1, 2018, the Company signed an arrangement agreement with 1178408 BC 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.

Results of Operations

At May 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.

The Company incurred consulting fees of \$7,875 and filing fees of \$519 during the three months ended May 31, 2019 and from September 5, 2018 (date of incorporation) to May 31, 2019.

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.

Summary of Quarterly Results

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

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

Liquidity and Capital Resources

The Company reported a working capital deficit of \$8,393 at May 31, 2019. As at May 31, 2019, the Company had no cash on hand. Subsequent to May 31, 2019, the Company completed a non-brokered private placement at a price of \$0.025 per unit for total proceeds of \$202,500. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each share purchase warrant is exercisable into one common share of the Company at an exercise price of \$0.05 for a period of 36 months.

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 and advances from a related party 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

There were no amounts paid to directors, officers, or companies controlled by directors of the Company for the three months ended May 31, 2019 and period from incorporation on September 5, 2018 to May 31, 2019.

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 May 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 standard and interpretation 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.
- 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.

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 subscription receivable and accounts payable and accrued liabilities. 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 risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company currently has no significant financial assets subject to credit 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's exposure to interest rate risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. However, there can be no assurance that sufficient funding will be obtained to meet the Company's financial obligations when they become due. Liquidity risk is assessed at high as the Company does not have sufficient cash to settle current liabilities.

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 July 19, 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.