

**Cliffwood Capital Corp.**  
(formerly 1178406 BC Ltd.)

Interim Financial Statements  
For the period from incorporation on September 5, 2018 to May 31, 2019

Expressed in Canadian Dollars – Unaudited

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)  
Interim Statement of Financial Position  
(Expressed in Canadian Dollars – Unaudited)

May 31,  
2019

Assets		
Current assets		
Subscription receivable (Note 6)	\$	1
<b>Total assets</b>	<b>\$</b>	<b>1</b>
Liabilities and shareholders' deficit		
Current liabilities		
Accounts payable and accrued liabilities	\$	8,394
<b>Total liabilities</b>		<b>8,394</b>
Shareholders' deficit		
Share capital (Note 4)		1
Deficit		(8,394)
<b>Total shareholders' deficit</b>		<b>(8,393)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>\$</b>	<b>1</b>

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Bronson Peever"

Bronson Peever, Director

"Marlis Yassin"

Marlis Yassin, Director

*The accompanying notes are an integral part of these interim financial statements*

**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)  
Interim Statements of Comprehensive Loss  
(Expressed in Canadian Dollars – Unaudited)

	Three Months Ended May 31, 2019	Period from September 5, 2018 to May 31, 2019
Expenses		
Consulting fees	\$ 7,875	\$ 7,875
Filing fees	519	\$ 519
Net and comprehensive loss	\$ 8,394	\$ 8,394
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding – basic and diluted	406,201	169,756

*The accompanying notes are an integral part of these interim financial statements*

**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)  
Interim Statement of Changes in Shareholders' Deficit  
(Expressed in Canadian Dollars – Unaudited)

	Share capital		Deficit	Total shareholders' deficit
	Number	Amount		
Balance, September 5, 2018	-	\$ -	\$ -	\$ -
Common shares issued (Note 4)	406,201	1	-	1
Net and comprehensive loss for the period	-	-	(8,394)	(8,394)
Balance, May 31, 2019	406,201	\$ 1	\$ (8,394)	\$ (8,393)

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**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)

Interim Statement of Cash Flows

(Expressed in Canadian Dollars – Unaudited)

Period from  
September 5,  
2018 to  
May 31, 2019

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Cash provided by (used in):

Operating activities

Net loss \$ (8,394)

Changes in non-cash working capital items:

Accounts payable and accrued liabilities 8,394

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Net cash used in operating activities -

Financing activities

Subscription receivable (1)

Proceeds from issuance of common shares 1

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Net cash from financing activities -

Increase (decrease) in cash -

Cash and cash equivalents, beginning -

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Cash and cash equivalents, ending \$ -

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*The accompanying notes are an integral part of these interim financial statements*

## **Cliffwood Capital Corp. (formerly 1178406 BC Ltd.)**

### Notes to Interim Financial Statements

For the period from September 5, 2018 (incorporation date) to May 31, 2019

(Expressed in Canadian Dollars – Unaudited)

#### **1. Nature and continuance of operations**

Cliffwood Capital Corp. (formerly 1178406 BC Ltd.) (the “Company”) was incorporated under the British Columbia Business Corporations Act on September 5, 2018. The head office of the Company is located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3 and the registered and records office of the Company is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6E 2K3.

On November 1, 2018, the Company signed an arrangement agreement with 1178408 BC Ltd. 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. On February 8, 2019, the Company completed the arrangement agreement. As such, the shareholders of Elysian received one share of the Company for each share of Elysian they owned.

There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. As such, the Company involves a high degree of risk. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the Company will be profitable. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

#### **2. Basis of preparation**

The financial statements were authorized for issuance on July 19, 2019 by the directors of the Company.

(a) **Statement of compliance with International Financial Reporting Standards**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company’s functional currency is the Canadian Dollar (“CAD”). The financial statements are presented in CAD which is the Company’s presentation currency, unless otherwise noted.

(b) **Basis of presentation**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)

Notes to Interim Financial Statements

For the period from September 5, 2018 (incorporation date) to May 31, 2019

(Expressed in Canadian Dollars – Unaudited)

**2. Basis of preparation (continued)**

(c) Critical accounting estimates, judgments and uncertainties

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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

*Critical accounting estimates and assumptions*

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

*Critical accounting judgments*

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Areas requiring a significant degree of estimation and judgment include the recognition of deferred tax assets and Company's ability to continue as a going concern.

**3. Significant accounting policies**

(a) Cash and cash equivalents

Cash and cash equivalents include cash at banks and highly liquid investments with original maturities of three months or less, which are readily convertible into a known amount of cash.

(b) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

(c) Financial Instruments

The Company adopted IFRS 9 *Financial Instruments* as of incorporation on September 5, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)

Notes to Interim Financial Statements

For the period from September 5, 2018 (incorporation date) to May 31, 2019

(Expressed in Canadian Dollars – Unaudited)

**3. Significant accounting policies (continued)**

(c) Financial instruments (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (loss) (“FVTOCI”) or amortized cost. The Company determines the classification of financial assets at initial recognition.

The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

(ii) Measurement

*Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

The Company does not have any financial assets classified in this category as at May 31, 2019.

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Subscription receivable is recognized at amortized cost (Note 6).

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit (loss) in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

The Company does not have any financial asset or liability classified in this category as at May 31, 2019.

**Cliffwood Capital Corp.** (formerly 1178406 BC Ltd.)

Notes to Interim Financial Statements

For the period from September 5, 2018 (incorporation date) to May 31, 2019

(Expressed in Canadian Dollars – Unaudited)

**3. Significant accounting policies (continued)**

(c) Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset 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 Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit and loss.

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized at the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

(d) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred 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 purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred 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 substantially enacted by the reporting date.

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Notes to Interim Financial Statements

For the period from September 5, 2018 (incorporation date) to May 31, 2019

(Expressed in Canadian Dollars – Unaudited)

**3. Significant accounting policies (continued)**

(d) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company has not recorded any deferred tax assets.

(e) Foreign Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit and loss.

(f) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

(g) New standards not yet adopted

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. Management does not expect IFRIC 23 to have an impact on the Company's financial statements.

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Notes to Interim Financial Statements

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**4. Share capital**

(a) Authorized

The Company has authorized an unlimited number of common shares without par value.

(b) Issued

As at May 31, 2019, there were 406,201 common shares outstanding.

During the period from incorporation on September 5, 2018 to May 31, 2019, the Company issued the following common shares:

- On September 5, 2018, the Company issued 1 common share pursuant to the incorporation of the Company at a price of \$1 per share
- On February 8, 2019, the Company issued 406,200 common shares for nominal consideration as part of the arrangement agreement with Elysian

**5. Management of capital**

The Company's capital structure consists of subscription receivable and share capital.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company will raise additional amounts of capital through the issuance of shares. 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 since incorporation. The Company is not subject to external capital requirements.

**6. Financial instruments**

(a) Categories of financial instruments and fair value measurements

	May 31, 2019
Financial Assets	
Loans and receivables at amortized cost	
Subscription receivable	\$ 1
<b>Total financial assets</b>	<b>\$ 1</b>

The Company considers that the carrying amount of all its financial assets recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

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Notes to Interim Financial Statements

For the period from September 5, 2018 (incorporation date) to May 31, 2019

(Expressed in Canadian Dollars – Unaudited)

**6. Financial instruments (continued)**

(b) Management of financial risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

*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 subscription receivable. 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 no source of revenue and no liabilities as at May 31, 2019. The Company assesses 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.

**7. Subsequent event**

Subsequent to May 31, 2019, the Company closed a non-brokered private placement at a price of \$0.025 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.