

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

Condensed Interim Financial Statements  
For the nine months ended May 31, 2020

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 condensed 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 condensed interim 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 B.C. Ltd.)  
Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars – Unaudited)

	May 31, 2020	August 31, 2019
<b>Assets</b>		
Current assets		
Cash	\$ 63,068	\$ 133,573
Interest receivable (Note 3)	807	-
Note receivable (Note 3)	98,565	50,000
<b>Total assets</b>	<b>\$ 162,440</b>	<b>\$ 183,573</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ -	\$ 7,620
Subscriptions received	150	-
<b>Total liabilities</b>	<b>150</b>	<b>7,620</b>
<b>Shareholders' equity</b>		
Share capital (Note 4)	211,451	202,501
Deficit	(49,161)	(26,548)
<b>Total shareholders' equity</b>	<b>162,290</b>	<b>175,953</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 162,440</b>	<b>\$ 183,573</b>

Nature of operations and going concern (Note 1)  
Subsequent event (Note 8)

Approved on behalf of the Board of Directors by:

"Bronson Peever"

Bronson Peever, Director

"Marlis Yassin"

Marlis Yassin, Director

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

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

	Three months ended May 31, 2020	Three months ended May 31, 2019	Nine months ended May 31, 2020	Period from September 5, 2018 to May 31, 2019
<b>Expenses</b>				
Consulting fees (Note 5)	\$ 4,725	\$ 7,875	\$ 15,225	\$ 7,875
Professional fees	-	-	6,060	-
Filing and transfer agent fees	93	-	1,872	-
Bank charges and interest	103	519	263	519
	(4,921)	(8,394)	(23,420)	(8,394)
Interest income (Note 3)	807	-	807	-
<b>Net and comprehensive loss</b>	<b>\$ (4,114)</b>	<b>\$ (8,394)</b>	<b>\$ (22,613)</b>	<b>\$ (8,394)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<b>8,588,652</b>	<b>406,201</b>	<b>8,533,885</b>	<b>169,125</b>

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

Condensed Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars – Unaudited)

	Share capital		Deficit	Total shareholders' equity
	Number	Amount		
Balance, September 5, 2018	-	\$ -	\$ -	\$ -
Common shares issued (Note 4)	8,506,201	202,501	-	202,501
Net and comprehensive loss for the period	-	-	(26,548)	(26,548)
Balance, August 31, 2019	8,506,201	202,501	(26,548)	175,953
Common shares issued, net of share issuance costs (Note 4)	194,500	8,950	-	8,950
Net and comprehensive loss for the period	-	-	(22,613)	(22,613)
Balance, May 31, 2020	8,700,701	\$ 211,451	\$ (49,161)	\$ 162,290

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

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

## Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars – Unaudited)

	Nine months ended May 31, 2020	Period from September 5, 2018 to May 31, 2019
Cash provided by (used in):		
Operating activities		
Net and comprehensive loss for the period	\$ (22,613)	\$ (8,394)
Changes in non-cash working capital items:		
Interest receivable	(807)	(1)
Accounts payable and accrued liabilities	(7,620)	8,394
<u>Net cash used in operating activities</u>	<u>(31,040)</u>	<u>(1)</u>
Investing activities		
Investment in note receivable	(98,565)	-
Repayment of note receivable	50,000	-
<u>Net cash used in investing activities</u>	<u>(48,565)</u>	<u>-</u>
Financing activities		
Proceeds from subscriptions received	150	-
Proceeds from issuance of shares, net of issuance costs	8,950	1
<u>Net cash from financing activities</u>	<u>9,100</u>	<u>1</u>
Increase in cash	(70,505)	-
Cash, beginning	133,573	-
<u>Cash, ending</u>	<u>\$ 63,068</u>	<u>\$ -</u>

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

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

Notes to the Condensed Interim Financial Statements

May 31, 2020

(Expressed in Canadian Dollars – Unaudited)

### **1. Nature of operations and going concern**

Cliffwood Capital Corp. (formerly 1178406 B.C. 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. The Company is evaluating assets or businesses for acquisition.

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

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. 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’s business involves a high degree of risk. Additional funds will 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. 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 unaudited condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

### **2. Basis of presentation**

#### **(a) Statement of compliance**

The 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”). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. These unaudited condensed interim financial statements were approved by the Board of Directors (“Board”) on July 28, 2020.

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

Notes to the Condensed Interim Financial Statements

May 31, 2020

(Expressed in Canadian Dollars – Unaudited)

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

(b) Recent accounting standards

The Company adopted the following standards effective September 1, 2019:

IFRS 16 *Leases* introduced new requirements for the classification and measurement of leases. The adoption of IFRS 16 did not have an impact on the Company's financial statements as it has no leases.

IFRIC 23 *Uncertainty over Income Tax Treatments* 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. The adoption of IFRIC 23 did not have an impact on the Company's financial statements.

**3. Note receivable**

In July 2019, the Company provided a \$50,000 unsecured, non-interest bearing loan to a shareholder of the Company repayable on or before December 31, 2019, or on demand at the option of the Company. The note receivable was repaid in December 2019.

During the three months ended May 31, 2020, the Company advanced \$98,565 to an arm's length third party, due April 30, 2021, bearing interest at 10% per annum. The Company recognized interest income of \$807 during the three and nine months ended May 31, 2020 (May 31, 2019 - \$nil). The note receivable, including accrued interest of \$2,022, was repaid in July 2020 (Note 8).

**4. Share capital**

(a) Authorized

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

(b) Issued

As at May 31, 2020, there were 8,700,701 issued and fully paid common shares outstanding.

*During the nine months ended May 31, 2020*

On April 22, 2020, the Company completed a non-brokered private placement of 194,500 common shares at \$0.10 per share for gross proceeds of \$19,450. The Company paid share issuance costs of \$10,500 in connection with the private placement.

*During the period from September 5, 2018 to August 31, 2019*

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 as part of the arrangement agreement with Elysian (Note 1).

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

Notes to the Condensed Interim Financial Statements

May 31, 2020

(Expressed in Canadian Dollars – Unaudited)

**4. Share capital (continued)**

(b) Issued (continued)

On July 19, 2019, the Company completed a non-brokered private placement of 8,100,000 units at \$0.025 per unit for proceeds of \$202,500. Each unit was comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.05 for 36 months.

(c) Warrants

The warrant continuity schedule is as follows:

	Number of warrants	Weighted average exercise price
Warrants outstanding, September 5, 2018	-	\$ -
Warrants issued	8,100,000	0.05
Warrants outstanding, August 31, 2019 and May 31, 2020	8,100,000	\$ 0.05

Details of warrants outstanding at May 31, 2020 are as follows:

Exercise price (\$)	Number of warrants outstanding	Expiry date
0.05	8,100,000	July 18, 2022

The weighted average remaining contractual life of warrants outstanding at May 31 2020 is 2.13 years.

**5. 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 ("CEO") and Chief Financial Officer ("CFO").

Remuneration attributed to key management personnel includes:

- Consulting fees of \$4,725 during the three months ended May 31, 2020 (three months ended May 31, 2019 - \$nil) and \$15,225 during the nine months ended May 31, 2020 (period from September 5, 2018 to May 31, 2019 - \$nil) to a company controlled by the CFO.

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 CEO and director of the Company for proceeds of \$50,000 (Note 4); and
- 100,000 common shares of the Company were issued to the CFO and director of the Company for proceeds of \$2,500 (Note 4).

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

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Notes to the Condensed Interim Financial Statements

May 31, 2020

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**6. Management of capital**

The Company considers its capital to be comprised of cash and shareholders' equity. The Board 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 may attempt to 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 the Company's most recent annual audited financial statements. The Company is not subject to external capital requirements.

**7. Financial instruments**

(a) Categories of financial instruments and fair value measurements

	May 31, 2020	August 31, 2019
Financial assets at amortized cost		
Cash	\$ 63,068	\$ 133,573
Interest receivable	807	-
Note receivable	98,565	50,000
Financial liabilities at amortized cost		
Accounts payable	-	(2,620)
Accrued liabilities	-	(5,000)
	<u>\$ 162,440</u>	<u>\$ 175,953</u>

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

(b) Management of financial risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. 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 cash and note receivable. This risk for cash is managed by using major banks that are high credit quality financial institutions as determined by rating agencies, and the Company's note receivable was collected subsequent to May 31, 2020 (Note 8). The Company assessed credit risk as low.

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Notes to the Condensed Interim Financial Statements

May 31, 2020

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**7. Financial instruments (continued)**

(c) Management of financial risks (continued)

*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 May 31, 2020. 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's note receivable had a fixed interest rate; therefore, the Company is not exposed to interest rate risk.

**8. Subsequent events**

In July 2020, the Company received repayment of its note receivable and accrued interest of \$98,565 and \$2,022, respectively.