

ENTHEOS CAPITAL CORP.
(Formerly Waterfront Capital Corporation)

Condensed Interim Financial Statements
(Unaudited – prepared by management)

For the six months ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

1500 – 409 Granville Street
Vancouver, BC
V6C 1T2

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed interim financial statements of the Company 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 standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ENTHEOS CAPITAL CORP.

(Formerly Waterfront Capital Corporation)

Condensed Interim Statements of Financial Position

(Unaudited - expressed in Canadian Dollars)

As at

	June 30, 2020	December 31, 2019
ASSETS		
Current		
Cash	\$ 847,747	\$ 1,220
Accounts receivable	3,366	6,147
Loan receivable (Note 3)	-	68,388
Investments (Note 4)	-	872
Prepaid expenses (Note 5)	19,859	2,249
	<u>\$ 870,972</u>	<u>\$ 78,876</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 11,715	\$ 130,721
Shareholders' equity (deficiency)		
Capital stock (Note 6)	10,879,779	9,891,279
Reserves	625,507	625,507
Deficit	(10,646,029)	(10,568,631)
	<u>859,257</u>	<u>(51,845)</u>
	<u>\$ 870,972</u>	<u>\$ 78,876</u>

Nature of operations and going concern (Note 1)

On behalf of the Board:

"Brayden Sutton"

Director

"Joshua Taylor"

Director

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

ENTHEOS CAPITAL CORP.

(Formerly Waterfront Capital Corporation)

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
EXPENSES				
Consulting fees (Note 5)	\$ 25,500	\$ 26,500	\$ 54,000	\$ 53,000
Office and general (Note 5)	310	5,704	1,604	13,685
Professional fees	13,490	29,819	26,875	44,895
Regulatory and transfer agent fees	6,677	4,955	19,917	8,922
Rent (Note 5)	-	5,955	1,985	11,909
Wages and benefits (Note 5)	-	5,031	-	10,330
	<u>(45,977)</u>	<u>(77,964)</u>	<u>(104,381)</u>	<u>(142,741)</u>
Other income	-	1,543	337	3,151
Gain on investments	-	872	174	872
Gain on debt settlement (Note 8)	-	-	26,472	-
	<u>-</u>	<u>2,415</u>	<u>26,983</u>	<u>4,023</u>
Net loss and comprehensive loss for the period	\$ (45,977)	\$ (75,549)	\$ (77,398)	\$ (138,718)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average shares outstanding	9,468,483	4,468,485	6,968,484	4,468,485

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

ENTHEOS CAPITAL CORP.

(Formerly Waterfront Capital Corporation)

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock	Share-based Payment Reserves	Warrant Reserve	Deficit	Total
Balance, December 31, 2018	4,468,485	\$ 9,891,279	\$ 562,507	\$ 63,000	\$ (10,276,134)	\$ 240,652
Net loss for the period	-	-	-	-	(138,718)	(138,718)
Balance June 30, 2019	4,468,485	9,891,279	562,507	63,000	(10,414,852)	101,934
Net loss for the period	-	-	-	-	(153,779)	(153,779)
Balance, December 31, 2019	4,468,485	9,891,279	562,507	63,000	(10,568,631)	(51,845)
Private placements	8,333,331	1,000,000	-	-	-	1,000,000
Share issue costs	-	(11,500)	-	-	-	(11,500)
Net loss for the period	-	-	-	-	(77,398)	(77,398)
Balance, June 30, 2020	12,801,816	\$ 10,879,779	\$ 562,507	\$ 63,000	\$ (10,646,029)	\$ 859,257

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

ENTHEOS CAPITAL CORP.
(Formerly Waterfront Capital Corporation)
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)
For the six months ended June 30

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (77,398)	\$ (138,718)
Items not affecting cash:		
Accrued interest income	(323)	-
Gain on debt settlement	(27,564)	-
Gain on investments	(174)	(872)
Changes in non-cash working capital items:		
Accounts receivable	(533)	9,450
Prepaid expenses	(17,610)	(382)
Accounts payable and accrued liabilities	(23,371)	3,575
Net cash used in operating activities	<u>(146,973)</u>	<u>(126,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment on loan	<u>5,000</u>	<u>5,000</u>
Net cash used in investing activities	<u>5,000</u>	<u>5,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	1,000,000	-
Share issue costs	(11,500)	-
Net cash used in financing activities	<u>988,500</u>	<u>-</u>
Change in cash for the period	846,527	(121,947)
Cash, beginning of period	<u>1,220</u>	<u>144,183</u>
Cash, end of period	<u>\$ 847,747</u>	<u>\$ 22,236</u>

In the six months ended June 30, 2020, the Company:

- a) Assigned marketable securities of \$1,091 to settle accounts payable; and
- b) Assigned a loan receivable of \$63,711 to settle accounts payable and accrued liabilities of \$91,275.

There were no non-cash investing or financing transactions during the six months ended June 30, 2019.

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

ENTHEOS CAPITAL CORP.

(Formerly Waterfront Capital Corporation)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

June 30, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

The Company was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. The Company provides business advisory services to public and non-public companies.

Effective April 1, 2020, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for 10 pre-consolidation shares. Unless otherwise stated, all shares, stock options, warrants and per share amounts have been restated retrospectively to reflect this share consolidation.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2020, the Company had not achieved profitable operations, has an accumulated deficit and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's current working capital will not be sufficient to execute a comprehensive business plan beyond the current year. These matters indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management believes that the Company will be successful in raising sufficient working capital to maintain operations for the upcoming year. Management may seek to raise the necessary capital to meet new funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent 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 policies applied in these financial statements are based on IFRS issued and effective as of June 30, 2020. The Board of Directors approved the financial statements for issue on August 24, 2020.

ENTHEOS CAPITAL CORP.

(Formerly Waterfront Capital Corporation)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

June 30, 2020

2. BASIS OF PREPARATION (Continued)

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recognition of deferred tax amounts.

Critical accounting estimates:

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

3. LOAN RECEIVABLE

In connection with a proposed transaction with a private company, the Company entered into a secured loan agreement and advanced a principal amount of \$100,000. The loan is secured by a security charge pursuant to a general security agreement dated May 25, 2018 and bears interest at a rate of 6% per annum. The Company elected not to proceed with the transaction and negotiated a short-term repayment plan for the loan. During the period ended June 30, 2020, the Company received a principal repayment of \$5,000. During the year ended December 31, 2019, the Company received principal and interest repayments of \$35,000 and \$5,492, respectively.

Debt Settlement

In January 2020, the Company settled outstanding debts of \$91,275 by assigning the loan receivable balance of \$63,711 outstanding as at the settlement date (Note 4) and recognized a gain of \$27,564.

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Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

June 30, 2020

4. INVESTMENTS

Investments are marketable securities comprised of common shares in publicly traded companies as follows:

	June 30, 2020	December 31, 2019
Magnum Goldcorp Inc.		
– 34,876 common shares (December 31, 2019 – 34,876 common shares)	\$ -	\$ 872

In the period ended June 30, 2020, the company assigned the marketable securities to settle debt of \$1,091.

5. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at June 30, 2020 is \$Nil (December 31, 2019 - \$60,172) due to companies controlled by directors, directors and former directors and/or companies with certain directors in common. Included in prepaid expenses at June 30, 2020 is \$16,750 (December 31, 2019 - \$Nil) with a company controlled by director, directors and a company controlled by an officer.

During the six months ended June 30, 2020, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs, included in wages and benefits, in the amount of \$Nil (2019 - \$10,300) and shared expenses in the amount of \$Nil (2019 - \$7,453).

During the six months ended June 30, 2020 and 2019, the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors or directors and former directors:

	2020	2019
Consulting	\$ 51,000	\$ 47,000
Rent	1,985	11,909

6. CAPITAL STOCK

In April 2020, the Company completed a private placement of 3,333,333 units at a price of \$0.075 per unit (“April Unit”) for gross proceeds of \$250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.15 per share for a period of one year.

In May 2020, the Company completed a private placement at 5,000,000 units at a price of \$0.15 per unit (“May Unit”) for gross proceeds of \$750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.30 per share for a period of one year.

7. STOCK OPTIONS AND WARRANTS

Stock Options

The Company has a rolling stock option plan (as confirmed by shareholders on March 26, 2020), whereby it may issue options of up to 10% of the Company’s issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted.

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Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

June 30, 2020

7. STOCK OPTIONS AND WARRANTS (Continued)**Stock Options** (continued)

As at June 30, 2020 and December 31, 2019, the following incentive stock options were outstanding:

	June 30, 2020	December 31, 2019	Exercise Price	Expiry Date
	-	2,000	\$1.20	January 19, 2020
	85,000	272,500	\$1.00	October 13, 2022
	85,000	274,500		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	310,600	\$ 1.01
Cancelled	(36,100)	1.06
Outstanding, December 31, 2019	274,500	\$ 1.00
Cancelled	(189,500)	1.00
Outstanding and exercisable, June 30, 2020	85,000	\$ 1.00

Warrants

At June 30, 2020 and December 31, 2019, the following warrants were outstanding:

	June 30, 2020	December 31, 2019	Exercise Price	Expiry Date
	1,666,666	-	\$0.15	April 13, 2021
	2,500,000	-	\$0.30	May 22, 2021
	4,166,666	-		

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	1,831,880	\$ 1.00
Expired	(1,831,880)	1.00
Outstanding December 31, 2019	-	-
Granted	4,166,666	\$ 0.24
Outstanding and exercisable June 30, 2020	4,166,666	\$ 0.24

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June 30, 2020

8. CAPITAL MANAGEMENT

The Company manages its common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. 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.

The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

To fund future operating activities the Company will need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and investments as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts receivable, loans receivable, and accounts payable and accrued liabilities are carried at amortized cost.

The carrying values of accounts receivable, loan receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments, accounts receivable, and loan receivable.

The Company's credit risk is primarily attributable to cash, investments and loans receivable. Management believes that the credit risk concentration with respect to cash and investments is remote as it maintains accounts with highly rated financial institutions.

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Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

June 30, 2020

9. FINANCIAL INSTRUMENTS (Continued)**Credit risk (continued)**

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	June 30, 2020	December 31, 2019
Bank accounts	\$ 847,747	\$ 1,220
Investments	-	872
Accounts receivable	3,366	6,147
Loan receivable	-	68,388
	\$ 851,113	\$ 76,627

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At June 30, 2020, the Company had accounts payable and accrued liabilities of \$11,715 (December 31, 2019 - \$130,721). Based on the current funds held as at June 30, 2020, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital to proceed with a proposed acquisition. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.