

**CRYSTAL BRIDGE ENTERPRISES INC.**  
**(A Capital Pool Company)**

**Condensed Interim Financial Statements**

**For the three months ended October 31, 2018**  
**(Expressed in Canadian Dollars – Unaudited)**

**CRYSTAL BRIDGE ENTERPRISES INC.**  
**(A Capital Pool Company)**  
Index to Condensed Interim Financial Statements  
For the three months ended October 31, 2018  
(Expressed in Canadian Dollars – Unaudited)

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**CRYSTAL BRIDGE ENTERPRISES INC.**

**(A Capital Pool Company)**

Notice to Readers

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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

Under National Instrument 51-102, if an auditor has not performed a review of the condensed 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 of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**CRYSTAL BRIDGE ENTERPRISES INC.**  
**(A Capital Pool Company)**  
Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars – Unaudited)

|   | <b>October 31,<br/>2018</b> | <b>July 31,<br/>2018</b> |
|---|-----------------------------|--------------------------|
|   | \$                          | \$                       |
| <b>ASSETS</b>                                     |                             |                          |
| <b>Current</b>                                    |                             |                          |
| Cash (Note 3)                                     | 583,323                     | 326,965                  |
| Prepaid expenses                                  | 4,500                       | 6,750                    |
| <b>TOTAL ASSETS</b>                               | <b>587,823</b>              | <b>333,715</b>           |
| <b>LIABILITIES</b>                                |                             |                          |
| <b>Current</b>                                    |                             |                          |
| Accounts payable and accrued liabilities (Note 4) | 8,400                       | 32,975                   |
| <b>SHAREHOLDERS' EQUITY</b>                       |                             |                          |
| Share capital (Note 5)                            | 633,102                     | 158,000                  |
| Share subscriptions received (Note 5)             | -                           | 185,000                  |
| Reserves (Note 6)                                 | 31,153                      | -                        |
| Accumulated deficit                               | (84,832)                    | (42,260)                 |
|   | 579,423                     | 300,740                  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>587,823</b>              | <b>333,715</b>           |

**Nature and continuance of operations** (Note 1)  
**Subsequent events** (Note 10)

These condensed interim financial statements are authorized for issuance by the Board of Directors on December 21, 2018.

**On behalf of the Board of Directors:**

\_\_\_\_\_  
“Rajeev Bakshi”  
Director, CEO

\_\_\_\_\_  
“Kenneth A. Cawkell”  
Director, Secretary

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

**CRYSTAL BRIDGE ENTERPRISES INC.**  
**(A Capital Pool Company)**  
Condensed Interim Statements of Comprehensive Loss  
(Expressed in Canadian Dollars – Unaudited)

|   | <b>For the three<br/>months ended<br/>October 31, 2018</b> | <b>For the<br/>period from<br/>inception on<br/>November 15,<br/>2017 to<br/>July 31, 2018</b> |
|---|--|--|
|   | \$   | \$   |
| <b>EXPENSES</b>   |  |  |
| Advertising and promotion                                       | 407  | -  |
| Filing fees   | 2,626  | 5,250  |
| Insurance   | 2,250  | 2,250  |
| Office and general  | 1,160  | 210  |
| Professional fees (Note 7)                                      | 15,727   | 34,550   |
| Share based compensation (Note 7)                               | 21,409   | -  |
|   | <u>(43,579)</u>  | <u>(42,260)</u>  |
| Interest income   | 1,007  | -  |
| <b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>           | <b><u>(42,572)</u></b>                                     | <b><u>(42,260)</u></b>   |
| <b>BASIC AND DILUTED LOSS PER SHARE</b>                         | <b><u>(0.02)</u></b>                                       | <b><u>-</u></b>  |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES<br/>OUTSTANDING</b> | <b><u>1,902,283</u></b>                                    | <b><u>-</u></b>  |

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

**CRYSTAL BRIDGE ENTERPRISES INC.****(A Capital Pool Company)**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars – Unaudited)

|  | <b>For the three<br/>months ended<br/>October 31, 2018</b> | <b>For the<br/>period from<br/>inception on<br/>November 15,<br/>2017 to<br/>July 31, 2018</b> |
|--|--|--|
|  | \$   | \$   |
| <b>OPERATING ACTIVITIES</b>                |  |  |
| Net loss for the period                    | (42,572)   | (42,260)   |
| Adjustments for non-cash items:            |  |  |
| Share based compensation                   | 21,409   | -  |
| Changes in non-cash working capital items: |  |  |
| Prepaid expenses                           | 2,250  | (6,750)  |
| Accounts payable and accrued liabilities   | (24,575)   | 32,975   |
| Cash used in operating activities          | (43,488)   | (16,035)   |
| <b>FINANCING ACTIVITIES</b>                |  |  |
| Proceeds from share issuances              | 350,000  | 158,000  |
| Share issuance costs                       | (50,154)   | -  |
| Share subscriptions received               | -  | 185,000  |
| Cash provided by financing activities      | 299,846  | 343,000  |
| <b>NET CHANGE IN CASH</b>                  | <b>256,358</b>   | <b>326,965</b>   |
| <b>CASH, BEGINNING OF PERIOD</b>           | <b>326,965</b>   | <b>-</b>   |
| <b>CASH, END OF PERIOD</b>                 | <b>583,323</b>   | <b>326,965</b>   |
| <b>Supplemental Cash Flow Information:</b> |  |  |
| Interest paid in cash                      | -  | -  |
| Income taxes paid in cash                  | -  | -  |

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

**CRYSTAL BRIDGE ENTERPRISES INC.**

**(A Capital Pool Company)**

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars – Unaudited)

|                                   | Number of<br>Shares<br>Issued | Share<br>Capital<br>\$ | Reserves       |                        |               | Share<br>Subscription<br>s received<br>\$ | Accumulated<br>Deficit<br>\$ | Total<br>Shareholders'<br>Equity<br>\$ |
|-----------------------------------|-------------------------------|------------------------|----------------|------------------------|---------------|---|------------------------------|--|
|                                   |                               |                        | Warrants<br>\$ | Share<br>Options<br>\$ | Total<br>\$   |   |                              |  |
| <b>Balance, November 15, 2017</b> | -                             | -                      | -              | -                      | -             | -   | -                            | -                                      |
| Issuance of common shares         | 3,160,000                     | 158,000                | -              | -                      | -             | 185,000                                   | -                            | 343,000                                |
| Comprehensive loss for the period | -                             | -                      | -              | -                      | -             | -   | (42,260)                     | (42,260)                               |
| <b>Balance, July 31, 2018</b>     | <b>3,160,000</b>              | <b>158,000</b>         | -              | -                      | -             | <b>185,000</b>                            | <b>(42,260)</b>              | <b>300,740</b>                         |
| Proceeds from share issuances     | 3,550,000                     | 535,000                | -              | -                      | -             | (185,000)                                 | -                            | 350,000                                |
| Share issuance costs              | -                             | (59,898)               | 9,744          | -                      | 9,744         | -   | -                            | (50,154)                               |
| Stock options granted             | -                             | -                      | -              | 21,409                 | 21,409        | -   | -                            | 21,409                                 |
| Comprehensive loss for the period | -                             | -                      | -              | -                      | -             | -   | (42,572)                     | (42,572)                               |
| <b>Balance, October 31, 2018</b>  | <b>6,710,000</b>              | <b>633,102</b>         | <b>9,744</b>   | <b>21,409</b>          | <b>31,153</b> | -   | <b>(84,832)</b>              | <b>579,423</b>                         |

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

## **CRYSTAL BRIDGE ENTERPRISES INC.**

### **(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Crystal Bridge Enterprises Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. On September 18, 2018, the Company completed its Initial Public Offering (the “Offering”) to be classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. On September 21, 2018, the Company began trading its shares on the TSX-V under the trading symbol “CRYS”. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (the “Qualifying Transaction” (“QT”)).

The Company’s head office, principal address and registered and records office is located at 439 Helmcken Street, Vancouver, British Columbia, Canada, V6B 2E6.

These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues to date and is currently unable to self-finance any future operations. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management believes the Company has sufficient working capital to maintain its activities for the upcoming fiscal year.

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed interim financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

The Company has not generated revenues from its operations to date. As at October 31, 2018, the Company has accumulated net losses of \$84,832 since inception and has working capital of \$579,423. Its continued existence will be dependent on equity financing on terms which are acceptable to the Company.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies used in the preparation of these condensed interim financial statements.

##### **Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the period from inception on November 15, 2017 to July 31, 2018.



## **CRYSTAL BRIDGE ENTERPRISES INC.**

### **(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Basis of presentation**

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the period from inception on November 15, 2017 to July 31, 2018, except for the following:

#### Financial instruments

On August 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

### **Significant estimates and judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. These condensed interim financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's condensed interim financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

## CRYSTAL BRIDGE ENTERPRISES INC.

### (A Capital Pool Company)

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

#### Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

As at October 31, 2018 and July 31, 2018, the Company does not have any derivative financial liabilities.

## CRYSTAL BRIDGE ENTERPRISES INC.

### (A Capital Pool Company)

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Accounting pronouncements not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company is evaluating any impact the standards noted below may have on the Company's condensed interim financial statements:

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's condensed interim financial statements

## 3. CASH

|                    | October 31,<br>2018 | July 31,<br>2018 |
|--------------------|---------------------|------------------|
|                    | \$                  | \$               |
| Cash               | 580,904             | 132,525          |
| Cash held in trust | 2,419               | 194,440          |
|                    | <b>583,323</b>      | <b>326,965</b>   |

## 4. ACCOUNTS PAYABLE

|                        | October 31,<br>2018 | July 31,<br>2018 |
|------------------------|---------------------|------------------|
|                        | \$                  | \$               |
| Trade accounts payable | 5,775               | 1,575            |
| Accrued liabilities    | 2,625               | 31,400           |
|                        | <b>8,400</b>        | <b>32,975</b>    |

## 5. SHARE CAPITAL

### Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

### Issued Shares

*During the three months ended October 31, 2018:*

On September 18, 2018, the Company completed its Initial Public Offering ("IPO") of 2,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$200,000 pursuant to a prospectus dated August 31, 2018. The Company's agent engaged in connection with the IPO was paid a commission of \$16,000, a Corporate Finance Fee of \$10,500, and reimbursed for its expenses of \$15,229 incurred pursuant to the IPO. The Company also granted 160,000 non-transferable warrants to its agents with an exercise price of \$0.10 per share for a period of 24 months. The agents' warrants were valued at \$9,744.

## **CRYSTAL BRIDGE ENTERPRISES INC.**

### **(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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## **5. SHARE CAPITAL (continued)**

### **Issued Shares (continued)**

On September 18, 2018, the Company completed a non-brokered private placement of 3,350,000 common shares at a price of \$0.10 per share for gross proceeds of \$335,000.

*During the period from inception on November 15, 2017 to July 31, 2018:*

During the period ended July 31, 2018, the Company issued 3,160,000 common shares at a price of \$0.05 per share for gross proceeds of \$158,000.

### **Escrow Shares**

As at October 31, 2018, the Company has 4,440,000 shares subject to escrow restrictions. The escrowed shares will be released from escrow in tranches over 36 months from the Company completing a QT.

### **Basic and Diluted Loss per Share**

The calculation of basic and diluted loss per share for the three months ended October 31, 2018 was based on the loss attributable to common shareholders of \$42,572 and the weighted average number of common shares outstanding of 1,902,283.

Diluted loss per share did not include the effect of 4,440,000 escrowed shares which are contingently returnable, or the 815,000 outstanding stock options, and 160,000 outstanding warrants as the effect would be anti-dilutive.

### **Share Subscriptions**

As at July 31, 2018, the Company received \$185,000 in share subscription deposits relating to the private placement which closed on September 18, 2018. As at October 31, 2018, the Company had no share subscriptions outstanding.

## **6. RESERVES**

### **Stock Options**

The Company established a Stock Option Plan for its directors, officers, employees and consultants under which the Board of Directors of the Company may grant non-transferable stock options totalling in aggregate up to 10% of the Company's issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant, and at an exercise price which is not less than that permitted by the TSX-V.

On September 21, 2018, the Company granted 850,000 stock options to directors and officers of the Company at an exercise price of \$0.10 per option for a period of five years, vesting as follows: 1/4 on the date of grant, 1/4 on the first anniversary, 1/4 on the second anniversary, and 1/4 on the third anniversary. The options were valued at \$71,315, of which \$21,409 was recognized during the three months ended October 31, 2018, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.19%, volatility of 100%, and nil forecasted dividend yield.

**CRYSTAL BRIDGE ENTERPRISES INC.****(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

**6. RESERVES (continued)****Stock Options (continued)**

A summary of the stock option activities is as follows:

|                                  | Number of options | Weighted average<br>exercise price |
|----------------------------------|-------------------|------------------------------------|
|                                  |                   | \$                                 |
| <b>Balance, July 31, 2018</b>    | -                 | -                                  |
| Granted                          | 850,000           | 0.10                               |
| <b>Balance, October 31, 2018</b> | <b>850,000</b>    | <b>0.10</b>                        |

A summary of the stock options outstanding and exercisable at October 31, 2018 is as follows:

| Exercise Price | Number Outstanding | Number Exercisable | Expiry Date        |
|----------------|--------------------|--------------------|--------------------|
| \$             |                    |                    |                    |
| 0.10           | 850,000            | 212,500            | September 21, 2023 |

The weighted average life of the outstanding stock options is 4.90 years.

**Warrants**

On September 21, 2018, 160,000 agents' warrants were issued in connection with the IPO. Each agents' warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 for a period of two years from closing. The warrants were valued at \$9,744 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 2.19%, volatility of 100%, and nil forecasted dividend yield.

A summary of share purchase warrant activities is as follows:

|                                  | Number of warrants | Weighted average<br>exercise price |
|----------------------------------|--------------------|------------------------------------|
|                                  | #                  | \$                                 |
| <b>Balance, July 31, 2018</b>    | -                  | -                                  |
| Issued                           | 160,000            | 0.10                               |
| <b>Balance, October 31, 2018</b> | <b>160,000</b>     | <b>0.10</b>                        |

A summary of the warrants outstanding and exercisable at October 31, 2018 is as follows:

| Exercise Price | Number Outstanding | Expiry Date        |
|----------------|--------------------|--------------------|
| \$             |                    |                    |
| 0.10           | 160,000            | September 21, 2020 |

The weighted average life of the outstanding warrants is 1.90 years.

## CRYSTAL BRIDGE ENTERPRISES INC.

### (A Capital Pool Company)

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

## 7. RELATED PARTY TRANSACTIONS AND BALANCES

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Summary of key management personnel compensation:

|                          | <b>For the three<br/>months ended<br/>October 31,<br/>2018</b> | <b>For the period<br/>from inception<br/>on November<br/>15, 2017 to July<br/>31, 2018</b> |
|--------------------------|--|--|
|                          | \$   | \$   |
| Professional fees        | 10,369   | 22,000   |
| Share based compensation | 21,409   | -  |
|                          | <b>31,778</b>  | <b>22,000</b>  |

During the three months ended October 31, 2018, the following related party transactions occurred:

- Paid or incurred \$10,369 (July 31, 2018 - \$22,000) in legal fees from a legal firm controlled by a director of the Company.

As at October 31, 2018, the Company owes \$125 (July 31, 2018 – \$nil) to the President and CEO of the Company for expense reimbursement which is included in accounts payable and accrued liabilities.

## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable approximates their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

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:

(a) **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 account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

## CRYSTAL BRIDGE ENTERPRISES INC.

### (A Capital Pool Company)

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) **Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) **Market risk:**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) **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 exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

## 9. CAPITAL DISCLOSURE AND MANAGEMENT

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 will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company will be subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

- (a) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;
- (b) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
- (c) No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;
- (d) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the three months ended October 31, 2018.

**CRYSTAL BRIDGE ENTERPRISES INC.**

**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three months ended October 31, 2018

(Expressed in Canadian Dollars – Unaudited)

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**10. SUBSEQUENT EVENTS**

On November 5, 2018, the Company completed a private placement of 3,200,000 common shares at a price of \$0.11 per share for gross proceeds of \$352,000. The Company's agent engaged in connection with the private placement was paid a commission of \$28,160 and reimbursed for its expenses of \$6,000. All securities issued in connection with the private placement are subject to a statutory hold period until March 3, 2019 in accordance with applicable securities laws.