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FOR IMMEDIATE RELEASE

CLIFFSIDE CAPITAL LTD. ANNOUNCES PROPOSED QUALIFYING TRANSACTION

February 23, 2016 – Cliffside Capital Ltd. (the “**Company**”), a capital pool company listed on the TSX Venture Exchange (the “**Exchange**”), is pleased to announce it has entered into a letter of intent dated February 23, 2016 (the “**LOI**”) with AutoCapital Canada Management Inc. (“**ACCMI**”).

The LOI with ACCMI outlines the principal terms and conditions of a proposed transaction that will result in the Company acquiring from ACCMI an 85% limited partnership interest in new Ontario limited partnership (the “**New LP**”) holding approximately \$3.5 million aggregate principal amount of automobile loans to be originated and serviced in Canada. The LOI will be superseded by definitive documentation between the Company and ACCMI that includes customary representations, warranties conditions and covenants for transactions of this nature. Subject to the approval of the Exchange, this proposed transaction will constitute the Company’s Qualifying Transaction (the “**QT**”) under Exchange Policy 2.4 – *Capital Pool Companies* (the “**CPC Policy**”). The Company intends to list its common shares on the Exchange as a Tier 2 Investment Issuer upon completion of the proposed QT.

In connection with the announcement of the LOI, which is deemed an Agreement in Principle for the Company’s QT, trading in the common shares of the Company has been halted pursuant to Exchange policies. Trading will remain halted until, among other things, the Company completes certain regulatory filings in connection with the proposed QT with the Exchange.

The QT

Pursuant to the LOI, ACCMI will form the New LP and originate automobile loans in Canada, with an aggregate principal balance of approximately \$3.5 million, to and into the New LP on a fully-serviced basis. For the QT, the Company will acquire from ACCMI an 85% limited partnership interest in the New LP in consideration for cash, based on the book value of the loans held by the New LP at cost, with ACCMI retaining a 15% limited partnership interest in the New LP. It is expected that the New LP will have automobile loans in Canada with aggregate book value of approximately \$3.5 million and that the Company will pay, from cash on hand, \$3.0 million cash for an 85% limited partnership interest in the New LP. The automobile loans will continue to be serviced by ACCMI or an affiliate thereof, through a service agreement arrangement between the New LP and ACCMI, on customary market terms.

Upon completion of the QT, the Company will have an 85% limited partnership interest in the New LP and will focus its business on purchasing loans and other similar financial assets from third parties who have specialized expertise and proven track record in originating and servicing these types of assets. The Company’s strategy is to generate revenue as a passive investor of loans and other similar assets, affording its shareholders an opportunity to invest in the growing alternative lending sector with potentials for attractive dividend yield and minimal operational risk while earning a reliable total return.

It is currently anticipated that four of the five current directors of the Company will remain with the Company upon completion of the QT and the Company intends to recruit an additional independent director to serve on the Company’s board upon completion of the proposed QT. Currently, it is anticipated that the following directors of the Company will continue to serve upon completion of the proposed QT: Michael Stein (Chair), Mark Newman, Keith L. Ray and Adam Paul. The backgrounds of the four continuing directors of the Company are contained in the Company’s management information circular dated May 22, 2015 which is available on SEDAR at www.sedar.com.

Due to the anticipated nature of its operations upon completion of the QT, the Company intends to initially outsource much of its management and administrative processes. The Company intends to enter into an asset management agreement for these services on market terms.

Completion of the QT is subject to completion and execution of all definitive transaction documents (including accuracy of representations and warranties, compliance of covenants and satisfaction of customary conditions) and receipt of all requisite approvals and consents for the QT including without limitation completion of due diligence by the Company, approval by the Exchange for the QT, approval by the board of directors and by the shareholders of the Company, as well as receipt of all other necessary regulatory, corporate and third party approvals and other conditions precedent customary for a transaction such as the proposed QT. There can be no assurance that the proposed QT will be completed as proposed or at all.

ACCMI

ACCMI is a private Canadian corporation that is in the business of originating consumer loans secured by automobiles and trucks and providing post-closing loan servicing services. This secured automotive consumer loans market is a well-established one in Canada, the U.S. and Australia, with established market terms and arrangements. The 'prime' market for this business is typically dominated by banks and large financial institutions, with non-financial institutions participating in the 'off prime' market.

To originate loans, ACCMI seeks out and enters into strategic partnerships with automotive dealers across Canada. As is customary for the type of business, ACCMI develops and implements the financing solutions for the dealers and allowing the dealers to offer them to the dealers' customers, the retail automobile and truck buyers. ACCMI also adjudicates, funds, services and collects on the loans over their life. ACCMI's business also provides similar financing services to Schedule 1 banks and financial institutions in Canada, for loans that such banks and financial institutions will be funding directly for their own balance sheets.

Funding for ACCMI's loan origination activities have historically come from Canadian Schedule I banks and equity provided by ACCMI's sponsors and shareholders. ACCMI generally receives an upfront loan premium and in some cases, ACCMI may also earn performance fees.

The Chairman and a current Control Person (as defined in Exchange Policies) of the Company currently controls indirectly 50% of ACCMI and is also the Chairman and a director of ACCMI. The other 50% of ACCMI is controlled indirectly by a third party unrelated to the Company (who is also a director and the CEO of ACCMI) and who owns less than 1% of the Company.

New LP

The New LP will be a limited partnership to be formed by ACCMI. Pursuant to the LOI, ACCMI will originate automobile loans, with an aggregate principal balance of approximately \$3.5 million, to and into the New LP on a fully-serviced basis.

Non-Arm's Length Qualifying Transaction

Michael Stein, of Toronto, Ontario, is the Chairman of the Company and holds 11,562,500 shares of the Company, representing 21.02% of the issued and outstanding shares of the Company, as stated in the Company's management information circular dated May 22, 2015 which is available on SEDAR at www.sedar.com. The Chairman of the Company also currently controls indirectly 50%, and is also the Chairman and a director, of ACCMI, the counterparty of the proposed QT. Accordingly, the proposed

QT constitutes a “Non-Arm’s Length Qualifying Transaction” within the meaning of Exchange Policy 2.4 and, as such, Majority of the Minority Approval (as defined in Exchange Policy 2.4) is required to approve the proposed QT.

Majority of the Minority Approval means the approval of the proposed QT by the majority of the votes cast by shareholders of the Company, other than:

- (a) Non-Arm's Length Parties to the Company, which includes any director or officer of the Company, any person who controls more than 10% of the Company’s shares, or any affiliate or associate of any such person(s);
- (b) Non-Arm's Length Parties to the QT, including any director or officer of ACCMI, any person who controls more than 10% of ACCMI, or any affiliate or associate of any such person(s).

The proposed QT also constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* (“**MI 61-101**”). As the Company’s common shares are only listed on the Exchange, the Company intends to rely on an exemption to the formal valuation requirement of MI 61-101. For greater certainty, the proposed QT will remain subject to the Majority of the Minority Approval requirement of the Exchange, as outlined above.

Sponsorship

Sponsorship of a Qualifying Transaction of a Capital Pool Company is required by the Exchange unless exempt in accordance with the Exchange policies. The Company intends to apply for a waiver of the sponsorship requirement for the proposed QT.

Completion of the proposed QT is subject to a number of conditions, including but not limited to, Exchange acceptance and, if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the proposed QT cannot close until the required approval is obtained. There can be no assurance that the proposed QT will be completed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the proposed QT, any information released or received with respect to the QT may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: *This news release includes certain “forward-looking statements” under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions, timing, status and/or completion of the proposed QT; use of funds; and the business and operations of the Company, ACCMI, the New LP before and/or after completion of the proposed QT. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive board, shareholder or regulatory approvals; the results of operations; potential for conflicts of interests; as well as volatility of the Company’s common share price and volume. There can be no assurance that such statements will prove to be accurate or complete, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company, ACCMI and the New LP each disclaims any intention or obligation to update*

or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The Exchange Inc. has in no way passed upon the merits of the proposed QT and has neither approved nor disapproved the contents of this press release. Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this press release.

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