

**Cervantes Capital Corp.**  
**Condensed Consolidated Interim Financial Statements**  
**Period Ended May 31, 2017**  
**(Unaudited- prepared by management)**

**(Expressed in Canadian Dollars)**

These unaudited condensed consolidated interim financial statements of Cervantes Capital Corp. for the period ended May 31, 2017 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

Cervantes Capital Corp.  
Condensed consolidated interim statement of financial position  
As at  
(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)

	Note	May 31, 2017	November 30, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 17,498	\$ -
GST receivable		445	-
<b>TOTAL ASSETS</b>		<b>\$ 17,943</b>	<b>\$ -</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 4,643	\$ 4,682
Accrued liabilities		3,000	3,000
Loans payable	4	-	-
<b>TOTAL LIABILITIES</b>		<b>\$ 7,643</b>	<b>\$ 7,682</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	141,000	26,000
Deficit		(130,700)	(33,682)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>10,300</b>	<b>(7,682)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 17,943</b>	<b>\$ -</b>

**Nature and continuance of operations (Note 1)**

Approved on behalf of the Board:

*"Marcelin O'Neill"*

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Marcelin O'Neill, Director

*"Ann-Marie Cederholm"*

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Ann-Marie Cederholm, Director

See accompanying notes to the condensed consolidated interim financial statements

Cervantes Capital Corp.  
Condensed consolidated interim statements of comprehensive loss  
(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)

	<b>Three months ended May 31, 2017</b>	<b>Three months ended May 31, 2016</b>	<b>Six months ended May 31, 2017</b>	<b>Six months ended May 31, 2016</b>
<b>Expenses</b>				
Consulting	\$ 79,000	\$ -	\$ 79,000	\$ -
Director fees	6,000	-	6,000	-
Office and miscellaneous	1,871	18	\$ 1,911	45
Professional fees (recovery)	(1,650)	-	5,172	-
Transfer Agent	3,062	-	4,935	-
<b>Comprehensive loss for the year</b>	<b>\$ (88,283)</b>	<b>\$ (18)</b>	<b>\$ (97,018)</b>	<b>\$ (45)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.07)</b>	<b>\$ (0.00)</b>	<b>\$ (0.08)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>1,310,100</b>	<b>397,600</b>	<b>1,155,567</b>	<b>397,600</b>

See accompanying notes to the condensed consolidated interim financial statements

Cervantes Capital Corp.  
Condensed consolidated interim statement of changes in shareholders' equity  
(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)

	Share capital		Deficit	Total	
	Note	Number of shares			Amount
<b>Balance at November 30, 2015</b>		<b>397,600</b>	<b>11,000</b>	<b>(25,384)</b>	<b>(14,384)</b>
Comprehensive loss for the period		-	-	(45)	(45)
<b>Balance at February 29, 2016</b>		<b>397,600</b>	<b>11,000</b>	<b>(25,429)</b>	<b>(14,429)</b>
Comprehensive loss for the period		-	-	(8,253)	(8,253)
Shares issued to settle debt	6	600,000	15,000	-	15,000
Balance at November 30, 2016		997,600	\$ 26,000	\$ (33,682)	\$ (7,682)
Shares issued to settle debt	6	5,750,000	115,000	-	115,000
Comprehensive loss for the period		-	-	(97,018)	(97,018)
<b>Balance at February 28, 2017</b>		<b>6,747,600</b>	<b>\$ 141,000</b>	<b>\$ (42,417)</b>	<b>\$ 10,300</b>

See accompanying notes to the condensed consolidated interim financial statements

Cervantes Capital Corp.  
Condensed consolidated interim statements of cash flows  
Six months ended May 31,  
(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)

	2017	2016
<b>Operating activities</b>		
Comprehensive loss for the year	\$ (97,018)	\$ (45)
Items not affecting cash		
Consulting fees	79,000	-
Director fees	6,000	-
Changes in non-cash working capital items:		
Increase in GST receivable	(445)	-
Increase in accounts payable	(39)	-
Increase in accrued liabilities	-	-
<b>Net cash flows used in operating activities</b>	<b>(12,502)</b>	<b>(45)</b>
<b>Financing activities</b>		
Loan proceeds received	30,000	-
<b>Net cash flows from financing activities</b>	<b>30,000</b>	<b>-</b>
Increase (decrease) in cash	17,498	(45)
Cash, beginning of year	-	44
<b>Cash, end of year</b>	<b>\$ 17,498</b>	<b>\$ (1)</b>

During the six months ended May 31, 2017, the Company issued 5,750,000 common shares to settle loans received and accounts payable and accrued liabilities totaling \$115,000.

During the six months ended May 31, 2016, there were no non-cash transactions.

Cervantes Capital Corp.  
Notes to the condensed consolidated interim financial statements  
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## **1. Nature and continuance of operations**

Cervantes Capital Corp. (the “Company”) was incorporated on October 26, 2014, under the laws of the province of British Columbia, Canada. The Company intends to be a business development services company. It plans to provide business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public.

The head office, principal address, records office and registered address of the Company are located at 510 – 744 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1A1.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at May 31, 2017 the Company had working capital of \$9,850 and accumulated losses of \$130,700. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or profits from its business activities.

## **2. Significant accounting policies**

### ***Basis of presentation***

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, “IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue on April 30, 2017 by the directors of the Company.

### ***Significant estimates and assumptions***

The preparation of the Company’s financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

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## 2. Significant accounting policies (cont'd)

### ***Significant judgments***

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 in applying the Company's 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 a significant uncertainty

### ***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

### ***Financial instruments***

The Company classifies its financial instruments in the following categories: loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its cash as loans and receivables.

Non-derivative financial liabilities (excluding financial guarantees) classified as other financial liabilities are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset. Other financial liabilities include accounts payable and loans payable.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company does not have any derivative financial assets or liabilities.

### ***Income taxes***

#### **Current income tax:**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.



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## 2. Significant accounting policies (cont'd)

### Current income tax: (cont'd)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### ***New accounting standards issued but not yet effective***

#### (i) New standard IFRS 9 “Financial Instruments”:

This new standard is a partial replacement of International Accounting Standard (“IAS”) 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of IFRS 9 is annual periods beginning on or after January 1, 2018.

The Company has not early adopted this new standard and does not expect it to have a material effect on the Company’s future results and financial operations.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

## 3. Plans of Arrangement

On October 29, 2014, the Company entered into an Arrangement Agreement with Riske Capital Corp. (“Riske”). Riske is a reporting issuer in the provinces of Alberta and British Columbia.

On December 3, 2014, the shareholders of the Company, and Riske, executed the Arrangement which included the following:

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### 3. Plans of Arrangement (cont'd)

- a) Riske transferred \$1,000 of cash and a Letter of Intent (“LOI”) to the Company (LOI subsequently cancelled March 1, 2015) in exchange for 396,600 common shares of the Company;
- b) Riske distributed the 396,600 common shares of the Company to its shareholders; and
- c) The Company became a reporting issuer in British Columbia and Alberta on December 3, 2014.

On April 14, 2015, the Company, Anterior Education Holdings Ltd. (a newly formed subsidiary of the Company) (“Anterior”) and BHR Capital Corp. (“BHR”) entered into an Arrangement Agreement.

On April 30, 2015, the shareholders of the Company, Anterior and BHR executed the Arrangement Agreement which included the following:

- a) BHR purchased all 10,000 of Anterior’s issued shares from the Company for \$10,000;
- b) The Company issued 1,000 of its common shares in exchange for 396,600 common shares of Anterior; and
- c) The Company distributed 396,600 shares of Anterior to its shareholders resulting in Anterior becoming a stand alone reporting issuer in British Columbia and Alberta.

As the substance of this Arrangement Agreement is a spin out of Anterior to the shareholders of the Company, no gain was recorded on the sale of Anterior to BHR. The \$10,000 received from the sale of the 10,000 Anterior shares was recorded as proceeds on the issuance of the 1,000 shares of the Company issued to Anterior. The distribution of the Anterior shares to the shareholders of the Company was recorded at \$0, the carrying and fair value of the Company’s investment in Anterior.

### 4. Related party transactions and balances

During the six months ended May 31, 2016, the Company accrued consulting fees of \$76,000, director fees of \$6,000 and professional fees of \$1,500 to directors of the Company.

As at May 31, 2017, there was \$Nil (February 29, 2016: \$9,575) of loans payable owing to a director and officer of the Company. The balance is unsecured, due on demand and is non-interest bearing.

### 5. Share capital

#### ***Authorized share capital***

Unlimited number of common shares without par value.

#### ***Issued share capital***

At May 31, 2017 there were 6,747,600 issued and fully paid common shares.

#### ***Share issuances***

On October 26, 2014, the Company issued one common share for proceeds of \$1. This share was cancelled on February 20, 2015.

**5. Share capital (cont'd)**

On February 20, 2015, pursuant to a Plan of Arrangement (Note 3), the Company issued 396,600 common shares in exchange for \$1,000 cash and the acquisition of an LOI with a fair value of \$0. The common shares were recorded at \$1,000 which is equal to the fair value of the cash proceeds received.

On April 14, 2015, pursuant to a Plan of Arrangement, (Note 3) the Company issued 1,000 common shares for cash proceeds of \$10,000.

On August 5, 2016 the Company issued 600,000 common shares with a fair value of \$15,000 to settle loans payable of \$15,575. A resulting gain on debt settlement of \$575 was recognized.

On May 26, 2017, the Company issued 5,750,000 common shares with a fair value of \$115,000 to settle loans and accounts payable of \$115,000. There was no gain or loss on settlement of debt.

**6. Financial risk and capital management**

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 cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed 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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

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**6. Financial risk and capital management (cont'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. As at February 28, 2017, the Company did not have any financial instruments subject to interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.