Cervantes Capital Corp.

Financial Statements

Year Ended November 30, 2017

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cervantes Capital Corp.:

We have audited the accompanying financial statements of Cervantes Capital Corp., which comprise of the statements of financial position as at November 30, 2017 and 2016, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cervantes Capital Corp. as at November 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Cervantes Capital Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
March 13, 2018

(Expressed in Canadian Dollars)

	Notes		November 30, 2017		November 30, 2016
ASSETS					
Current assets					
Cash		$	6,072	$	-
GST receivable			1,950		-
TOTAL ASSETS		**$**	**8,022**	**$**	**-**
LIABILITIES					
Current liabilities					
Accounts payable	3,4	$	20,398	$	4,682
Accrued liabilities	3		3,500		3,000
TOTAL LIABILITIES		**$**	**23,898**	**$**	**7,682**
SHAREHOLDERS' EQUITY					
Share capital	5		194,750		26,000
Deficit			(210,626)		(33,682)
TOTAL SHAREHOLDERS' EQUITY			**(15,876)**		**(7,682)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**8,022**	**$**	**-**

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Joel Dumaresq" *"Eugene Beukman"*

Joel Dumaresq, Director Eugene Beukman, Director

(Expressed in Canadian Dollars)

	Notes	Year ended November 30, 2017	Year ended November 30, 2016
Expenses			
Consulting fees	4,5	$ 120,000	$ -
Director fees	4	6,000	-
Office and miscellaneous		4,581	1,230
Professional fees		7,086	6,856
Rent		1,000	-
Transfer Agent		9,527	787
Total Expenses		(148,194)	(8,873)
Other Items			
Gain (Loss) on shares for debt	5	(28,750)	575
Loss and comprehensive loss for the year		**$ (176,944)**	**$ (8,298)**
Loss per share – basic and diluted		**$ (0.04)**	**$ (0.01)**
Weighted average number of common shares outstanding		**4,057,874**	**589,929**

Cervantes Capital Corp.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share capital			
	Note	Number of shares	Amount	Deficit	Total
Balance at November 30, 2015		**397,600**	**11,000**	**(25,384)**	**(14,384)**
Comprehensive loss for the year		-	-	(8,298)	(8,298)
Shares issued to settle debt	5	600,000	15,000	-	15,000
Balance at November 30, 2016		**997,600**	**26,000**	**(33,682)**	**(7,682)**
Comprehensive loss for the year		-	-	(176,944)	(176,944)
Shares issued to settle debt	5	5,750,000	143,750	-	143,750
Consulting fee shares	5	1,000,000	25,000	-	25,000
Balance at November 30, 2017		**7,747,600**	**$ 194,750**	**$ (210,626)**	**$ (15,876)**

(Expressed in Canadian Dollars)

	Year ended November 30, 2017	Year ended November 30, 2016
Operating activities		
Comprehensive loss for the year	$ (176,944)	$ (8,298)
Non-cash items:		
(Gain) Loss on shares for debt	28,750	(575)
Consulting fee shares issued	25,000	-
Changes in non-cash working capital items:		
Decrease (increase) in other receivable	(1,950)	1,147
Increase in accounts payable	130,716	4,682
Increase in accrued liabilities	500	3,000
Net cash flows from (used) in operating activities	6,072	(44)
Increase (decrease) in cash	6,072	(44)
Cash, beginning of year	-	44
Cash, end of year	**$ 6,072**	**$ -**

During the years ended November 30, 2017 and 2016, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	Year ended November 30, 2017	Year ended November 30, 2016
Fair value of shares issued to settle debt (Note 5)	$ 143,750	$ 15,000

The accompanying notes are an integral part of these financial statements

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 Company has its administration office at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada, 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 November 30, 2017 the Company had a working capital deficiency of $15,876 and accumulated losses of $210,626. 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 audited annual financial statements were approved and authorized for issue on March 13, 2018 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.

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.

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.

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

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2018. The Company determined that there is no impact of the adoption of this standard on its financial statements.

IFRS 15 – Revenue from contracts with customers On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted

IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian Dollars)

2. Significant accounting policies (cont'd)

New accounting standards issued but not yet effective (continued)

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. Accounts payable and accrued liabilities

	November 30, 2017	November 30, 2016
Accounts payable	$ 20,398	$ 4,682
Accrued liabilities	3,500	3,000
	$ 23,898	$ 7,682

Included in accounts payable are amounts totaling $16,800 (November 30, 2016 - $nil) due to related parties (Note 4).

4. Related party transactions and balances

During the year ended November 30, 2017, the Company incurred consulting fees of $92,000 (2016 - $nil) and director's fees of $6,000 (2016 - $nil) with directors and an officer of the Company.

As at November 30, 2017, there was $16,800 (November 30, 2016: $nil) included in accounts payable owing to a company controlled by an individual who is an officer and director of the Company. The balances are 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 November 30, 2017 there were 7,747,600 issued and fully paid common shares outstanding.

Share issuances for the year ended November 30, 2017

On October 25, 2017, the Company issued 1,000,000 common shares with a fair value of $25,000 as a finder's fee and accounted for as a consulting fee for work done.

On May 26, 2017 the Company issued 5,750,000 common shares with a fair value of $143,750 to settle loans payable of $115,000. A resulting loss on debt settlement of $28,750 was recognized. Of this issuance, 5,600,000 common shares were issued to related parties of the Company to settle loans payable of $112,000. A resulting loss on debt settlement of $28,000 related to the shares issued to related parties.

5. Share capital (cont'd)

Share issuances for the year ended November 30, 2016

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. Of this issuance, 368,860 common shares were issued to a related party of the Company to settle loans payable of $9,575. A resulting gain on debt settlement of $354 related to the shares issued to the related party.

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:

<u>Credit risk</u>
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.

<u>Liquidity risk</u>
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.

<u>Foreign exchange risk</u>
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.

<u>Interest rate risk</u>
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 November 30, 2017, the Company did not have any financial instruments subject to interest rate risk.

(Expressed in Canadian Dollars)

6. Financial risk and capital management (cont'd)

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.

7. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		November 30, 2017		**November 30, 2016**
Net loss before income taxes	$	(176,944)	$	(8,298)
Statutory tax rate		26%		26%
Expected income tax recovery at the statutory tax rate		(46,005)		(2,157)
Changes in valuation allowance		46,005		2,157
Income tax recovery	$	-	$	-

At November 30, 2017, the Company has non-capital losses of $210,626 (November 30, 2016: $33,682) which expire as follows: $25,384 in 2035 and $8,298 in 2036 and $176,944 in 2037. No deferred tax asset has been recognized in relation to these losses.