CERVANTES CAPITAL CORP.

Condensed Interim Financial Statements

(Unaudited – Expressed in Canadian Dollars)

For the six months ended May 31, 2018

Dated: July 27, 2018

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the six-month period ended May 31, 2018, compared to the six-month period ended May 31, 2017. This report prepared as at July 27, 2018 intends to complement and supplement our condensed interim financial statements as at May 31, 2018 which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended November 30, 2017, (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Cervantes", we mean Cervantes Capital Corp.*, as it may apply.*

OVERVIEW

Cervantes Capital Corp. (the "Company" or "Cervantes") was incorporated in British Columbia under the *Business Corporations Act* (British Columbia) on October 26, 2014 and is engaged in business development services. The Company is a reporting issuer in British Columbia and Alberta effective as of December 3, 2014. The Company's registered and records office is Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada.

Management is responsible for the preparation and integrity of the condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including condensed interim financial statements and MD&A, is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company is a business development services company. It provides 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.

RESULTS OF OPERATIONS

For the six-month period ended May 31, 2018 compared to the six-month period ended May 31, 2017

The Company recorded net loss of $13,478 for the six-month period ended May 31, 2018 compared to a net loss of $97,018 for the corresponding period in 2017 indicating an increase in loss of $83,540. Some of the significant charges to operations are as follows:

- Consulting fees of $1,250 (2017 - $79,000) indicating a decrease of $77,750 were incurred during the period. Consulting fees in the prior period were paid to the Company's former management.
- Director fees of $Nil (2017 - $6,000) were paid for director's services, indicating a decrease of $6,000 for the period, as directors were not remunerated.
- Rent of $6,000 (2017 - $Nil) were incurred during the period.

SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	May 31, 2018 $	Feb 28, 2018 $	Nov 30, 2017 $	Aug 31, 2017 $	May 31, 2017 $	Feb 28, 2017 $	Nov 30, 2016 $	Aug 31, 2016 $
Deficit and Cash Flow								
Net income (loss)	(5,728)	(7,750)	(55,314)	(24,612)	(88,283)	(8,736)	(1,411)	(6,842)
Basic and diluted gain (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.07)	(0.00)	(0.00)	(0.01)
Balance Sheet								
Total Assets	2,660	5,879	8,022	10,131	17,943	1,673	$Nil	1,488

There are no general trends regarding the Company's quarterly results and the Company's business is not seasonal, as it can develop and progress on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has engaged in new activities or abandoned any projects and these factors which may account for material variations in the Company's quarterly net income (losses) are not predictable.

EQUITY

There were no equity transactions during the six months ended May 31, 2018.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at May 31, 2018 the Company had a working capital deficit of $29,354 (November 30, 2017 - $15,876) which primarily consisted of cash of $2,169 (2017 - $6,072) and receivables of $491 (2016 - $1,950). Current liabilities, being accounts payable of $7,362 (2017 – 20,398) and accrued liabilities of $6,250 (2017 - $3,500), and a loan payable of $18,402 (2017 - $Nil).

Cash used in operating activities were $3,903 compared to $12,502 in 2017.

Cash provided by financing activities were $nil compared to $30,000 in 2017.

Other than the above mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has no assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Executive Officers of the Company are as follows:

Joel Dumaresq	Chief Executive Officer
Eugene Beukman	Chief Financial Officer

The Company incurred the following related party transactions, with associated persons or corporations, which were undertaken in the normal course of operations and were measured at the exchange amount as follows:

During the six-month period ended May 31, 2018, the Company incurred fees of $1,250 (2017 - $83,500) paid to a company controlled by the former CEO and president.

As at May 31, 2018, there was $18,402 (November 30, 2017 - $16,800) included in accounts payable owing to companies controlled by individuals who are officers and directors of the Company. All the balances are unsecured, due on demand and is non-interest bearing.

PROPOSED TRANSACTIONS

There are no specific proposed transactions as at the date of this MD&A.

FINANCIAL INSTRUMENTS AND RISKS

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.

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.

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 May 31, 2018, the Company did not have any financial instruments subject to interest rate risk.

Management of capital

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.

RISK FACTORS

Limited Operating History

Cervantes was incorporated in 2014. The Company is subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. The Company has incurred operating losses in recent periods. The Company may not be able to achieve profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

No Assurance of Profitability

The Company has no history of earnings and, due to the nature of its proposed business there can be no assurance that the Company will ever be profitable. The only present source of funds available to the Company is from loans (majority with related parties). While the Company may generate additional working capital through future equity offerings, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Financial Statements Prepared on a Going Concern Basis

The financial statements for the period ended February 28, 2018 have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company has incurred losses since inception and has no current source of revenue. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given the volatile and uncertain financial markets. The financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. At May 31, 2018, the Company had a deficit of $224,104 (November 30, 2017 - $210,626) and a working capital deficit of $29,354 (November 30, 2017 – $15,876).

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets may be materially less than the amounts recorded on the condensed interim statement of financial position.

Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it. Although the Company has issued equity securities in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of potential future projects with the possible loss of such projects.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop the Company business and manage its operations, and on the Company ability to attract and retain key quality staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified staff, as well as officers and directors can be intense, and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest

Certain of the Company directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company.

ADDITIONAL SHARE INFORMATION

As at July 27, 2018, the Company had 7,747,600 common shares issued and outstanding. The Company has no stock options or warrants outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of May 31, 2018 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.