CABERNET CAPITAL CORP.

Condensed Interim Financial Statements

October 31, 2017

Presented in Canadian dollars - Unaudited

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim 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 auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by the entity's auditor.

CABERNET CAPITAL CORP.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars – Unaudited)

	Note	October 31, 2017	July 31, 2017
Assets			
Current assets			
Cash		$ 74,612	$ 76,743
Total assets		$ 74,612	$ 76,743
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		$ 23,550	$ 6,666
Shareholders' equity			
Share capital	3	100,000	100,000
Deficit		(48,938)	(29,923)
Total shareholders' equity		51,062	70,077
Total liabilities and shareholders' equity		$ 74,612	$ 76,743

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Dorian Banks"
Dorian Banks, Director

"Melissa Bajic"
Melissa Bajic, Director

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

CABERNET CAPITAL CORP.

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars – Unaudited)

		Three Months Ended October 31, 2017
Administrative expenses		
General and administrative	$	862
Filing fees		294
Professional fees		17,859
Net and comprehensive loss	$	(19,015)
Weighted average number of outstanding shares (Note 3)		-
Basic and diluted loss per share (Note 3)		-

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

CABERNET CAPITAL CORP.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars – Unaudited)

		Share capital			
	Note	Number	Amount	Deficit	Total shareholders' equity
Balance at inception, March 24, 2017		-	$ -	$ -	$ -
Share issued for cash		1	1	-	1
Cancellation of share issued for cash		(1)	(1)	-	(1)
Shares issued for cash	3	2,000,000	100,000	-	100,000
Net and comprehensive loss		-	-	(29,923)	(29,923)
Balance, July 31, 2017		2,000,000	100,000	(29,923)	70,077
Net and comprehensive loss		-	-	(19,015)	(19,015)
Balance, October 31, 2017		2,000,000	$ 100,000	$ (48,938)	$ 51,062

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

CABERNET CAPITAL CORP.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars – Unaudited)

	Three Months Ended October 31, 2017
Cash provided by (used in):	
Operating activities	
Net loss	$ (19,015)
Changes in non-cash working capital item:	
Accounts payable	16,884
Cash used in operating activities	(2,131)
Increase in cash	(2,131)
Cash, beginning	76,743
Cash, ending	$ 74,612

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Cabernet Capital Corp. (the "Company") was incorporated in Canada under the British Columbia Business Corporations Act on March 24, 2017 and its head office is located at 221 West Esplanade, Suite 409, North Vancouver, British Columbia, V7M 3J3.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. As a CPC, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and $210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

The financial statements were approved by the board of directors on December 15, 2017.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the recognition of deferred income tax assets. Actual results may differ from these estimates. Significant areas requiring the use of judgment in applying the Company's accounting policies 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Accounting standards issued but not yet effective

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 Company has not early adopted this revised standard and does not expect they will 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. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of common shares without par value.

On July 31, 2017, the Company issued 2,000,000 common shares for proceeds of $100,000.

Loss per Share

Upon the Company completing its planned IPO, the common shares issued to the Company's founders will be subject to an escrow agreement and may be cancelled in the event that the Company is unable to complete its Qualifying Transaction within 24 months. Accordingly, these shares are accounted for as contingently returnable shares and excluded from the calculation of loss per share.

4. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair values

The fair values of cash and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

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.

Cash is measured at fair value using level 1 input.

5. FINANCIAL INSTRUMENTS AND RISKS (Continued)

(b) Interest rate

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 not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(c) 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 objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations. Liquidity risk is assessed as high.

(d) 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 exposure to credit risk is on its cash held in bank accounts. 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.

(e) 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's is not exposed to currency risk.

6. CAPITAL MANAGEMENT

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is subject to externally imposed capital requirements (Note 1).

7. SUBSEQUENT EVENTS

On November 9, 2017, the Company completed its IPO and issued 3,000,000 common shares at $0.10 per share for net proceeds of $255,625 after issuance costs. The Company also issued to the agent an option to acquire 150,000 common shares of the Company at a price of $0.10 per share, expiring November 9, 2019.

On November 9, 2017, the Company issued 500,000 stock options at a price of $0.10 per share, expiring November 9, 2027. The estimated fair value of the options was $44,835 which was determined using the Black-Scholes option pricing model with the following assumptions: an annualized volatility of 100%; an expected life of 10 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.93%.

On November 29, 2017, 71,250 warrants were exercised for proceeds of $7,125.

On December 13, 2017, the Company issued 20,000,000 shares at a price of $0.10 per share for proceeds of $2,000,000.