

**REBEL CAPITAL 2.0 CORP.**

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**SEPTEMBER 30, 2019**

**NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim condensed financial statements of Rebel Capital 2.0 Corp. 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

# REBEL CAPITAL 2.0 CORP.

## INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

<i>(Unaudited, expressed in Canadian Dollars)</i>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Current assets		
Cash	112,227	148,382
	<u>112,227</u>	<u>148,382</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accruals	21,716	21,930
<b>Shareholders' equity</b>		
Share capital (Note 3)	240,330	240,330
Contributed surplus (Note 3 & 4)	25,625	25,625
Deficit	(175,444)	(139,503)
	<u>90,511</u>	<u>126,452</u>
	<u>112,227</u>	<u>148,382</u>

*See accompanying notes to the interim condensed financial statements.*

**REBEL CAPITAL 2.0 CORP.**

## INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

<i>(Unaudited, expressed in Canadian Dollars)</i>	For the three months ended		For the nine months ended	
	2019	2018	2019	2018
<b>Expenses:</b>				
Legal and professional fees	13,623	25,605	35,862	48,334
Stock-based compensation expense	-	-	-	14,995
Finance costs	18	18	79	54
<b>Loss and comprehensive loss for the period</b>	<b>(13,641)</b>	<b>(25,623)</b>	<b>(35,941)</b>	<b>(63,383)</b>
Loss per share – basic and diluted	(0.01)	-	(0.02)	-
Weighted average number of common shares outstanding	2,000,000	-	2,000,000	-

*See accompanying notes to the interim condensed financial statements.*

## REBEL CAPITAL 2.0 CORP.

### INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*(Unaudited, expressed in Canadian Dollars)*

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total</b>
Balance at January 1, 2018	2,013,329	100,666	-	(26,004)	74,662
Stock-based compensation	-	-	14,995	-	14,995
Loss	-	-	-	(37,760)	(37,760)
<b>Balance at September 30, 2018</b>	<b>2,013,329</b>	<b>100,666</b>	<b>14,995</b>	<b>(63,764)</b>	<b>51,897</b>

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total</b>
Balance at January 1, 2019	4,013,329	240,330	25,625	(139,503)	126,452
Loss	-	-	-	(35,941)	(35,941)
<b>Balance at September 30, 2019</b>	<b>4,013,329</b>	<b>240,330</b>	<b>25,625</b>	<b>(175,444)</b>	<b>90,511</b>

*See accompanying notes to the interim condensed financial statements.*

**REBEL CAPITAL 2.0 CORP.**

## INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30

<i>(Unaudited, expressed in Canadian Dollars)</i>	For the three months ended		For the nine months ended	
	2019	2018	2019	2018
<b>Cash flows related to the following activities:</b>				
<b>Operating activities</b>				
Loss for the period	(13,641)	(25,623)	(35,941)	(63,383)
Adjustments for:				
Stock-based compensation	-	-	-	14,995
Change in non-cash working capital	10,931	(1,959)	(214)	1,666
<b>Net change in cash</b>	<b>(2,710)</b>	<b>(27,582)</b>	<b>(36,155)</b>	<b>(46,722)</b>
Cash, beginning of period	114,937	43,336	148,382	62,476
<b>Cash, end of period</b>	<b>112,227</b>	<b>15,754</b>	<b>112,227</b>	<b>15,754</b>

*See accompanying notes to the interim condensed financial statements.*

REBEL CAPITAL 2.0 CORP.  
Notes to the Interim Condensed Financial Statements  
For the three and nine months ended September 30, 2019 (unaudited)

## **1. INCORPORATION**

Rebel Capital 2.0 Corp. (the "Company" or "Rebel") was incorporated under the laws of the Province of British Columbia on October 19, 2017. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange" or "TSXV") as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the Exchange. The principal business of the Company will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules. The address of the registered office is 1900, 885 West Georgia Street, Vancouver, BC.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These interim condensed financial statements follow the same accounting policies and method of computation as the Company's audited financial statements for the year ended December 31, 2018 (the "Audited Financial Statements"), with the exception of certain disclosures that are normally required to be included in audited financial statements which have been condensed or omitted. These interim condensed financial statements should be read in conjunction with the Company's Audited Financial Statements.

These unaudited interim condensed financial statements have been prepared on a going concern basis, under the historical cost convention, are stated in Canadian dollars, and were authorized for issue by the Board of Directors on November 12, 2019.

### **Use of estimates and judgments**

The preparation of 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, income and expenses. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Given the early stage of the Company there were no significant estimates or judgments made by management in the preparation of these financial statements.

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**Recent accounting pronouncements**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after January 1, 2019. The standards impacted that are applicable to the Company are as follows:

*IFRS 16: Leases*

On January 1, 2019, the Company adopted IFRS 16 “Leases” to replace the existing guidance of IAS 17 “Leases”. The standard establishes principles and disclosures related to the amount, timing and uncertainty of cash flows arising from a lease. Given that the Company has no leases, no adjustments were required from the adoption of this standard.

**3. SHARE CAPITAL**

**Common shares**

The Company has authorized an unlimited number of common shares to be issued.

	Common shares	Amount
<b>At incorporation</b>	-	\$ -
Shares issuance, private placement	2,013,329	100,666
<b>Balance, December 31, 2017</b>	2,013,329	100,666
Initial public offering	2,000,000	200,000
Share issue costs	-	(60,336)
<b>Balance, December 31, 2018 and September 30, 2019</b>	<b>4,013,329</b>	<b>\$ 240,330</b>

During 2017, the Company issued 2,013,329 common shares to Directors and Officers of the Company at a price of \$0.05 per share for total consideration of \$100,666.

Pursuant to a prospectus dated August 21, 2018 filed with the securities regulatory authorities in each of the Provinces of British Columbia, Alberta and Ontario and the Exchange and an agency agreement (the “Agency Agreement”) with Mackie Research Capital Corporation (the “Agent”), the Company completed the IPO of 2,000,000 common shares at \$0.10 per common share for gross proceeds of \$200,000 in November 2018.

Under the Agency Agreement, the Agent was granted options (the "Agent's Options") to acquire an additional number of common shares up to 10% of the number of common shares sold at a price of \$0.10 per share, exercisable for a period of 2 years from the date the common shares were first listed for trading on the Exchange (Note 4). The value of the warrants is included in the other transaction costs noted above.

Upon closing of the IPO, the 2,013,329 issued common shares are subject to a CPC escrow agreement pursuant to the requirements of the Exchange (the “Escrowed Shares”). Under the escrow agreement, 10% of the escrowed shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months 24 months, 30 months and 36 months following the Initial Release. The escrow agreement provides that holders of escrowed common shares shall not sell, transfer, assign, mortgage, enter into a derivative transaction concerning or otherwise deal in any way with their escrowed shares.

**Loss per share**

The basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. With the completion of the IPO, Escrowed Shares will be subject to the Escrow

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Agreement and may be cancelled in the event that the Corporation is unable to complete a qualifying transaction within the required time limits. Accordingly, these shares are accounted for as contingently returnable shares and excluded from the calculation of basic and diluted loss per share. For the periods ended September 30, 2018, there were no weighted average common shares as they were all contingently returnable shares. For the periods ended September 30, 2019, the weighted average number of common shares outstanding for purposes of calculating basic and diluted loss per share was 2,000,000 common shares. For purposes of the loss per share calculations for the periods ended September 30, 2019 and 2018, there is no difference between the basic loss per share and the diluted loss per share amounts as all instruments are anti-dilutive.

#### 4. SHARE-BASED PAYMENTS

##### Stock Options

On January 25, 2018, the Company adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and employees of and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant. However, for so long as the Company is a CPC under the policies of the Exchange, the aggregate number of common shares issuable upon exercise of all options granted under the stock option plan shall not exceed 10% of the common shares of the Company issued and outstanding at the closing of the Company's initial public offering. Options granted under the option plan may be exercisable for periods of up to 10 years from the date of grant. For so long as the Company is a CPC, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% and to all technical consultants will not exceed 2% of the common shares of the Company issued and outstanding at the closing of the Company's initial public offering. Options granted to the directors and officers of the Company while it is a CPC may be exercised during the greater of 12 months after the completion of the qualifying transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement is by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to the requirements of the Exchange under a CPC escrow agreement, as described previously.

On June 20, 2018, the Company granted options to its directors and officers entitling the purchase of 199,998 common shares at a per share price of \$0.10 per common share. The options are for a five-year term, expiring on June 20, 2023.

Options granted were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value with the following weighted average assumptions:

Expected forfeiture rate	0%
Risk-free interest rate	2.03%
Expected dividend yield	0%
Expected stock price volatility	100%
Expected option life	5 years
Fair value of options granted	\$0.075

During the nine months ended September 30, 2019, the Company recognized \$nil of stock-based compensation expense (September 30, 2018 - \$14,995).

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**Agent's Options**

The fair value of the Agent's Options is estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected forfeiture rate	0%
Risk-free interest rate	2.23%
Expected dividend yield	0%
Expected stock price volatility	100%
Expected option life	2 years
Fair value of Agent's Options granted	\$0.053

The share-based payment amount of \$10,630 for Agent's Options was included within share issue costs in association with the Offering finalized in November 2018, with the offset being included as contributed surplus.

**5. CAPITAL DISCLOSURES**

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

Pursuant to TSXV Policy 2.4, Capital Pool Companies, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that certain expenditures, in the case of the Corporation, not to exceed \$90,000, may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a qualifying transaction by the Corporation.

Certain expenditures as presented herein may fall outside of the scope of the allowable expenditures based on the facts and circumstances under which those expenditures were incurred. In 2018, an amount of approximately \$17,300 was paid in legal fees and TSXV filing fees associated with the preparation and filing of a waiver application required in conjunction with the completion of the IPO. Such waiver application is not customarily incurred as part of the CPC listing process. As well, approximately \$24,400 was incurred in 2017/2018 which related to fees paid to previous legal counsel for the CPC listing. However, due to unforeseen circumstances, former legal counsel was unable to complete the transaction and new legal counsel was engaged.

The Company is not subject to any other externally or internally imposed capital requirements at year end, other than the expenditure limits set under TSXV Policy 2.4, Capital Pool Companies, stated above.

**6. FINANCIAL INSTRUMENTS**

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

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**Fair value**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company's fair value measurements are classified as one of the following levels of the fair value hierarchy:

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash, accounts payable and accruals approximates their fair value due to the short-term maturities of these items.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Company's cash. The carrying amount of cash represent the maximum credit exposure to the Company. The Company held cash of \$112,227 at September 30, 2019 (December 31, 2018 - \$148,382). The Company manages credit exposure related to cash and cash equivalents by selecting financial institution counterparties with high credit ratings.

**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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has accounts payable and accruals of \$21,716 as at September 30, 2019 (December 31, 2018 - \$21,930) that are considered payable within the next year.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have significant exposure to these risks.

**7. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel include the Corporation's executive officers and directors.

There have been no transactions with related parties and no remuneration was paid to key management personnel during the nine months ended September 30, 2019 (September 30, 2018 - \$nil).

## **8. PROPOSED QUALIFYING TRANSACTION**

On September 30, 2019, the Company entered into a letter of intent (the "Letter of Intent") with Alzex BioMedical Inc. ("Alzex") dated in respect of a proposed transaction pursuant to which Alzex is expected to acquire Rebel by way of reverse takeover (the "Qualifying Transaction"). It is currently anticipated that the Qualifying Transaction will occur as a share exchange whereby all the issued and outstanding shares of Alzex will be exchanged for shares of Rebel on a one-for-one basis resulting in Alzex becoming a wholly-owned subsidiary of Rebel, the final structure of the Qualifying Transaction being subject to receipt of tax, corporate and securities law advice for both Rebel and Alzex. Upon completion of the Qualifying Transaction, the combined entity (the "Resulting Issuer") will continue to carry on the business of Alzex.

Alzex was incorporated under the laws of the Province of British Columbia. It is a collaboration of researchers and leading scientists that have developed an innovative therapeutic approach aimed at treating brain diseases by means of highly selective bio precursor drug. Alzex is headquartered in Vancouver, British Columbia with the research facilities located in Rouen, France.

The Letter of Intent contains a condition that prior to the execution of a definitive agreement, subject to the policies of the Exchange, Alzex may complete a financing of up to 10,000,000 units (the "Private Placement") at a price of \$0.25 per unit (the "Alzex Units"). Each Alzex Unit will consist of one Alzex common share ("Alzex Share") and one whole purchase warrant, each whole purchase warrant exercisable for one Alzex Share at a price of \$0.50. The proceeds of the Private Placement will be used for general working capital and future growth plans. The total shares, warrants, and other securities issued as part of the Qualifying Transaction is still to be determined as part of the pending definitive agreement being negotiated.

Completion of the Qualifying Transaction is subject to a number of conditions including, but not limited to, the satisfaction of the Corporation and Alzex in respect of the due diligence investigations to be undertaken by each party, the execution of a definitive agreement in respect of the Qualifying Transaction, closing conditions customary to transactions of the nature of the Qualifying Transaction, approvals of all regulatory bodies having jurisdiction in connection with the Qualifying Transaction, Exchange acceptance and, if required by the Exchange policies, majority of the minority shareholder approval. Where applicable, the Qualifying Transaction cannot close until the required shareholder approvals are obtained and there can be no assurance that the Qualifying Transaction will be completed as proposed or at all.