

**REBEL CAPITAL 2.0 CORP.**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2018**

**Introduction**

The following management's discussion and analysis ("**MD&A**") is dated April 30, 2019, unless otherwise indicated, and should be read in conjunction with the audited financial statements of Rebel Capital 2.0 Corp. (the "**Corporation**" or "**Rebel**") for the year ended December 31, 2018 as well as for the period from incorporation on October 19, 2017 to December 31, 2017 (the "**Audited Financial Statements**"), and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. The results presented for the year ended December 31, 2018 are not necessarily indicative of the results that may be expected for any future period.

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

**Overview**

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on October 19, 2017 and, subsequent to the completion of its initial public offering ("IPO") on November 21, 2018, is a Capital Pool Corporation ("**CPC**") as defined in the Policy 2.4 of the TSX Venture Exchange (the "**Exchange**" or the "**TSXV**") Corporate Finance Manual. The Corporation is authorized to issue an unlimited number of common shares ("**Common Shares**") and an unlimited number of preferred shares. The registered office of the Corporation is located at 3200, 650 West Georgia Street, Vancouver, BC.

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("**QT**"). Until the completion of a QT, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a QT. The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition

will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that the lesser of 30% of the gross proceeds (\$90,200) and \$210,000 may be used by the Corporation in respect of covering the prescribed costs of issuing the Common Shares and general administrative expenses of the Corporation. These restrictions apply until completion of the QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two (2) years from the date of listing of the Common Shares on the Exchange, being November 21, 2020.

There is no assurance that the Corporation 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 Corporation's shares for trading.

### **Initial Public Offering**

On November 21, 2018, the Corporation completed its IPO and issued 2,000,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds of \$200,000. Pursuant to an agency agreement dated August 16, 2018 (the "**Agency Agreement**") between the Corporation and Mackie Research Capital Corporation (the "**Agent**"), the Agent received a cash commission of \$20,000, a corporate finance fee of \$10,000 and an amount equal to the Agent's reasonable expenses. Effective November 21, 2018, the date that the Common Shares were listed for trading on the Exchange, the Corporation issued to the Agent options to purchase 200,000 Common Shares at an exercise price of \$0.10, exercisable until November 21, 2020 (the "**Agent's Option**"). The Corporation incurred total share issue costs of \$60,336, consisting of cash transaction costs of \$49,706 directly related to the Offering and \$10,630 for share-based payments related to the Agent's Options.

As a result of the closing of the IPO, the Company has 4,013,329 Common Shares issued and outstanding (2,013,329 of which are subject to escrow restrictions), 200,000 Common Shares reserved for issuance upon the exercise of the Agent's Options, and 199,998 Common Shares reserved for issuance upon the exercise of outstanding stock options.

After the completion of the IPO, Common Shares previously issued will be subject to an escrow agreement and may be cancelled in the event the Corporation is unable to complete a QT within the required time limit of two (2) years. These shares are accounted for as contingently returnable shares and are excluded from the calculation of loss per share.

### **Stock Options**

On January 25, 2018, the Corporation adopted a stock option plan, pursuant to which the board of directors of the Corporation 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 Corporation, 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 Corporation 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 Corporation issued and outstanding at the closing of the Corporation's IPO. 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 Corporation 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 Corporation issued and outstanding at the closing of the Corporation's IPO. Options granted to the directors and officers of the Corporation 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 Corporation, 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 Corporation 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, and vested immediately on the date of grant. The stock options granted were valued using the Black-Scholes option pricing model to estimate the fair value. During the year end December 31, 2018, the Corporation recognized stock-based compensation expense of \$14,995 that was recorded as contributed surplus.

### Summary of Quarterly Results

Results for the most recent quarters ending with the last quarter for the three months ending on December 31, 2018 are:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017 <sup>(1)</sup>
Total Assets	\$ 148,382	\$ 30,940	\$ 58,522	\$ 67,740	\$ 82,662
Total Revenues	-	-	-	-	-
Total Expenses	50,116	25,623	23,208	14,552	26,004
Net Loss	50,116	25,623	23,208	14,552	26,004
Basic and diluted net loss per share	(0.06)	-	-	-	-

(1) As the Corporation was incorporated October 19, 2017, no quarterly results before that date are available.

Operating results for each quarter since incorporation are composed of general and administrative expenses and stock-based compensation expenses incurred in each quarter. To date, the Corporation has generated no revenue.

### Results of Operations

The Corporation recorded a net loss of \$113,499 for the year ended December 31, 2018. The net loss is due mainly to general and administrative costs and stock-based compensation expenses incurred as well as costs incurred in relation to its listing on the Exchange.

### Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred for the periods ended December 31, 2018 and 2017:

<b>Material Costs (\$)</b>	<b>Year 2018</b>	<b>Year 2017<sup>(1)</sup></b>
General and administrative		
Professional fees	98,410	25,852
Other costs	94	152
Stock-based compensation	14,995	-

(1) As the Corporation was incorporated October 19, 2017, no results before that date are available.

### **Financial Condition including Cash Flows, Liquidity and Capital Resources**

At December 31, 2018, working capital was \$126,452. Cash as at December 31, 2018 was \$148,382, compared with \$62,476 as at December 31, 2017. The increase in cash is due to the receipt of funds through the completion of the IPO by way of the issuance of 2,000,000 Common Shares for cumulative consideration of \$200,000 less the expenditures for general and administrative costs and costs incurred in relation to its listing on the Exchange during the year ended December 31, 2018.

Other than accounts payable and accrued liabilities, the Corporation does not otherwise have any outstanding commitments and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Based on current information, the Corporation anticipates that its working capital is sufficient to meet its expected ongoing obligation for the coming year.

### **Outstanding Share Data**

The following table summarizes the Corporation's outstanding common shares and options data as of the date of this MD&A:

Common Shares	4,013,329
Agent's Options	200,000
Stock Options	199,998

### ***Escrowed shares***

As at the date of this MD&A, the Corporation has 4,013,329 Common Shares (December 31, 2017 – 2,013,329) outstanding, 2,013,329 Common Shares of which are held in escrow and contingently cancellable. These Common Shares will be held in escrow and will be released pro-rata to the shareholders as to 10% of the escrowed shares upon issuance of notice of final acceptance of a QT by the Exchange, and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrowed shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If the Corporation does not receive final acceptance of a QT and is delisted, the common shares held in escrow may be cancelled and the proceeds returned to the shareholders.

### **Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial

condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

### **Proposed Transactions**

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a QT, the Corporation has not yet entered into any agreement.

### **Related Party Transactions**

Related parties include the board of directors and executive officers of the Corporation, close family members and enterprises which are controlled by individuals as well as certain persons performing similar functions.

The Exchange prohibits directors and officers from receiving remuneration while the Corporation is a CPC. As of December 31, 2018, the Corporation has not completed a QT and accordingly, the officers and directors of the Corporation have not been paid any compensation other than the stock options granted on June 20, 2018 (see above).

There were no related party transactions during the year end December 31, 2018 or the period ended December 31, 2017.

The Corporation does not have amounts owing to or from related parties as of December 31, 2018 or December 31, 2017.

### **Capital Management**

Capital is comprised of the Corporation's shareholders' equity and any debt that it may issue. As at December 31, 2018, the Corporation's shareholders' equity was \$126,452 and it had \$21,930 in current liabilities. The Corporation's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally-determined capital guidelines and calculated risk management levels.

The capital for expansion was entirely from proceeds from the issuance of Common Shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a QT. Additional funds may be required to finance the Corporation's QT.

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 QT 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.

The Corporation's capital management objectives, policies and processes have not been changed over the period presented. 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.

### **Financial Instruments and Risk Management**

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

### ***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 accounting policies and disclosures of the Corporation's require the determination of fair value, for both financial and non-financial assets and liabilities. The Corporation's fair value measurements are classified as one of the following levels of the fair value hierarchy:

- (1) Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- (2) 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).
- (3) 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 and cash equivalents, accounts receivable and accounts payable and accrued liabilities 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 Corporation if a customer or counterparty to a financial

instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash and cash equivalents and accounts receivable. The carrying amount of cash and cash equivalents and accounts receivable represent the maximum credit exposure to the Corporation. The Corporation held cash in the bank of \$148,382 at December 31, 2018 (December 31, 2017 - \$62,476). The Corporation 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 Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Corporation has accounts payable and accrued liabilities of \$21,930 as at December 31, 2018 (December 31, 2017 - \$8,000) 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 Corporation does not have significant exposure to these risks.

### **Critical Accounting Estimates**

The Corporation's Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). The Corporation's significant accounting policies are summarized in Note 3 within the Audited Financial Statements. Given the early stage of the Corporation, there were no significant estimates or judgments made by management in the preparation of the Audited Financial Statements.

### **New standards and interpretations adopted on January 1, 2018**

#### ***IFRS 9: Financial Instruments***

On January 1, 2018, the Corporation adopted IFRS 9 "Financial Instruments", which includes a principle-based approach for classification and measurement of financial assets and a forward-looking 'expected credit loss' model. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("**FVOCI**"); or fair value through profit or loss ("**FVTPL**"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification and measurement of financial instruments under IFRS 9 did not have a material impact on the Corporation's financial statements.

Impairment of financial assets under IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The application of the expected credit loss model to financial assets classified as amortized cost did not result in a material adjustment on transition.

IFRS 9 was applied retrospectively in accordance with transition requirements with no impact to opening retained earnings or comparative periods. Cash and cash equivalents, and trade and other receivables continue to be measured at amortized cost and are now classified as "amortized cost". The Corporation's financial liabilities previously classified as "other financial liabilities" being trade and other payables and accrued liabilities continue to be measured at amortized cost and are now classified as "amortized cost". The Corporation has not designated any financial instruments as FVOCI or FVTPL, nor does the Corporation use hedge accounting.

#### ***IFRS 15: Revenue from Contracts with Customers***

The Corporation adopted IFRS 15 "Revenue from Contracts with Customers" effective January 1, 2018, which establishes a comprehensive framework for determining whether, how much, and when revenue from contracts with customers is recognized. The Corporation adopted IFRS 15 using the modified retrospective approach to contracts that were not completed at the date of initial application. Under this transitional provision, the cumulative effect of initially applying IFRS 15 is recognized on the date of initial application as an adjustment to retained earnings. Given that the Corporation has no revenue-generating operations to date, no adjustment to retained earnings was required upon adoption of IFRS 15.

#### **Recent Accounting Pronouncements**

The following are new IFRS pronouncements that have been issued, although not yet effective and have not been early adopted, and may have an impact on the financial statements in the future as discussed below.

#### ***IFRS 16: Leases***

On January 1, 2019, the Corporation will be required to adopt 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. The Corporation does not expect any material impact from the adoption of this standard.

#### **Outlook**

The Corporation intends to evaluate direct or indirect acquisitions of assets to complete a QT. The Corporation continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

#### **Additional Information**

For further details, see the Corporation's Quarterly Financial Statements and other additional information about the Corporation as can be found on SEDAR.