

REBEL CAPITAL INC.

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

SEPTEMBER 30, 2017

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed financial statements of Rebel Capital Inc. 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 INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in Canadian Dollars)

September 30, 2017

December 31, 2016

Assets

Current assets

Cash	\$ 108,064	\$ 5,710
Accounts receivable	1,040	-
Subscriptions receivable	-	94,000

	109,104	99,710
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Non-current assets

Deferred financing costs (Note 3)	28,682	1,500
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	\$ 137,786	\$ 101,210
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Liabilities

Current liabilities

Accounts payable and accruals	\$ 36,200	\$ 4,323
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Shareholders' Equity

Share capital (Note 4)	133,000	100,000
Contributed surplus (Note 4)	8,470	-
Deficit	(39,884)	(3,113)

	101,586	96,887
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	\$ 137,786	\$ 101,210
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See accompanying notes to the interim condensed financial statements.

REBEL CAPITAL INC.

INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30, 2017

<i>(Unaudited, expressed in Canadian Dollars)</i>	Three Months	Nine Months
Expenses:		
General and administrative	\$ 14,844	\$ 28,301
Stock-based compensation (Note 4)	1,872	8,470
Loss and comprehensive loss for the period	(16,716)	(36,771)
Loss per share – basic and diluted (Note 4)	\$ -	\$ -
Weighted average number of common shares outstanding	-	-

See accompanying notes to the interim condensed financial statements.

REBEL CAPITAL INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
At incorporation	-	\$ -	\$ -	\$ -	\$ -
Share issuance	2,000,000	100,000			100,000
Loss				(3,113)	(3,113)
Balance at December 31, 2016	2,000,000	\$ 100,000	\$ -	\$ (3,113)	\$ 96,887

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance at January 1, 2017	2,000,000	\$ 100,000	\$ -	\$ (3,113)	\$ 96,887
Share issuance	660,000	33,000			33,000
Stock-based compensation			8,470		8,470
Loss				(36,771)	(36,771)
Balance at September 30, 2017	2,660,000	\$ 133,000	\$ 8,470	\$ (39,884)	\$ 101,586

See accompanying notes to the interim condensed financial statements.

REBEL CAPITAL INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2017

<i>(Unaudited, expressed in Canadian Dollars)</i>	Three Months	Nine Months
Cash flows related to the following activities:		
Operating activities		
Loss for the period	\$ (16,716)	\$ (36,771)
Adjustments for:		
Stock-based compensation	1,872	8,470
Change in non-cash working capital	14,273	13,905
	(571)	(14,396)
Financing activities		
Issuance of common shares	33,000	33,000
Deferred financing costs paid	(5,335)	(27,182)
Change in non-cash working capital	5,335	110,932
	33,000	116,750
Net cash from operating and financing activities	32,429	102,354
Cash, beginning of period	75,635	5,710
Cash, end of period	\$ 108,064	\$ 108,064

See accompanying notes to the interim condensed financial statements.

REBEL CAPITAL INC.
Notes to the Interim Condensed Financial Statements
For the three and six months ended June 30, 2017 (unaudited)

1. INCORPORATION

Rebel Capital Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on September 16, 2016. 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 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 2000, 250 Howe 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 period from incorporation on September 16, 2016 to December 31, 2016, and for the five months ended May 31, 2017 (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 29, 2017.

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.

REBEL CAPITAL INC.
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Accounting standards issued but not yet effective

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, 2017 or later periods. The standards impacted that are applicable to the Company are as follows:

- i. On January 1, 2018, the Company will be required to adopt IFRS 15 “Revenue from Contracts with Customers”. IFRS 15 was issued in May 2014 and will replace IAS 11 “Construction Contracts”, IAS 18 “Revenue Recognition”, IFRIC 13 “Customer Loyalty Programmes”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers” and SIC-31 “Revenue – Barter Transactions Involving Advertising Services”. IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 and financial instruments and other contractual rights or obligations within the scope of IFRS 9 “Financial Instruments”, IFRS 10 “Consolidated Financial Statements” and IFRS 11 “Joint Arrangements”. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the Company’s ordinary activities.
- ii. On January 1, 2018, the Company will be required to adopt IFRS 9 “Financial Instruments”, which is the result of the first phase of the International Accounting Standards Board’s (“IASB”) project to replace IAS 39 “Financial Instruments: Recognition and Measurement” and IFRIC 9 “Reassessment of Embedded Derivatives”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Amendments to IFRS 7 “Financial Instruments: Disclosures” will also be required to be adopted by the Company simultaneously with IFRS 9.
- iii. On January 1, 2019, the Company will be required to adopt IFRS 16 “Leases” to replace the existing guidance of IAS 17 “Leases”. The standard establishes the principals and disclosure related to the amount, timing and uncertainty of cash flows arising from a lease.

The Company will assess the impact of the new IFRS pronouncements on the financial statements by the required implementation dates.

3. DEFERRED FINANCING COSTS

Deferred financing costs consist of professional and agency fees incurred in relation to the IPO as further described in Note 6. They will be charged against share capital upon the issuance of the shares or expensed in earnings if the share offering is not completed.

4. SHARE CAPITAL

Common shares

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

During 2016, the Company issued 2,000,000 common shares at a price of \$0.05 per share for total consideration of \$100,000. As at December 31, 2016, the Company had collected \$6,000 of the subscription proceeds with a \$94,000

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For the three and six months ended June 30, 2017 (unaudited)

subscriptions receivable outstanding. In January 2017, the remaining \$94,000 was collected. Directors and officers of the Company acquired 1,366,667 of the common shares issued for proceeds of \$68,333.

In July 2017, the Company completed a non-brokered financing of 660,000 common shares of the Company at a price of \$0.05 per common share, for gross proceeds of \$33,000. These newly issued common shares will be subject to the same CPC escrow agreement pursuant to the requirements of the Exchange as discussed previously (Note 4). All 660,000 common shares were acquired by directors and officers of the Company, bringing the total outstanding common shares of the Company held by directors and officers to 2,026,667.

Upon closing of the IPO as further disclosed in Note 6, the 2,660,000 issued common shares will be subject to a CPC escrow agreement pursuant to the requirements of the Exchange. 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.

Stock options

On April 3, 2017, 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% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares in any 12 month period. 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 April 10, 2017, the Company granted options to its directors and officers entitling the purchase of 200,000 common shares at a per share price of \$0.10 per common share. The options are for a five year term, expiring on April 10, 2022, and vest one-third on April 10, 2017, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

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:

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Expected forfeiture rate	0%
Risk-free interest rate	0.92%
Expected dividend yield	0%
Expected stock price volatility	100%
Expected option life	5 years
Fair value of options granted	\$0.07

During the three and nine months ended September 30, 2017, the Company recognized \$1,872 and \$8,470 of stock-based compensation expense, respectively, that was recorded as contributed surplus.

Loss per share

Upon the Company completing its planned IPO, common shares previously issued will be subject to an escrow agreement and may be cancelled in the event that the Company is unable to complete a qualifying transaction within the required time limits. Accordingly, these shares are accounted for as contingently returnable shares and are excluded from the calculation of loss per share.

5. FINANCIAL INSTRUMENTS

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents, accounts receivable, subscriptions receivable and accounts payable and accrued liabilities. 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.

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 and cash equivalents, accounts receivable, subscriptions 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, accounts receivable and subscriptions receivable. The carrying amount of cash and cash equivalents, accounts receivable and subscriptions receivable represent the maximum credit exposure to the Company. The Company held cash and cash equivalents of \$108,064 at September 30, 2017 (December 31, 2016 - \$5,710).

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Notes to the Interim Condensed Financial Statements
For the three and six months ended June 30, 2017 (unaudited)

The Company manages credit exposure related to cash and cash equivalents by selecting financial institution counterparties with high credit ratings. The subscriptions receivable balance of \$94,000 existing as of December 31, 2016 was fully collected within the first two months of 2017. The accounts receivable balance of \$1,040 existing as of September 30, 2017 consists entirely of Goods & Sales Tax receivable, which is reimbursed on a timely basis by the Government of Canada subject to applicable filings and assessment.

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 accrued liabilities of \$36,200 as at September 30, 2017 (December 31, 2016 - \$4,323) 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.

6. SUBSEQUENT EVENT

Initial Public Offering

Pursuant to a prospectus dated August 29, 2017 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 Leede Jones Gable Inc. (the "Agent"), the Company completed its offering of 2,000,000 common shares at \$0.10 per common share for gross proceeds of \$200,000 on October 31, 2017 and commenced trading on the Exchange on November 3, 2017, after filing for listing as a CPC. The net proceeds of the issue are estimated to approximately \$111,310, net of a 10% cash commission payable to the Agent and other transaction costs estimated at \$68,690, of which a portion have already been incurred and included in deferred financing costs (Note 3).

Under the Agency Agreement, the Agent was granted an option (the "Agent's Option") to acquire an additional number of common shares up to 10% of the 2,000,000 common shares sold at a price of \$0.10 per share, exercisable for a period of two years from the date the common shares were listed for trading on the Exchange.

As a result of the closing of the Offering, the Company has 4,660,000 common shares issued and outstanding (2,660,000 of which are subject to escrow restrictions), 200,000 common shares reserved for issuance upon the exercise of the Agent's Options, and 200,000 Common Shares reserved for issuance upon the exercise of outstanding stock options.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that the lesser of 30% of the gross proceeds (being \$90,000) and \$210,000 may be used to cover prescribed costs of issuing the common shares and general and administrative expenses of the Company. These restrictions apply until the completion of the Qualifying Transaction by the Company as defined under the policies of the Exchange.