

REBEL CAPITAL INC.

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

SEPTEMBER 30, 2018

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

<i>(Unaudited, expressed in Canadian Dollars)</i>	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash	198,970	225,990
Accounts receivable	-	2,619
	198,970	228,609
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	29,495	9,901
Shareholders' Equity		
Share capital (Note 3)	256,892	256,892
Contributed surplus (Note 3)	24,093	20,885
Deficit	(111,510)	(59,069)
	169,475	218,708
	198,970	228,609

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

<i>(Unaudited, expressed in Canadian Dollars)</i>	For the three months ended		For the nine months ended	
	2018	2017	2018	2017
Revenue:				
Interest and other	530	-	654	-
Expenses:				
General and administrative	3,593	14,844	22,299	28,301
Business development expenses	205	-	27,588	-
Stock-based compensation (Note 4)	624	1,872	3,208	8,470
	4,422	16,716	53,095	36,771
Loss and comprehensive loss for the period	(3,892)	(16,716)	(52,441)	(36,771)
Loss per share – basic and diluted (Note 3)	(0.00)	-	(0.03)	-
Weighted average number of common shares outstanding	2,000,000	-	2,000,000	-

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
Balance at January 1, 2017	2,000,000	100,000	-	(3,113)	96,887
Share issuance	660,000	33,000			33,000
Share-based payments			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

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance at January 1, 2018	4,660,000	256,892	20,885	(59,069)	218,708
Share-based payments			3,208		3,208
Loss				(52,441)	(52,441)
Balance at June 30, 2018	4,660,000	256,892	24,093	(111,510)	169,475

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

<i>(Unaudited, expressed in Canadian Dollars)</i>	For the three months ended		For the nine months ended	
	2018	2017	2018	2017
Cash flows related to the following activities:				
Operating activities				
Loss for the period	(3,892)	(16,716)	(52,441)	(36,771)
Adjustments for:				
Stock-based compensation	624	1,872	3,208	8,470
Change in non-cash working capital	649	14,273	22,213	13,905
	(2,619)	(571)	(27,020)	(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	(2,619)	32,429	(27,020)	102,354
Cash, beginning of period	201,589	75,635	225,990	5,710
Cash, end of period	198,970	108,064	198,970	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 nine months ended September 30, 2018 (unaudited)

1. INCORPORATION

Rebel Capital Inc. (the "Corporation") was incorporated under the laws of the Province of British Columbia on September 16, 2016. The Corporation completed in October 2017 its Initial Public Offering (the "Offering") 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 Corporation is 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 Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

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 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 year ended December 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 22, 2018.

Basis of measurement

These financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention.

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.

REBEL CAPITAL INC.
Notes to the Interim Condensed Financial Statements
For the three and nine months ended September 30, 2018 (unaudited)

Given the early stage of the Corporation there were no significant estimates or judgments made by management in the preparation of these 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 consolidated 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.

REBEL CAPITAL INC.
Notes to the Interim Condensed Financial Statements
For the three and nine months ended September 30, 2018 (unaudited)

3. SHARE CAPITAL

a) Authorized

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

b) Issued

	Common shares	Amount
Balance, January 1, 2017	2,000,000	\$ 100,000
Shares issuance, private placement	660,000	33,000
Initial public offering	2,000,000	200,000
Share issue costs	-	(76,108)
Balance, December 31, 2017 & September 30, 2018	4,660,000	\$ 256,892

In July 2017, the Corporation issued 660,000 common shares at a price of \$0.05 per common share for total consideration of \$33,000 pursuant to a non-brokered private placement. All 660,000 common shares were acquired by directors and officers of the Corporation.

In October 2017, the Corporation completed the Offering and issued 2,000,000 common shares at a price of \$0.10 per common share for total consideration of \$200,000. Pursuant to an agency agreement dated August 11, 2017 (the "Agency Agreement") between the Corporation and Leede Jones Gable Inc. (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 of \$8,549. Effective November 3, 2017, 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 3, 2019 (the "Agent's Option"). The Corporation incurred total share issue costs of \$76,108, consisting of cash transaction costs of \$65,565 directly related to the Offering and \$10,543 for share-based payments related to the Agent's Options (note 4b).

c) Escrowed shares

Pursuant to an escrow agreement dated August 29, 2017 (the "Escrow Agreement") between the Corporation and certain shareholders of the Corporation, 2,660,000 common shares (the "Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the Offering, were deposited in escrow. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V 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 without the consent of the regulatory authorities. 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.

d) 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 Offering, Escrowed Shares will be subject to the Escrow 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, 2017, there were no weighted average common shares as they were all contingently returnable shares. For the periods ended September 30, 2018, 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, 2018 and 2017, there is no difference between the basic loss per share and the diluted loss per share amounts as all instruments are anti-dilutive.

REBEL CAPITAL INC.
Notes to the Interim Condensed Financial Statements
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4. SHARE-BASED PAYMENTS

a) Stock options

On April 3, 2017, 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 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 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 Offering. 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 April 10, 2017, the Corporation granted options to its directors and officers entitling the purchase of 200,000 common shares at a 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:

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	\$0.074

During the nine months ended September 30, 2018, the Corporation recognized \$3,208 (September 30, 2017 - \$8,470) of share-based payments that were recorded as contributed surplus.

b) 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	1.39%
Expected dividend yield	0%
Expected stock price volatility	100%
Expected option life	2 years
Fair value of Agent's Options granted	\$0.052

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The share-based payment amount of \$10,543 for Agent's Options was included within share issue costs in association with the Offering finalized in October 2017, with the offset being included as contributed surplus.

5. FINANCIAL INSTRUMENTS

The Corporation, as part of its operations, carries financial instruments consisting of cash and cash equivalents, accounts receivable 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 of the Corporation's accounting policies and disclosures 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:

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 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 \$198,970 at September 30, 2018 (December 31, 2017 - \$225,990). The Corporation manages credit exposure related to cash and cash equivalents by selecting financial institution counterparties with high credit ratings. The accounts receivable balance of \$2,619 existing as of December 31, 2017 (September 30, 2018 - nil) consists entirely of Goods & Services Tax receivable, which is reimbursed on a timely basis subject to applicable filings and assessment.

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 \$29,495 as at September 30, 2018 (December 31, 2017 - \$9,901) 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.