

REBEL CAPITAL INC.

FINANCIAL STATEMENTS

**For the period from incorporation on September 16, 2016
to December 31, 2016 and for the year ended December 31, 2017**

MANAGEMENT'S REPORT

The accompanying financial statements and related financial information are the responsibility of management, and have been prepared in accordance with International Financial Reporting Standards. They include certain amounts that are based on estimates and judgments relating to matters not concluded by year-end. Financial information presented elsewhere in this document is consistent with that contained in the financial statements.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies adopted by management. If alternate accounting methods exist, management has chosen those policies it deems the most appropriate in the circumstances. Management has established systems of accounting and internal control that provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and produce reliable accounting records for the preparation of financial information. Policies and procedures are maintained to support the accounting and internal control systems.

The independent external auditors, KPMG LLP, have conducted an examination of the financial statements on behalf of shareholders. The auditors have unrestricted access to the Company and the Audit Committee.

The Board of Directors, currently composed of three directors, carries out its responsibility for the financial statements principally through its Audit Committee, consisting of two members. This Committee reviews the financial statements with management and the auditors, as well as recommends to the Board of Directors the external auditors to be appointed by the shareholders at each annual meeting. The Audit Committee meets at least quarterly to review and approve interim financial statements prior to their release and recommend their approval to the Board of Directors.

The Board of Directors on the recommendation of the Audit Committee has approved the financial statements and information as presented.

(signed)

Mihalis Belantis
Chief Executive Officer

April 20, 2018
Calgary, Canada

(signed)

Chris Reid
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Rebel Capital Inc.

We have audited the accompanying financial statements of Rebel Capital Inc., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2017 and for the period from incorporation on September 16, 2016 to December 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rebel Capital Inc. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the year ended December 31, 2017 and for the period from incorporation on September 16, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

April 20, 2018
Calgary, Canada

REBEL CAPITAL INC.
STATEMENTS OF FINANCIAL POSITION

<i>(Expressed in Canadian Dollars)</i>	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	\$ 225,990	\$ 5,710
Accounts receivable	2,619	-
Subscriptions receivable (Note 5)	-	94,000
	<u>228,609</u>	<u>99,710</u>
Non-current assets		
Deferred financing costs	-	1,500
	<u>\$ 228,609</u>	<u>\$ 101,210</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,901	\$ 4,323
Shareholders' Equity		
Share capital (Note 5)	256,892	100,000
Contributed surplus (Note 5)	20,885	-
Deficit	(59,069)	(3,113)
	<u>218,708</u>	<u>96,887</u>
	<u>\$ 228,609</u>	<u>\$ 101,210</u>

See accompanying notes to the financial statements.

Approved by the Board of Directors:

(signed) "Mihalis Belantis"
Director

(signed) "Chris Reid"
Director

REBEL CAPITAL INC.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the period from incorporation on September 16, 2016 to December 31, 2016
and for the year end December 31, 2017

<i>(Expressed in Canadian Dollars)</i>	2017	2016
Expenses:		
General and administrative	\$ 45,614	\$ 3,113
Stock-based compensation (Note 6)	10,342	-
Loss and comprehensive loss for the period	(55,956)	(3,113)
Loss per share – basic and diluted (Note 5)	\$ (0.17)	\$ -
Weighted average number of common shares outstanding	334,247	-

See accompanying notes to the financial statements.

REBEL CAPITAL INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
At incorporation	-	\$ -	\$ -	\$ -	\$ -
Share issuance, private placement	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, private placement	660,000	33,000			33,000
Initial public offering	2,000,000	200,000			200,000
Share issue costs on initial public offering		(76,108)	10,543		(65,565)
Share-based payments			10,342		10,342
Loss				(55,956)	(55,956)
Balance at December 31, 2017	4,660,000	\$ 256,892	\$ 20,885	\$ (59,069)	\$ 218,708

See accompanying notes to the financial statements.

REBEL CAPITAL INC.

STATEMENTS OF CASH FLOWS

For the period from incorporation on September 16, 2016 to December 31, 2016
and for the year end December 31, 2017

(Expressed in Canadian Dollars)

2017

2016

Cash flows related to the following activities:

Operating activities

Loss for the period	\$ (55,956)	\$ (3,113)
Adjustments for:		
Stock-based compensation	10,342	-
Change in non-cash working capital	4,459	2,823
	<u>(41,155)</u>	<u>(290)</u>

Financing activities

Common shares issued for cash	233,000	100,000
Share issue costs	(64,065)	-
Deferred financing costs paid	-	(1,500)
Change in non-cash working capital	92,500	(92,500)
	<u>261,435</u>	<u>6,000</u>

Net cash from operating and financing activities

Cash, beginning of period	5,710	-
Cash, end of period	\$ 225,990	\$ 5,710

See accompanying notes to the financial statements.

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Notes to the Financial Statements
For the period from incorporation on September 16, 2016
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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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Board of Directors on April 20, 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.

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

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

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Notes to the Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

Non-derivative financial instruments

Non-derivative financial instruments are comprised of cash and cash equivalents, accounts receivable, subscriptions receivable and accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortized cost using the effective interest method.

Cash and cash equivalents consist of cash on hand, deposits and term deposits held with banks or other financial institutions with an original maturity of three months or less.

Deferred financing costs

Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to operations.

Share capital

Proceeds from the issuance of common shares are classified as equity. Costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Share based payments

The Corporation follows the fair-value method for valuing stock options and other dilutive instruments granted to employees and directors. Under this method, the compensation cost is measured at the grant date using the Black-Scholes option pricing model and expensed over the vesting period of the instrument granted as stock-based compensation expense with a corresponding increase to contributed surplus. The contributed surplus balance is reduced as stock options and other dilutive instruments are exercised with the amount previously recognized plus any consideration received credited to share capital. The Corporation has included an estimated forfeiture rate for stock options that will not vest, which is adjusted to reflect actual forfeitures upon final vesting of the award.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset. If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

Earnings per share ("EPS")

Basic EPS is calculated by dividing profit or loss attributable to owners of the Corporation (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS. All options are considered anti-dilutive when the Corporation is in a loss position.

4. 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, 2017 or later periods. The standards impacted that are applicable to the Corporation are as follows:

- i. As of January 1, 2018, the Corporation is required to adopt IFRS 15 "Revenue from Contracts with Customers". IFRS 15 was issued in May 2014 and replaces 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 applies 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 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 Corporation's ordinary activities. The Corporation currently has no revenue-generating activities.
- ii. As of January 1, 2018, the Corporation is 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

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and fair value. Amendments to IFRS 7 “Financial Instruments: Disclosures” are also required to be adopted by the Corporation simultaneously with IFRS 9. The Corporation does not anticipate a change with the adoption of this standard.

- iii. 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 the principals and disclosure related to the amount, timing and uncertainty of cash flows arising from a lease. The Corporation is assessing the impact of this standard.

5. SHARE CAPITAL

a) Authorized

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

b) Issued

	Common shares	Amount
At incorporation	-	\$ -
Shares issuance, private placement	2,000,000	100,000
Balance, December 31, 2016	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	4,660,000	\$ 256,892

During 2016, the Corporation issued 2,000,000 common shares at a price of \$0.05 per common share for total consideration of \$100,000 pursuant to a non-brokered private placement. As at December 31, 2016, the Corporation had collected \$6,000 of the subscription proceeds with a \$94,000 subscription receivable outstanding. In January 2017, the remaining \$94,000 was collected. Directors and officers of the Corporation acquired 1,366,667 of the common shares issued.

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 6b).

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

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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 period ended December 31, 2016, there were no weighted average common shares as they were all contingently returnable shares. For the year ended December 31, 2017, the weighted average number of common shares outstanding for purposes of calculating basic and diluted loss per share was 334,247 common shares. For purposes of the loss per share calculations for the periods ended December 31, 2017 and 2016, there is no difference between the basic loss per share and the diluted loss per share amounts as all instruments are anti-dilutive.

6. 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:

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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	\$0.074

During the year ended December 31, 2017, the Corporation recognized \$10,342 (2016 - nil) 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

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.

7. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the loss before income taxes. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the year ended December 31, 2017	Period from Incorporation on September 16, 2016 to December 31, 2016
Net loss before income tax	\$ 55,956	\$ 3,113
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	14,549	809
Stock-based compensation	(2,689)	-
Increase in statutory tax rate	587	-
Deferred tax assets not recognized	(12,447)	(809)
Income tax recovery	\$ -	\$ -

The Corporation has deductible temporary differences of \$114,292 for which a deferred tax asset has not been recognized as it is not considered more likely than not as at December 31, 2017 (December 31, 2016 - \$3,113) that the benefits will be realized. This balance includes \$61,890 of non-capital losses expiring in 2036 and 2037.

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8. RELATED PARTY TRANSACTIONS

Key Management Compensation

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.

During the year ended December 31, 2017, 200,000 stock options were granted to directors and officers with a fair value of \$10,342 recorded as share-based compensation.

Other than disclosed above, there was no other compensation paid to key management during the periods ended December 31, 2017 and 2016.

9. CAPITAL DISCLOSURES

The Corporation's capital consists of share capital. The Corporation'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 Corporation 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 Corporation'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.

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 \$99,900) and \$210,000 may be used to cover prescribed costs of issuing the common shares and general and administrative expenses of the Corporation. These restrictions apply until the completion of the Qualifying Transaction by the Corporation as defined under the policies of the Exchange. As at December 31, 2017, the Company has spent \$75,743 of the allowable limit.

10. 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:

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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 \$225,990 at December 31, 2017 (December 31, 2016 - \$5,710). 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 consists entirely of Goods & Services 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 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 \$9,901 as at December 31, 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 Corporation does not have significant exposure to these risks.