ANCHOR CAPITAL CORPORATION

FILING STATEMENT FOR A QUALIFYING TRANSACTION

Dated as of April 30, 2019

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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GLOSSARY OF TERMS

In this Filing Statement, the following terms shall have the meaning ascribed thereto as set out below:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* issued pursuant to the CDSA, which was repealed on October 17, 2018 and concurrently restated as Part 14 of the Federal Regulations.

"**Affiliate**" means a company that is affiliated with another company as follows:

(a) a company is an "Affiliate" of another company if:

(i) one of them is the subsidiary of the other; or

(ii) each of them is controlled by the same Person.

(b) a company is "controlled" by a Person if:

(i) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

(c) a Person beneficially owns securities that are beneficially owned by:

(i) a company controlled by that Person; or

(ii) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**AGCO**" means the Alcohol and Gaming Commission of Ontario.

"**AGLC**" means the Alberta Gaming, Liquor and Cannabis Commission

"**Alberta Cannabis Act**" means the *Gaming, Liquor and Cannabis Act* (Alberta), as amended from time to time.

"**Alberta Regulations**" means the amendments to the Alberta Cannabis Act which came into effect on October 17, 2018, as amended from time to time.

"**Amalco**" means the amalgamated corporation following the Amalgamation.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of Spyder and Anchor Sub in accordance with the CBCA.

"**Amalgamation Agreement**" means the amalgamation agreement dated effective March 19, 2019 between Spyder, Anchor Sub, and the Company, pursuant to which the Company has agreed to issue Company Shares to the holders of all of the issued and outstanding Spyder Shares upon completion of the Amalgamation.

"**Anchor MD&A's**" means the Management's Discussion and Analysis of Anchor for the periods ended December 31, 2016, December 31, 2017, and for the nine month period ended September 30, 2018 as attached to this Filing Statement as Schedule "B".

"**Anchor Sub**" means 11304372 Canada Inc., wholly-owned subsidiary of the Company incorporated to effect the Amalgamation.

"**Anchor Sub Shares**" means the common shares in the capital of Anchor Sub.

"**Associate**" when used to indicate a relationship with an individual or company, means:

(a) an issuer of which the individual or company beneficially owns or controls, directly or indirectly, voting securities entitling the individual or company to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the individual or company;

(c) any trust or estate in which an individual or company has a substantial beneficial interest or in respect of which an individual or company serves as trustee or in a similar capacity;

(d) in the case of an individual, a relative of that individual, including:

(i) that individual's spouse or child; or

(ii) any relative of the individual or of his spouse who has the same residence as that individual;

but where the Exchange determines that two individuals shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the TSX Venture Exchange with respect to that Member firm, Member corporation or holding company.

"**Board**" means the board of directors of Anchor.

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time.

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada), as amended from time to time.

"**Closing**" means the closing of the transactions contemplated pursuant to the Amalgamation Agreement.

"**Company**" or "**Anchor**" means Anchor Capital Corporation.

"**Company Optionee**" means any directors, officers, employees, or consultants of the Company.

"**Company Options**" means options to acquire Company Shares.

"**Company Option Plan**" means the Company's stock option plan.

"**Company Shares**" means the common shares in the capital of the Company.

"**Company Warrants**" means warrants to acquire Company Shares.

"**Company Shareholders**" means the holders of Company Shares.

"**Completion of the Proposed Qualifying Transaction**" means the date that the Final Exchange Bulletin is issued by the Exchange.

"**Control Person**" means any Person that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not affect materially the control of the issuer.

"CPC" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada,

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

"**CPC Escrow Agreement**" means the Form 2F CPC Escrow Agreement dated March 15, 2014 among the Company, the Transfer Agent and certain shareholders of the Company.

"**CPC Policy**" means Policy 2.4 of the Exchange Corporate Finance Manual entitled "*Capital Pool Companies*".

"**Escrow Agent**" means Alliance Trust Company.

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange.

"**Exchange Requirements**" means and includes the articles, by-laws, policies, circulars, rules, guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of the Exchange (including those of any committee of the Exchange as appointed from time to time), and all applicable provisions of the securities laws of any other jurisdiction.

"**Federal Regulations**" means the SOR 2018/144: *Cannabis Regulations*, as amended from time to time.

"**Filing Statement**" means this filing statement of the Company dated April 30, 2019 filed with the Exchange pursuant to the Exchange Requirements.

"**Final Exchange Bulletin**" means the Exchange Bulletin which is issued following Completion of the Proposed Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Proposed Qualifying Transaction.

"**Finder**" means EMD Financial Inc.

"**Finder's Agreement**" means the agreement dated October 2, 2018 between Spyder and the Finder with respect to the Finder's engagement in connection with a non-brokered private placement completed by Spyder between November 2018 and December 2018.

"**Initial Public Offering**" or "**IPO**" means the offering of 4,000,000 Company Shares pursuant to the final prospectus of the Company dated June 30, 2014.

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

(d) the issuer itself if it holds any of its own securities.

"**Named Executive Officers**" of "**NEOs**" means each of the following individuals:

(a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

"**NEX**" means the NEX Board of the Exchange.

"**Non-Arm's Length Party**" means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

"**Non-Arm's Length Qualifying Transaction**" means a transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are to be the subject of the transaction.

"**Ontario Cannabis Act**" means the *Cannabis Act, 2017* (Ontario), as amended from time to time.

"**Ontario Cannabis Retail Corporation Act**" means the *Ontario Cannabis Retail Corporation Act, 2017*, as amended from time to time.

"**Person**" means a company, partnership, or an individual.

"**Principal**" means a person who, upon Completion of the Proposed Qualifying Transaction, will be:

(a) a promoter of the Resulting Issuer;

(b) a director or senior officer of the Resulting Issuer or of a material operating subsidiary of the Resulting Issuer;

(c) a person or company that beneficially owns, directly or indirectly, has control or direction over, or has a combination of direct or indirect beneficial ownership of and control or direction over, securities of the Resulting Issuer carrying more than 20% of the voting rights attached to all of the outstanding voting securities of the Resulting Issuer;

(d) a person or company that beneficially owns, directly or indirectly, has control or direction over, or has a combination of direct or indirect beneficial ownership of and control or direction over, securities of the Resulting Issuer carrying more than 10% of the voting rights attached to all of the outstanding voting securities of the Resulting Issuer, and:

(i) has appointed or elected, or has the right to appoint or elect, a director or senior officer of the Resulting Issuer; or

(ii) one or more directors or senior officers of the Resulting Issuer is also a director or officer of, or beneficially owns, directly or indirectly or has control or direction over, or has a combination of direct or indirect beneficial ownership of and control or direction over, securities of that person or company carrying more than 10% of the voting rights attached to all of the outstanding voting securities of that person or company;

(e) a company in which 20% or more of the voting rights attached to all of the outstanding voting securities are beneficially owned, directly or indirectly, by any one of the persons or companies referred to in clauses (a) through (d), or over which one or more of the persons or companies referred to in clauses (a) through (d) has or have control or direction (or a combination of beneficial ownership and control or direction); or

(f) an Associate of a person or company referred to in clauses (a) through (e).

"**Private Placement**" means the non-brokered private placement of secured convertible debentures in the aggregate principal amount of a minimum of $200,000 and a maximum of $1,000,000, which will be convertible into Units at a conversion price of $0.15 per Unit.

"**Proposed Qualifying Transaction**" means the proposed acquisition by the Company of all of the issued and outstanding securities of Spyder, directly and indirectly, upon the terms and subject to the conditions set forth in the Amalgamation Agreement and as described herein, such Amalgamation intended to constitute the Company's Qualifying Transaction.

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"**Related Parties**" means the promoters, directors, officers or other Insiders of the CPC and Associates or Affiliates of those parties.

"**Resulting Issuer**" means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer.

"**Retail License**" means one or more provincial licenses issued by the AGLC, the AGCO or any governmental entity pursuant to applicable laws, which authorizes retail stores to purchase cannabis from any governmental entity or other entity authorized by applicable laws, and possess, store and sell cannabis products for recreational use through cannabis retail stores.

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

"**Spyder**" means Spyder Vapes Inc.

"**Spyder Finder Warrants**" means the Spyder Warrants issued to the Finder in connection with the Prior Debenture Financings.

"**Spyder Options**" means options to acquire Spyder Shares.

"**Spyder Private Placement Finder Warrants**" means the Spyder Warrants issued to eligible finders in connection with the Private Placement.

"**Spyder Shares**" means the common shares in the capital of Spyder.

"**Spyder Vapes Site**" means https://spydervapes.com.

"**Spyder Warrant**" means a Spyder Share purchase warrant entitling the holder thereof to acquire one additional Spyder Share.

"**Transfer Agent**" means Alliance Trust Company.

"**Units**" means units of Spyder comprised of one (1) Spyder Share and one-half (1/2) of one Spyder Warrant.

"**Value Securities Escrow Agreement**" means the Value Securities Escrow Agreement - Form 5D required by the Policies of the Exchange to be entered into between certain shareholders of Spyder, the Company and the Escrow Agent.

CURRENCY

All dollar figures referenced in this Filing Statement are presented in Canadian dollars.

FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking information. This information relates to future events including the future performance of Spyder, the Company or the Resulting Issuer. All information other than information of historical fact is forward-looking information. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other similar terminology. These statements are only predictions and actual events or results may differ materially from such predictions. In addition, this Filing Statement may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not occur. Forward-looking information in this Filing Statement includes, but is not limited to, information with respect to:

- the anticipated closing and effective date of the Proposed Qualifying Transaction;
- the available funds of the Resulting Issuer upon completion of the Private Placement and Proposed Qualifying Transaction, and the anticipated use of those funds by the Resulting Issuer;
- the Resulting Issuer's anticipated directors, officers and insiders;
- the future growth, results of operations, performance and business prospects and opportunities of Spyder (and therefore the Resulting Issuer);
- Spyder's applications for and granting of municipal development and building permits and Retail Licenses and the timing thereof;
- expectations as to cannabis and cannabis related product sales by Spyder (and therefore the Resulting Issuer);
- the impact of legislation accompanying the legalization of cannabis for recreational use in Canada on the Resulting Issuer's business strategy;
- treatment under governmental regulatory and taxation regimes;
- expectations regarding legislation, regulations and licensing relating to the sale of cannabis products for recreational use;
- the number and location of licensed retail locations Spyder (and therefore the Resulting Issuer) intends to open across Canada and the timing thereof;
- the Resulting Issuer's financial position and future prospects;
- the timeline and costs of developing licensed retail locations;
- expectations as to the establishment, size and value of a recreational cannabis market in Canada;
- the proposed executive compensation of the executives of the Resulting Issuer following the Proposed Qualifying Transaction;
- expected operating costs, general and administrative costs, costs of services and other costs and expenses;
- the ability to meet current and future obligations;
- the ability to obtain retail leases, equipment, services and supplies in a timely manner; and
- the ability to obtain financing on acceptable terms or at all.

The forward looking information contained in this Filing Statement reflects the current views of Anchor and Spyder and are based on certain assumptions, including assumptions regarding:

- the ability of the Company and Spyder to satisfy all conditions precedent and obtain all regulatory approvals for the Proposed Qualifying Transaction, including by the dates indicated;
- the anticipated costs to complete the Proposed Qualifying Transaction;
- the ability of Spyder (and therefore the Resulting Issuer) to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of

Spyder, and therefore the Resulting Issuer, will be as anticipated;

- the impact of increasing competition;
- the impact and effects of regulation by governmental agencies, including anticipated changes to laws regarding the recreational use of cannabis;
- timing of obtaining regulatory and Exchange approval of the Proposed Qualifying Transaction;
- the timing and amount of capital expenditures and future operating costs;
- government regulations, including future legislative and regulatory developments involving recreational cannabis and the timing thereto;
- supply interruptions or delays;
- the demand for e-cigarettes, vaporizers and accessories, e-juices, e-liquids, and cannabis products and corresponding forecasted increase in revenues;
- the size of the market for recreational cannabis as well as for e-cigarettes, vaporizers and accessories, e-juices, and e-liquids;
- the legislative and regulatory environments of the jurisdictions where the Resulting Issuer will, or is expected to, carry on business and operations;
- the ability of the Resulting Issuer to obtain Retail Licenses and necessary approvals for the sale of cannabis at its retail premises;
- the ability of the Resulting Issuer to obtain qualified staff, services, supplies and equipment in a timely and cost-efficient manner;
- conditions in general economic and financial markets; and
- the Resulting Issuer's ability to obtain additional financing on satisfactory terms.

Although management of the Company and Spyder believe that the expectations reflected in forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Neither the Company nor Spyder can guarantee future results, levels of activity, performance, or achievements.

There are risks and other factors, some of which are beyond the control of the Company or Spyder, which could cause results to differ materially from those expressed in forward-looking information contained in this Filing Statement. These risks include, but are not limited to, that:

- the Company and Spyder may not be able to satisfy all conditions precedent or obtain all regulatory approvals for the Proposed Qualifying Transaction by the dates indicated or at all;
- the anticipated costs to complete the Private Placement and Proposed Qualifying Transaction may exceed the current expectations of the Company and Spyder; and
- Spyder (and therefore the Resulting Issuer) may not be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Spyder (and therefore the Resulting Issuer) may not be as currently anticipated due to various risks including, but not limited to, risks discussed in "*Information Concerning the Resulting Issuer – Risk Factors*".

Readers are cautioned that the foregoing list of factors is not exhaustive. Except as required by applicable securities legislation, neither the Company nor Spyder nor the Resulting Issuer is under any duty to update any of the forward-looking information after the date of this Filing Statement. Forward-looking information contained in this Filing Statement is expressly qualified by this cautionary statement.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to the Company, Spyder and the Resulting Issuer (assuming Completion of the Proposed Qualifying Transaction), and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Proposed Qualifying Transaction

Effective March 19, 2019, the Company, Anchor Sub and Spyder entered into the Amalgamation Agreement, pursuant to which the parties agreed to complete the Proposed Qualifying Transaction on the terms set out therein. Pursuant to the Amalgamation Agreement, upon the closing of the Amalgamation:

(a) each shareholder of Spyder will receive one (1) Company Share in exchange for each one (1) Spyder Share held by such holder and the Spyder Shares will be cancelled;

(b) the Company will receive one (1) Amalco Share in exchange for each Anchor Sub Share held by it and the Anchor Sub Shares will be cancelled; and

(c) in consideration for the Company's issuance of Company Shares referenced in (a), Amalco will issue to the Company one (1) Amalco Share for each one (1) Company Share issued by the Company under (a).

Completion of the Amalgamation is subject to compliance with the terms and conditions set forth in the Amalgamation Agreement. Upon the Amalgamation becoming effective, Amalco will own all of the assets, properties, rights, privileges and franchises and be subject to all of the liabilities, contracts and obligations of each of the amalgamating corporations. The Amalgamation will constitute the Company's Qualifying Transaction for the purpose of the CPC Policy. The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

The foregoing summary of the material terms of the Amalgamation Agreement is qualified in its entirety by reference to the full text of the Amalgamation Agreement, which will be available on SEDAR at www.sedar.com under the profile of the Company. The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

There are currently 8,092,493 Spyder Shares issued and outstanding. Between July 2017 and December 2018, Spyder completed a series of non-brokered private placements (the "**Prior Debenture Financings**"), for an aggregate principal amount of $1,517,985.00 of secured convertible debentures. The principal amount of $673,000 in secured convertible debentures issued in the Prior Debenture Financings (the "**5 Cent Round**"), together with accrued but unpaid interest thereon, will be converted into Spyder Shares at a conversion price of $0.05 per Spyder Share, with the maturity date falling two years following closing. The principal amount of $844,985 in secured convertible debentures issued in the Prior Debenture Financings (the "**10 Cent Round**"), together with accrued but unpaid interest thereon, will be converted into Spyder Shares at a conversion price of $0.10 per Spyder Share, with the maturity date falling two years following closing. Spyder is currently applying the proceeds of the Prior Debenture Financings to its current working capital needs. In connection with the 10 Cent Round, Spyder paid the Finder a cash fee of 10.0% of the gross proceeds raised by the Finder in the 10 Cent Round, 372,493 Spyder Shares, and 387,493 Spyder Finder Warrants. Each Spyder Finder Warrant is exercisable at a price of $0.10 into one (1) Spyder Share for a period of two years following closing.

Prior to the Completion of the Proposed Qualifying Transaction, Spyder also expects to close the Private Placement, a non-brokered offering of secured convertible debentures in the aggregate principal amount of a minimum of $200,000 and a maximum of $1,000,000 (the Private Placement together with the Prior Debenture Financings, the "**Spyder Financings**"), which will be convertible into a minimum of 1,333,333 and a maximum of 6,666,667 Units at a price of $0.15 per Unit. Each Unit will be comprised of one (1) Spyder Share and one-half (1/2) of one Spyder Warrant, with each whole Spyder Warrant entitling the holder thereof to acquire one additional Spyder Share, at an exercise price of $0.30 per share, for a period of 24 months following the closing of the Private Placement. The outstanding principal amount of the debentures, together with accrued interest thereon, will bear interest a rate of 10% per annum, calculated and payable in arrears annually, with the first payment to be due following the first anniversary of the closing of the Private Placement. In connection with the Private Placement, Spyder intends to pay, to eligible finders a cash fee equal to 8% of the gross proceeds raised from subscribers introduced by such finders and a number of Spyder Private Placement Finder Warrants equal to 8% of the Units underlying the convertible debentures sold to subscribers introduced by such finders. Each Spyder

Private Placement Finder Warrant is exercisable at a price of $0.15 into one (1) Unit comprised of one (1) Spyder Share and one-half (1/2) of one Spyder Warrant, with each whole Spyder Warrant entitling eligible finders to acquire one additional Spyder Share, at an exercise price of $0.30 per share, for a period of 24 months following the closing of the Private Placement.

All of Spyder's outstanding secured convertible debentures, together with accrued but unpaid interest thereon, will convert into Spyder Shares and Spyder Warrants (in the case of secured convertible debentures issued pursuant to the Private Placement) automatically 10 minutes prior to the closing of the Amalgamation. Upon the closing of the Amalgamation, all Spyder Shares will be exchanged for Company Shares, and all Spyder Warrants underlying the secured convertible debentures will adjust in accordance with the terms thereof such that following the completion of the Amalgamation, the holders thereof shall be entitled to acquire an equivalent number of Company Shares.

In connection with the Proposed Qualifying Transaction, Spyder has agreed to pay 514 Finance Inc. and 2432692 Ontario Inc. a finder's fee of 450,000 Spyder Shares and 300,000 Spyder Shares, respectively, which would be immediately issued and exchanged for Company Shares upon the successful closing of the Amalgamation. 514 Finance Inc. is arm's length to Spyder and the Company. However, 2432692 Ontario Inc. is a Non-Arm's Length Party with respect to Spyder, as Ari Toderovitz, an Insider of Spyder, is also an Insider of 2432692 Ontario Inc.

The following table sets forth the fully-diluted share capital of the Resulting Issuer following Completion of the Proposed Qualifying Transaction and after giving effect to the Private Placement:

	Number and Percentage of Company Shares Outstanding (Diluted) After Giving Effect to the Proposed Qualifying Transaction (including the Private Placement)	
Item	**Assuming Completion of the Minimum Private Placement**	**Assuming Completion of the Maximum Private Placement**
Company Shares as of March31, 2019	4,514,000 (10.3%)	4,514,000 (8.6%)
Company Shares to be issued in exchange for Spyder Shares as of March 31, 2019	34,443,231 (78.2%)[(1)]	39,776,564 (75.5%)[(2)]
Sub Total (Undiluted):	**38,957,231**	**44,290,564**
Company Shares reserved for issuance upon the exercise of existing Company Options granted to officers and directors	551,400 (1.3%)	551,400 (1.0%)
Company Shares issuable upon exercise of Spyder Options	3,300,000 (7.5%)[(3)]	3,300,000 (6.3%)[(3)]
Company Shares issuable upon the exercise of Spyder Finder Warrants	387,493 (0.9%)[(4)]	387,493 (0.7%)[(4)]
Company Shares issuable upon the exercise of Spyder Private Placement Finder Warrants	106,667 (0.2%)[(5)]	533,333 (1.0%)[(5)]
Company Shares issuable upon the exercise of Warrants resulting from the exercise of Spyder Private Placement Finder Warrants	53,333 (0.1%)[(6)]	266,666 (0.5%)[(6)]

Company Shares issuable upon the exercise of Spyder Warrants	666,667 (1.5%)(7)	3,333,333 (6.4%)(7)
TOTAL (Fully-Diluted):	**44,022,791**	**52,662,791**

Notes:

(1) Includes (i) 8,092,493 Spyder Shares that are outstanding as of the date hereof; (ii) 8,723,931 Spyder Shares resulting from the conversion of $844,985 in secured convertible debentures issued in the 10 Cent Round and accrued and unpaid thereon; (iii) 15,543,474 Spyder Shares resulting from the conversion of $673,000 in secured convertible debentures issued in the 5 Cent Round and accrued and unpaid interest thereon; (iv) 1,333,333 Spyder Shares resulting from the conversion of $200,000 in secured convertible debentures issued in the Private Placement; and (v) 750,000 Spyder Shares issued as a finder's fee to certain arm's-length finders.

(2) Includes (i) 8,092,493 Spyder Shares that are outstanding as of the date hereof; (ii) 8,723,931 Spyder Shares resulting from the conversion of $844,985 in secured convertible debentures issued in the 10 Cent Round and accrued and unpaid thereon; (iii) 15,543,474 Spyder Shares resulting from the conversion of $673,000 in secured convertible debentures issued in the 5 Cent Round and accrued and unpaid interest thereon; (iv) 6,666,667 Spyder Shares resulting from the conversion of $1,000,000 in secured convertible debentures issued in the Private Placement; and (v) 750,000 Spyder Shares issued as a finder's fee to certain arm's-length finders.

(3) Following the completion of the Qualifying Transaction, of the issued and outstanding Spyder Options, (i) 2,000,000 are exercisable into Company Shares on or before September 1, 2022 at a price of $0.05 per Company Share, (ii) 200,000 are exercisable into Company Shares on or before September 4, 2023 at a price of $0.10 per Company Share, (iii) 500,000 are exercisable into Company Shares on or before October 10, 2023 at a price of $0.10 per Company Share; and (iv) 600,000 are exercisable into Company Shares on or before November 1, 2023 at a price of $0.10 per Company Share.

(4) Following the completion of the Qualifying Transaction, each Spyder Finder Warrant is exercisable at a price of $0.10 into one (1) Company Share, with the maturity date falling two years following the closing of the 10 Cent Round.

(5) Following the completion of the Qualifying Transaction, each Spyder Private Placement Finder Warrant is exercisable at a price of $0.15 into one (1) Unit comprised of one (1) Company Share and one-half (1/2) of one Company Warrant, with each whole Company Warrant entitling the holder thereof to acquire one additional Company Share, at an exercise price of $0.30 per share, with the maturity date falling two years following the closing of the Private Placement.

(6) Following the completion of the Qualifying Transaction, each Spyder Warrant resulting from the exercise of Spyder Private Placement Finder Warrants is exercisable at a price of $0.30 into one (1) Company Share, with the maturity date falling two years following the closing of the Private Placement.

(7) Following the completion of the Qualifying Transaction, each Spyder Warrant is exercisable at a price of $0.30 into one (1) Company Share, with the maturity date falling two years following the closing of the Private Placement.

Excluding both the Spyder Shares resulting from the conversion of secured convertible debentures issued in the Private Placement and the Spyder Shares issued as a finder's fee to certain arm's-length finders, the aggregate consideration to be paid by the Company upon the Amalgamation will, subject to the approval of the Exchange, consist of the issuance of 32,359,898 Company Shares at a deemed price of $0.15 per Company Share, for a total consideration of approximately $4,853,984.70. However, the foregoing does not reflect additional Company Shares that will be issued in exchange for Spyder Shares resulting from the conversion of accrued and unpaid interest on Spyder's outstanding secured convertible debentures, beginning from March 31, 2019 through to the closing of the Amalgamation, and Company Shares that will be issuable upon exercise of the Spyder Options, Spyder Finder Warrants, Spyder Private Placement Finder Warrants, and Spyder Warrants.

The consideration payable for the Spyder Shares was determined in arm's length negotiations between the Company and Spyder based on certain factors such as the anticipated future profitability of Spyder and the expertise of the management of Spyder.

Upon Completion of the Proposed Qualifying Transaction, the Resulting Issuer shall have a Board of Directors that consists of Dan Pelchovitz, Steven Glaser, Mark Pelchovitz, Brandon Kou, and Michael Lerner. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*" for a complete list of the proposed directors and officers.

Information on Spyder

Spyder is a private company that was formed pursuant to the provisions of the CBCA on August 18, 2014. Spyder's head office is located at 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7. Spyder's registered office is located at 57 Greenbank Drive, Richmond Hill, Ontario, L4E 4C4.

Spyder is a distributor and retailer of e-cigarettes, vaporizers and accessories, e-juices, and e-liquids. Spyder operates an established chain of three high-end vape shops in Ontario, with shops located in Woodbridge, Scarborough and Burlington. The Spyder brand is defined by its high-quality, proprietary line of e-juices, and e-liquids, dispensed in vape shops uniquely designed to create the optimal customer experience.

See "*Information Concerning Spyder – Narrative Description of the Business*".

Information on Anchor

Anchor was incorporated pursuant to the provisions of the ABCA on February 20, 2014. The full corporate name of Anchor is "Anchor Capital Corporation". The articles of the Company were amended by a certificate of amendment on May 13, 2014 to remove the private company provisions and the restrictions on share transfers. The Company Shares were first listed for trading on the TSXV under the symbol "ANC.P" on December 2, 2014; on October 5, 2017 the listing of the Company Shares were transferred to the NEX and began trading under the symbol "ANC.H". Anchor is a CPC created pursuant to CPC Policy, and since its incorporation, it has not carried on any business or operations other than the identifying and evaluating business opportunities for the purposes of completing a Qualifying Transaction.

Not a Non-Arm's Length Qualifying Transaction

The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

Interests of Insiders, Promoters or Control Persons of the Company

Except as otherwise stated herein, none of the Insiders, promoters or Control Persons of the Company or Spyder or any of their respective Associates and Affiliates (before and after giving effect to the Proposed Qualifying Transaction) have any interest in the Proposed Qualifying Transaction.

Certain of the proposed director and officers of the Resulting Issuer are expected to hold securities in the Resulting Issuer. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

Estimated Available Funds and Proposed Principal Uses Thereof

The Resulting Issuer expects to have funds available as set forth below, based upon the current financial position of each of the Company and Spyder:

Source of Funds	Assuming Completion of the Minimum Private Placement	Assuming Completion of the Maximum Private Placement
Estimated working capital (deficiency) of the Resulting Issuer as at March 31, 2019	$520,149	$520,149
Net proceeds of the Private Placement	$184,000[(1)]	$920,000[(2)]
Remainder of other fees and expenses related to the Proposed Qualifying Transaction and Private Placement	$(90,000)	$(90,000)
Total Available Funds	$614,149	$1,350,149

Notes:

(1) Net proceeds considers gross proceeds of $200,000, less fees payable to eligible finders of $16,000.
(2) Net proceeds considers gross proceeds of $1,000,00, less fees payable to eligible finders of $80,000.

The principal purposes for which the available funds of the Resulting Issuer as set forth above are expected to be used following the Proposed Qualifying Transaction are described below:

Estimated Use of Funds	Assuming Completion of the Minimum Private Placement	Assuming Completion of the Maximum Private Placement
General and Administrative Expenditures(1)	$224,095	$374,595(2)
Salaries and Employee Benefits	$286,693	$292,693(3)
Selling	$0	$10,000
Leasehold Improvements	$0	$175,000(4)
Legal Fees	$0	$10,000
Unallocated Working Capital	$103,361	$487,861
Total	$614,149	$1,350,149

Notes:

(1) The estimate of general and administrative costs for the next 12 months following the Completion of the Proposed Qualifying Transaction includes $18,000 in advertising and promotion expenditures and $161,145 in rent and office overhead, as well as auditors, legal, transfer agent, investor relations, and Exchange and securities commission fees.

(2) Includes costs associated with acquiring leases and Retail Licenses for an additional 1 location.

(3) Includes salaries and employee benefits costs associated with opening 1 retail location.

(4) Includes leasehold improvement costs associated with opening 1 retail location.

(5) For details regarding the estimated costs with respect to salaries and employee benefits, see "*Information Concerning the Resulting Issuer – Narrative Description of the Business – Milestones*".

Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Company and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Pro Forma Consolidated Financial Information

The following table sets out the unaudited pro forma balance sheet of the Resulting Issuer prior to and after giving effect to the Proposed Qualifying Transaction. This table should be read in conjunction with the Pro Forma Financial Statements attached hereto as Schedule "E".

Balance Sheet Data	As of October 31, 2018
Current Assets	$1,184,413
Total Assets	$1,332,460
Current Liabilities	$198,670
Share Capital	$2,471,155
Contributed Surplus	$326,435
Deficit	$(1,728,294)
Total Shareholders' Deficiency	$1,069,296

Company's Listing on the Exchange

The Company Shares are listed for trading on the NEX Board of the Exchange ("**NEX**") under the symbol "ANC.H". Trading of the Company Shares is currently halted. The last trading price of the Company Shares on NEX prior to the trading halt was $0.08 per Company Share.

No public market exists for the Spyder Shares.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers or promoters of the Resulting Issuer upon Completion of the Proposed Qualifying Transaction may, from time to time, also serve as directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in general, acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of its knowledge, the Company is not aware of the existence of any conflicts of interest between the Company and any of its directors and officers as of the date of this Filing Statement. To the best of its knowledge, Spyder is not aware of the existence of any conflicts of interest between Spyder and any of its directors and officers as of the date of this Filing Statement.

Interest of Experts

No Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of the Company, Spyder or the Resulting Issuer or of an Associate or Affiliate of the Company, Spyder or the Resulting Issuer.

Moreover, no Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, or any of their respective directors, officers, partners or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or its Associates or Affiliates.

Summary of Risk Factors

An investment in securities of the Resulting Issuer is highly speculative and involves a high degree of risk and should only be made by investors who can afford to lose their entire investment. Prior to making an investment decision, investors should consider the investment risks summarized below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware of or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

The risks, uncertainties and other factors, many of which will be beyond the control of the Resulting Issuer, that could influence actual results include, but are not limited to: change in laws, regulations and guidelines; limited operating history; reliance on management; requirements for additional financing; competition; product liability; operating in an industry with limited barriers to entry; exchange rate fluctuations; difficulty in forecasting sales; conflicts of interest; litigation; price fluctuation of the Resulting Issuer's shares; the Completion of the Proposed Qualifying Transaction being subject to the final approval of the Exchange, which approval may not be obtained; ongoing reporting and other obligations of the Resulting Issuer under applicable Canadian securities laws and Exchange rules; limited market for the Resulting Issuer's securities; and other factors beyond the control of the Resulting Issuer; and shareholder investments may be subject to dilution.

The following is a summary of certain risk factors applicable to the Company, Spyder, and the Resulting Issuer. The risks presented in this Filing Statement should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer may face. For a complete discussion of the risks associated with the Resulting Issuer and the Completion of the Proposed Qualifying Transaction, see "*Information Concerning the Resulting Issuer – Risk Factors*".

General business risks including:

- discretion in the use of proceeds;
- additional financing;
- expectations of the Resulting Issuer's management;
- ongoing costs and obligations;

- difficulties in forecasting;
- conflicts of interests;
- breach of confidentiality;
- legal proceedings;
- expansion into new activities;
- management of growth;
- reliance on key personnel;
- Exchange approval and Completion of Proposed Qualifying Transaction;
- capital lending markets;
- issuance of debt;
- continued listing on the Exchange;
- volatile market price of Resulting Issuer Shares;
- liquidity;
- dilution; and
- third party credit risk.

Risks related to the Resulting Issuer's retail-focused cannabis business strategy including:

- change in cannabis laws, regulations, and guidelines;
- operation permits and authorizations;
- the Resulting Issuer's target market;
- competition;
- cannabis retail licenses;
- client acquisition and retention;
- publicity or consumer perception;
- proprietary market research;
- commodity taxes and government mark-ups;
- safety and health regulations;
- liability, enforcement of complaints, etc.;
- difficulty transitioning and growing a business; and
- available talent pool.

Conditional Listing Acceptance

The Exchange has conditionally accepted the Proposed Qualifying Transaction subject to the Company fulfilling all of the requirements of the Exchange on or before July 22, 2019.

INFORMATION CONCERNING THE COMPANY

1. Corporate Structure

1.1 Name and Incorporation

Anchor Capital Corporation

Anchor was incorporated pursuant to the provisions of the ABCA on February 20, 2014. The full corporate name of Anchor is "Anchor Capital Corporation". The articles of the Company were amended by a certificate of amendment on May 13, 2014 to delete the private company provisions and the restrictions on share transfers. The Company Shares were first listed for trading on the TSXV under the symbol "ANC.P" on December 2, 2014; on October 5, 2017 the listed of the Company Shares was transferred to the NEX and began trading under the symbol "ANC.H". The head and records office of Anchor is located at 421 – 7th Avenue SW, TD Canada Trust Tower, Suite 1700, Calgary, Alberta T2P 4K9.

Anchor Sub

Anchor has one wholly-owned subsidiary, 11304372 Canada Inc. ("**Anchor Sub**"), which was incorporated on March 18, 2019 pursuant to the filing of articles of incorporation under the *Canada Business Corporations Act*. The registered office of the Anchor Sub is located at 421 – 7th Avenue SW, TD Canada Trust Tower, Suite 1700, Calgary, Alberta T2P 4K9.

2. General Development of the Business

2.1 History

Anchor is a CPC created pursuant to the policies of the Exchange. Anchor does not own any assets, other than cash or cash equivalents and its rights under the Amalgamation Agreement. The principal business of Anchor is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the Exchange so as to complete a Qualifying Transaction in accordance with the policies of the Exchange.

Anchor completed its Initial Public Offering on December 2, 2014 and the Company Shares commenced trading on the TSXV on December 2, 2014. On October 5, 2017, the listing of the Company Shares was transferred to the NEX as Anchor had not yet completed a Qualifying Transaction and had fallen below the TSXV's listing standards. On November 15, 2018, trading in the Company Shares was halted in connection with the Proposed Qualifying Transaction. Trading remains halted as of the date of this Filing Statement.

Other than the Proposed Qualifying Transaction, Anchor has previously attempted to complete a Qualifying Transaction on three occasions. On November 6, 2015, Anchor entered into a letter agreement with Clip Interactive, LLC to complete a Qualifying Transaction, which letter agreement was terminated on May 13, 2016 by mutual agreement. Subsequently, on June 17, 2016, Anchor entered into a letter agreement with Intraline Medical Aesthetics PTY Limited to complete a Qualifying Transaction, which letter agreement was terminated on August 11, 2016 by mutual agreement. Finally, on October 26, 2016, Anchor entered into a letter agreement with Mark One Lifestyle, Inc. to complete a Qualifying Transaction, which letter agreement was terminated on October 13, 2017 by mutual agreement.

3. Selected Financial Information and Management's Discussion and Analysis

3.1 Information for the Period from Inception to September 30, 2018

Since incorporation, Anchor has incurred costs in carrying out the IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV and subsequently the NEX.

The following tables set forth select historical financial information for Anchor for the periods ended December 31, 2016, December 31, 2017, and for the nine month period ended September 30, 2018, along with select balance sheet data from such periods. The financial statements of Anchor have been prepared in accordance with IFRS and are denominated in Canadian dollars. Such information is derived from Anchor's financial statements and should be read in conjunction with such financial statements included elsewhere in this Filing Statement, including Anchor's financial statements attached hereto as Schedule "A".

Balance Sheet Data	As at September 30, 2018 ($)	As at June 30, 2018 ($)	As at March 31, 2018	As at December 31, 2017 ($)	As at December 31, 2016 ($)
Cash and cash equivalents	31,071	34,806	54,703	64,409	155,468
Total assets	31,071	34,806	54,703	64,409	155,468
Total liabilities	Nil	Nil	12,200	16,362	40,275
Shareholders' equity	31,071	34,806	42,503	48,047	115,193

Income Statement Data	9 month period ended September 30, 2018 ($)	6 month period ended June 30, 2018 ($)	3 month period ended March 31, 2018 ($)	Period January 1, 2017 to December 31, 2017 ($)	Period January 1, 2016 to December 31, 2016 ($)
Total Revenue	8	8	8	50	50
Total Expenses	16,984	13,249	5,552	67,196	91,510
Net Income (loss)	(16,976)	(13,241)	(5,544)	(67,146)	(91,460)

3.2 Management's Discussion and Analysis

The Anchor MD&A's are attached hereto as Schedule "B". The Anchor MD&A's should be read in conjunction with Anchor's interim financial statements for the corresponding periods, where necessary.

4. Description of Company Shares

Anchor is authorized to issue an unlimited number of Company Shares, of which 4,514,000 Company Shares are issued and outstanding as of the date hereof. In addition, as of the date hereof, up to 551,400 are reserved for issuance under stock options to purchase Company Shares ("**Company Options**") granted to directors and officers of Anchor.

The holders of Company Shares are entitled to dividends if, as and when declared by the board of directors of Anchor (the "**Board**"), of one vote per Company Share at meetings of the shareholders of Anchor and, upon liquidation receive such assets of Anchor as are distributable to the holders of Company Shares. All Company Shares which are to be outstanding after Completion of the Proposed Qualifying Transaction will be fully paid and non-assessable. This summary does not purport to be complete and reference is made to the notice of articles and articles of incorporation of Anchor for a complete description of these securities and the full text of their provisions.

5. Stock Option Plan

Anchor has an incentive stock option plan (the "**Company Option Plan**") in accordance with the policies of the TSXV, pursuant to which a maximum of 10% of the issued and outstanding Company Shares at the time a Company Option is granted, less any outstanding stock options previously granted, will be reserved for issuance as Company Options and will be granted at the discretion of the Board to eligible optionees which includes directors, officers, employees, or consultants of the Company (the "**Company Optionees**") under the Company Option Plan. While the Company Option Plan is in effect there can never be more than 10% of Company Shares reserved for issuance at any point in time. The Company was brought into non-compliance with this restriction following the cancellation of 1,000,000 seed shares in 2016.

Company Options granted pursuant to the Company Option Plan shall be exercisable for a period of up to ten (10) years, and the number of Company Shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Company Shares. Additionally, the number of Company Shares reserved for issuance to consultants or employees conducting investor relations activities will not exceed 2% of the issued and outstanding Company Shares in a 12 month period. The Board will determine the exercise price of the Company Options in accordance with applicable TSXV policies, and will also determine the number of Company Shares to be granted to a Company Optionee.

If a Company Optionee was granted Company Options but subsequently ceases to be an eligible optionee, such Company Optionee's Company Options must be exercised within the later of: (i) 12 months after the completion of a Qualifying Transaction; and (ii) 90 days from the date of termination of employment or cessation of position with the Company, other than by reason of death. Additionally, if prior to the exercise of a granted Company Option, the Company Optionee ceases to be a director, officer, employee or consultant of the Company, or its subsidiary, such Company Optionee shall be limited to the number of Company Shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other Company Shares pursuant to the Company Option Plan.

Until Anchor completes the Proposed Qualifying Transaction and ceases to be a CPC, all the Company Options granted under the Company Option Plan will be subject to the terms and conditions of CPC Policy.

5.1 Stock Options Granted

As of the date of this Filing Statement, there are outstanding Company Options to acquire an aggregate of 551,400 Company Shares as follows:

Name	Number of Common Shares Under Options	Exercise Price of Common Share	Expiry Date
Darren Stark	100,000	$0.10	December 2, 2024
Arlene Dickinson	50,000	$0.10	December 2, 2024
Brandon Kou	50,000	$0.10	December 2, 2024
Kosta Kostic	175,700	$0.10	December 2, 2024
Edward Ierfino	175,700	$0.10	December 2, 2024
Total	**551,400**		

6. Prior Sales of Securities

As of the date of this Filing Statement, there are 4,514,000 Company Shares issued and outstanding, in the past twelve (12) months, there have been no prior sales of securities of the Company.

7. Stock Exchange Price

On December 2, 2014, the Company Share were listed and began trading on the TSXV under the symbol "ANC.P"; on October 5, 2017 the Company Shares were transferred and began trading on the NEX under the symbol "ANC.H". On November 15, 2018, trading in the Company Shares was halted in connection with the Proposed Qualification Transaction. Trading remains halted as of the date of this Filing Statement. Upon completion of the Amalgamation Agreement, it is anticipated that the Company Shares will be listed under on the TSXV under the symbol "SPDR".

The following table sets out the trading information for the Company Shares on the NEX for the periods indicated.

Period	High ($)	Low ($)	Volume
July 2018	0.08	0.08	40,000
August 2018	0.08	0.08	0
September 2018	0.08	0.08	0
October 2018	0.08	0.08	0
November 2018	0.08	0.08	0
December 2018	N/A(1)	N/A(1)	N/A(1)

Notes:

(1) Trading of the Company Shares was halted on November 15, 2018;

8. Arm's Length Transaction

The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

9. Legal Proceedings

There are no legal proceedings material to Anchor to which Anchor is a party to or of which any of its property is the subject matter, and there are no such proceedings known to Anchor to be contemplated.

10. Auditor, Transfer Agent and Registrar

10.1 Auditor

The auditors of Anchor is BDO Canada LLP located at 620, 903 – 8th Avenue SW Calgary, Alberta T2P 0P7.

10.2 Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is Alliance Trust Company located at its principal office at 600, 333 – 7th Avenue SW Calgary, Alberta T2P 0P7.

11. Material Contracts

Anchor has not entered into any material contracts since its incorporation except as follows:

- the CPC Escrow Agreement;
- the Agency Agreement dated September 19, 2014 between the Company and Richardson GMP Limited;
- the Registrar and Transfer Agency Agreement dated March 15, 2014 between the Company and Alliance Trust Company; and
- the Amalgamation Agreement.

The above contracts may be inspected at the records office of Anchor at 421 – 7th Avenue SW, TD Canada Trust Tower, Suite 1700, Calgary, Alberta T2P 4K9 during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days after completion of the distribution.

12. Summary of Relationship or Other Arrangement

Other than the Proposed Qualifying Transaction, and as otherwise disclosed herein, there is no relationship or other arrangement between Spyder and the Company.

INFORMATION CONCERNING SPYDER

1. Corporate Structure

1.1 Name and Incorporation

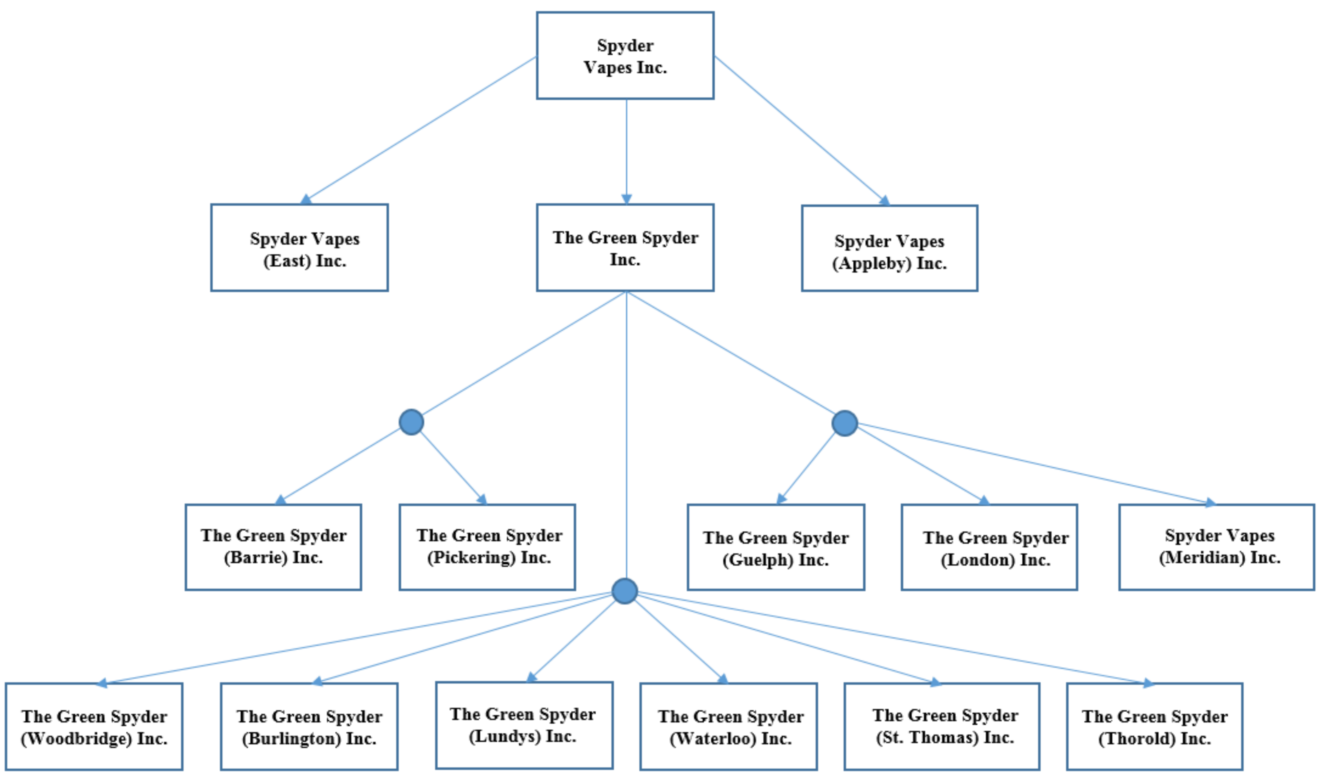
Spyder is a private company that was formed pursuant to the provisions of the CBCA on August 18, 2014 by the filing of articles of incorporation. Spyder's head office is located at 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7. Spyder's registered office is located at 57 Greenbank Drive, Richmond Hill, Ontario, L4E 4C4.

On February 5, 2019, Spyder filed articles of amendment to (i) remove restrictions on the number of Spyder shareholders; (ii) remove the prohibition on Spyder providing invitations to the public to subscribe for its securities; and (iii) to add restrictions on the transfer of Spyder's securities, provided that Spyder is considered a reporting issuer under applicable securities law.

1.2 Intercorporate Relationships

Spyder has three direct subsidiaries and eleven indirect subsidiaries. Spyder owns, controls and directs 100% of the votes attaching to all voting securities of each of its direct subsidiaries, while The Green Spyder Inc. owns, controls and directs 100% of the votes attaching to all voting securities of each of Spyder's indirect subsidiaries. Neither Spyder nor The Green Spyder Inc. owns, controls or directs any restricted shares.

The following chart illustrates the intercorporate relationships among Spyder and its direct and indirect subsidiaries as of the date hereof.



The Green Spyder Inc. is a wholly-owned subsidiary of Spyder that was incorporated pursuant to the provisions of the CBCA on June 8, 2018, for the purpose of operating all of Spyder's cannabis retail stores within Canada.

Spyder Vapes (East) Inc. is a wholly-owned subsidiary of Spyder that was incorporated pursuant to the provisions of the CBCA on December 7, 2015, for the purpose of operating Spyder's vape shop at the Scarborough, Ontario location.

Spyder Vapes (Appleby) Inc. is a wholly-owned subsidiary of Spyder that was incorporated pursuant to the provisions of the CBCA on April 25, 2017, for the purpose of operating Spyder's vape shop at the Burlington, Ontario location.

The Green Spyder (Burlington) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Burlington, Ontario.

The Green Spyder (Barrie) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Barrie, Ontario.

The Green Spyder (Pickering) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Pickering, Ontario.

The Green Spyder (Guelph) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Guelph, Ontario.

The Green Spyder (London) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in London, Ontario.

Spyder Vapes (Meridian) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on June 8, 2018, for the purpose of operating Spyder's proposed vape shop, to be located in Calgary, Alberta.

The Green Spyder (Lundys) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 20, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Lundys, Ontario.

The Green Spyder (Waterloo) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 20, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Waterloo, Ontario.

The Green Spyder (St. Thomas) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 30, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in St. Thomas, Ontario.

The Green Spyder (Woodbridge) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on December 8, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Woodbridge, Ontario.

The Green Spyder (Thorold) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on December 8, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Thorold, Ontario.

2. General Development of the Business

2.1 History

Spyder's business is presently focused on owning and operating licensed vape shops in Ontario, each of which offers a growing product offering comprised of e-cigarettes, vaporizers and accessories, e-juices, and e-liquids. Since its incorporation in 2014, Spyder has accelerated its growth, expanding the number of operated shops as well as launching three of its own brands of e-juices. Spyder now carries a combined total of approximately 150 flavours and offers vaporizers and e-cigarettes and related products through its vape shops and online. Spyder's present business strategy is focused on a multi-pronged approach to diversify its revenue streams by expanding the number of brick-and-mortar retail locations within Ontario and Alberta. To this end, Spyder believes that it is well positioned to introduce new products and leverage its ability to develop e-juices to respond to changing market product demands, both in Ontario and Alberta.

The following is a description of how the business of Spyder and its subsidiaries developed over the three most recently completed financial years and the current financial year:

- In October 2014, Spyder launched its website, https://spydervapes.com (the "**Spyder Vapes Site**"). The Spyder Vapes Site featured a limited product offering comprised of e-cigarettes, vaporizers and accessories, and three lines of e-juices, carrying a combined total of approximately 17 flavours.

- In October 2014, Spyder entered into a ten year lease agreement with an arm's-length party to both Spyder and the Company, for an approximately 1,300 square feet retail location in Woodbridge, Ontario, and in January 2015, Spyder opened its first vape shop at the Woodbridge location. The Woodbridge location featured a broader product offering comprised of e-cigarettes, vaporizers and accessories, and six lines of e-juices, carrying a combined total of approximately 50 flavours.

- In June 2015, Spyder's founder and President, Daniel Pelchovitz, developed "Jinx e-Liquid", Spyder's proprietary e-juice line, featuring 6 unique flavours, including flavours such as "S.W.A.G." (strawberry, watermelon, apple, gummies), "Peanut Butter & Jelly", and "Lemon Cookie".

- In August 2015, Spyder introduced its "Jinx e-Liquid" line to the market through the Spyder Vapes Site and its Woodbridge vape shop.

- In December 2015, Spyder entered into a five year lease agreement with an arm's-length party to both Spyder and the Company, for an approximately 1,200 square feet retail location in Scarborough, Ontario, and in March 2016, Spyder opened its second vape shop at the Scarborough location. With the opening of its Scarborough location, Spyder further expanded its product offering to include approximately six different brands of e-cigarettes, vaporizers and accessories, and e-juices carrying a combined total of approximately 80 to 100 flavours. In addition, Spyder introduced several higher-end product lines and shifted its business focus, from general consumers to the "hobbyist" market. Throughout the rest of 2016, Spyder continued to expand into new potential markets, increasing its product offerings.

- Between May 2017 and February 2018, Spyder completed a private placement of secured convertible debentures, raising aggregate gross proceeds of $673,000. The principal amount of the secured convertible debentures issued in the private placement, together with any accrued but unpaid interest, maybe converted into Spyder Shares at a conversion price of $0.05 per Spyder Share, with the maturity date falling two years following closing.

- On May 8, 2017, Spyder entered into a five year lease agreement with ICP Developers Inc., an arm's-length party to both Spyder and the Company, for an approximately 1,000 square feet retail location in Burlington, Ontario. In December 2017, Spyder opened its third vape shop at the Burlington location.

- In January 2018, Spyder entered into a non-disclosure agreement with an arm's-length party to both Spyder and the Company (the "**Manufacturer**"), and one of Canada's largest wholesale manufacturers of e-liquids, based in Lindsay, Ontario. The non-disclosure agreement marked the first step in negotiations between Spyder and the Manufacturer to outsource to the Manufacturer the production of Spyder's proprietary e-juice lines. Pursuant to the terms of the non-disclosure agreement, the Manufacturer is obliged to hold in confidence all proprietary e-juice recipes owned by Spyder and disclosed to the Manufacturer.

- In March 2018, two months after the entering into the non-disclosure agreement, Spyder began negotiations with the Manufacturer to outsource production of two of Spyder's newly developed proprietary e-juice lines, "Spyder Vapes" and "Nautical E-Liquids". Following such negotiations, the Manufacturer and Spyder entered into an arrangement, pursuant to which the Manufacturer acquired the non-exclusive right to manufacture the "Spyder Vapes" and "Nautical E-Liquids" e-juice lines, and to utilize Spyder's logos in the manufacturing process.

- In April 2018, Spyder introduced its two new proprietary e-juice lines, "Spyder Vapes" and "Nautical E-Liquids", which increased Spyder's proprietary flavours to a combined total of approximately 17 flavours. The "Spyder Vapes" and "Nautical E-Liquids" e-juice lines include flavours such as "Gator Sauce", "Berry Bombs", and "Siren".

- In July 2018, Spyder acquired a lease for an approximately 8,000 square feet location in Calgary, Alberta, which Spyder intends to operate both as a retail location, and as a central distribution hub for its product offerings. Spyder has received a municipal development and building permit in late 2018 for its Calgary location, subject to receiving a variance from the Province of Alberta.

- In November and December of 2018, Spyder completed a private placement of secured convertible debentures, raising aggregate gross proceeds of $844,985. The principal amount of the secured convertible debentures issued in the private placement, together with accrued but unpaid interest thereon, may be converted at a conversion price of $0.10 per Spyder Share, with the maturity date falling two years following closing. In connection with the 10 Cent Round, Spyder paid the Finder a cash fee of 10.0% of the gross proceeds raised by the Finder in the 10 Cent Round, 372,493 Spyder Shares, and 387,493 Spyder Warrants. Each Spyder Warrant is exercisable at a price of $0.10 into one (1) Spyder Share for a period of two years following closing.

Spyder is currently sourcing retail locations throughout Alberta and British Columbia, where it seeks to establish a presence and apply for a cannabis retail licenses pursuant to recently announced provincial legislation.

2.2 Significant Acquisitions

Spyder has not completed any significant acquisitions or dispositions, other than as discussed above.

3. Narrative Description of the Business

3.1 Principal Products or Services

Spyder's business is focused on the retail and distribution of high-quality product offerings comprised of e-cigarettes, vaporizers and accessories, e-juices, and e-liquids, which include Spyder's proprietary line of e-juices, and e-liquids. Spyder's in-house teams work to provide aesthetically pleasing, affordable, and technologically advanced vaporizer and e-liquid flavor options in vape shops uniquely designed to create the optimal customer experience. In addition to its product offerings, Spyder provides follow-up care for its customers through its experienced in-house teams, including maintenance, repair and warranty services for e-cigarettes, vaporizers and related accessories. Sales of Spyder's product offerings account for 100% of Spyder's revenues generated during each of Spyder's last two completed financial years.

The vaporizer industry continues to mature, and users of vaporizers and e-liquids continue to develop their taste and flavor preferences. While Spyder currently offers approximately 150 e-juice flavours, including approximately 17 of Spyder's proprietary e-juice flavours, Spyder will anticipate market demand and leverage its growing expertise and technical capabilities to develop new flavor profiles distinct to the Spyder brand, on an as-needed basis.

3.2 Operations

Spyder presently operates an established chain of three high-end vape shops in Ontario, with shops located in Woodbridge, Scarborough and Burlington. Spyder sources raw materials, as well as labels and bottles for its proprietary e-juices through third party suppliers located in Canada and the United States, all of which are, in general, readily available and in adequate supply.

Spyder's (and therefore the Resulting Issuer's) long-term business plan is to expand its operations to include a cannabis business segment focused on the operation of licensed cannabis retail stores, which segment will be in addition to its existing operation of high-end vape shops. However, the timing of such expansion remains subject to market and regulatory conditions, as well as the outcome of the Private Placement. Subject to regulatory conditions in Ontario regarding the timing of the issuance of additional Retail Licenses, in the event that the maximum amount of $1,000,000 is raised under the Private Placement, Spyder (and therefore the Resulting Issuer) intends to apply to acquire one Retail License in Ontario in 2019 and to establish a cannabis retail store in Ontario no earlier than December 2019. Spyder also intends to apply for one municipal development and building permit in Alberta in 2019, in the event that the maximum amount is raised under the Private Placement. In the event that only the minimum of $200,000 in gross proceeds is raised under the Private Placement, Spyder will neither apply for a Retail License in Ontario nor apply for a development and building permit in Alberta in 2019.

Following Spyder's (and therefore the Resulting Issuer's) expansion of operations into the cannabis sector –the timing of which remains uncertain- Spyder anticipates that its suppliers of cannabis products will be located exclusively in Canada, and further, that the pricing and availability of materials and products required for its cannabis business segment will be determined by the then-existing market and regulatory conditions.

Irrespective of whether or not Spyder (and therefore the Resulting Issuer) obtains any Retail License in the future, Spyder intends to continue operating its high-end vape shop business. In the event Spyder fails to obtain the necessary permits, authorizations or accreditations necessary to expand its product offerings into the cannabis sector, Spyder (and therefore the Resulting Issuer) will continue to exclusively operate a high-end vape shop business.

Spyder currently leases three high-end vape shops in Ontario, located in Woodbridge, Scarborough and Burlington. Aside from its existing locations, Spyder currently has lease agreements for 3 proposed vape shops or retail cannabis store locations across Ontario, in Pickering, Waterloo, and Niagara Region. These leases have an average initial term of 5 years, and grant Spyder the option to renew the lease for an additional term of 5 years. The Niagara Region lease is conditional on Spyder obtaining a Retail License for a retail cannabis store at that location. The leases relating to proposed locations in Pickering and Waterloo are not conditional, given Spyder's intention to operate high-end vape shops at these locations in the event that it does not obtain a Retail License for these locations. As of the date of this Filing Statement, each of Spyder's lease agreements is in good standing.

As at the end of Spyder's most recently completed financial year, Spyder had 11 employees. Spyder's business is quickly evolving, and Spyder requires a management team knowledgeable in technological and consumer trends as they relate to the vaporizer and cannabis markets. Spyder believes that the current management team offers a good combination of marketing, technical, product development, and managerial expertise.

On December 13, 2018, the Government of Ontario announced changes to its previously announced process for granting Retail Licenses to applicants who wish to operate cannabis retail stores in Ontario. Further to the Government of Ontario's announcement, the Alcohol and Gaming Commission of Ontario ("**AGCO**") implemented a lottery system, between January 7, 2019 and January 9, 2019, to select the 25 applicants who will be awarded the first set of Retail Licenses in Ontario. The results of the lottery system were announced on January 11, 2019, and Spyder was not selected to receive one of the limited number of Retail Licenses awarded through the lottery system. The Government of Ontario is expected to communicate next steps for additional Retail Licenses once the Government of Canada has addressed the shortage of legal cannabis supply from federally licensed producers. Following such announcement, but only in the event that the maximum amount of $1,000,000 is raised under the Private Placement, Spyder intends to apply to acquire one Retail License in Ontario in 2019 and to establish a cannabis retail store in Ontario no earlier than December 2019. However, Spyder may not be able to obtain or maintain the necessary permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its retail business. See "*Risks Related to the Resulting Issuer's Retail-Focused Cannabis Business Strategy - Operation Permits and Authorizations*".

3.3 Seasonality, Changes to Contracts, and Intangible Property

Spyder's business is not subject to seasonality fluctuations, and Spyder does not anticipate that its business will be affected by any renegotiation or termination of any contracts or sub-contracts during the 12 months following the date of this Filing Statement. Although Spyder has a trademark application pending with the Canadian Intellectual Property Office, to trademark "The Green Spyder", Spyder's business does not depend on any identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks.

3.4 Market

The market for vaporizers and related accessories and products has been gaining popularity in North America over the past decade, in part due to the convenience of these devices, ease of use (i.e. no preparation, maintenance or cleaning required) and discreetness. With the recent legalization of recreational cannabis in Canada, consumers are slowly moving towards preferring cannabis products derived from extracts.

Spyder presently markets its product offerings to individuals of legal age who are either existing users of e-cigarettes and vaporizers or transitioning from traditional tobacco cigarettes and cigars. Spyder's product offerings cater to the market demand for alternatives to traditional tobacco cigarettes and cigars, and in particular, to those seeking a "smoking" experience without the burning of tobacco leaf, smoke, tar, ash or carbon monoxide.

Spyder's (and therefore the Resulting Issuer's) long-term business plan is to expand Spyder's product offerings into the cannabis sector, and market cannabis and cannabis-related products within the Canadian adult-use recreational cannabis market, in compliance with applicable provincial and federal laws. However, the timing of such expansion remains subject to market and regulatory conditions, as well as the outcome of the Private Placement. In the event that the maximum amount of $1,000,000 is raised under the Private Placement, in the 12 month period following the Completion of the Proposed Qualifying Transaction, Spyder (and therefore the Resulting Issuer) intends to (i) apply to acquire one Retail License in Ontario and subsequently establish a cannabis retail store in Ontario no earlier than December 2019, and (ii) apply for one municipal development and building permit in Alberta in 2019. In the event that only the minimum of $200,000 in gross proceeds is raised under the Private Placement, Spyder will neither apply for a Retail License in Ontario nor apply for a development and building permit in Alberta in 2019.

Irrespective of whether or not Spyder (and therefore the Resulting Issuer) obtains the necessary permits, authorizations or accreditations necessary to expand its product offerings into the cannabis sector, Spyder intends to continue operating its high-end vape shop business. In the event Spyder fails to obtain such permits, authorizations or accreditations, Spyder (and therefore the Resulting Issuer) will continue to exclusively operate a high-end vape shop business.

3.5 Marketing Plans and Strategies

Spyder presently advertises its products offering through the Spyder Vapes Site and through point of sale materials and displays at its vape shop locations in Ontario. In addition, Spyder attempts to build brand awareness through social media marketing activities and in-shop and on premise promotions, all of which are undertaken by Spyder's current management team, and form part of the advertising and promotional costs of approximately $7,529 during the 9 month period ended October 31, 2018, included as part of Spyder's General and Administrative Expenditures. Spyder intends to continue to strategically manage its advertising activities in 2019 to increase sales, product acceptance and general industry awareness. However, as Spyder (and therefore the Resulting Issuer) expand into the cannabis sector, Spyder will manage its advertising activities and strategies, as they relate to the cannabis sector, in order to ensure compliance with applicable provincial and federal laws relating to advertising, which, among other things, impose strict restrictions on promotional and advertising activities relating to cannabis in order to prevent young persons from being exposed to cannabis.

At present, Spyder's pricing strategy for its product offerings is driven by its current management team, which determines the various price points of Spyder's products with reference to various factors, including the key demographics of Spyder's customers, consumer demand, costs, and general market and competitive conditions. Overall, Spyder's pricing policy is aimed at identifying and setting a competitive market, or "street" price for its product offering. Spyder will continue to monitor market conditions, costs and other factors in order to ensure that its pricing strategy remains aligned with its business goals and revenue and profit objectives.

3.6 Competitive Conditions

The vaporizer and e-liquid industry is characterized by intense competition and shifting user preferences. Spyder competes with other sellers of vaporizes and accessories, e-juices and e-liquids, ranging from small and medium-sized operators of brick-and-mortar retail locations to larger tobacco companies that have vaporizer and electronic cigarette business segments. Spyder's direct competitors sell products that are substantially similar to its product offerings at substantially similar prices and have access to a large percentage of the market and products Spyder operates in. As such, the key competitive factors for Spyder's success include its quality of service, the scope and effectiveness of its marketing efforts, and its ability to retain as well as identify and develop new sources of customers.

Spyder (and therefore the Resulting Issuer) intends to develop a retail cannabis business across Canada through the establishment of cannabis retail stores, although the timing of such development remains subject to market and regulatory conditions, as well as the outcome of the Private Placement. The bourgeoning cannabis retail industry is highly competitive, with a large number of existing and potential entrants who will be competing for available real estate locations and Retail Licenses. Spyder's competitors in the cannabis industry will range from small and medium-sized operators of brick-and-mortar cannabis retail locations to larger tobacco companies that have recently entered the cannabis business. To remain competitive, Spyder (and therefore the Resulting Issuer) will require a continued high level of investment in hiring, training and retention of marketing, sales and customer service staff.

3.7 Proprietary Protection

Spyder does not presently have any patents or patent applications pending. In October 2018, Spyder began the trademark registration process in Canada, with the Canadian Intellectual Property Office, to trademark “The Green Spyder”. The trademark application is currently pending.

4. Selected Financial Information and Management’s Discussion and Analysis

4.1 Selected Financial Information

As of the date of this Filing Statement, Spyder has derived all of its revenues from its operation of high-end vape shops. Spyder presently does not operate or have any involvement in, and has not generated any revenue from, the cannabis sector.

The following table presents selected historical financial data of Spyder for the periods indicated. The selected historical financial data should be read in conjunction with the financial statements of Spyder with the notes thereto attached as Schedule “C”.

	Nine Months Ended October 31, 2018	Year ended January 31, 2018	Year ended January 31, 2017
Total Revenues	$710,713	$739,527	$782,600
Income (Loss) from Continuing Operations	$(256,185)	($376,465)	$(42,950)
Net Income (Loss)	$(256,185)	$(361,925)	$(42,950)
Total Assets	$446,903	$437,650	$213,623
Total Long-Term liabilities	$675,502	$529,050	$23,676
Cash Dividends declared	$0	$0	$0

4.2 Management’s Discussion and Analysis

Management’s discussion and analysis for the audited financial statements of Spyder for the years ended January 31, 2018 and 2017 and for the interim period ended October 31, 2018 are attached hereto as Schedule “D”.

4.3 Trends

The directors and officers of Spyder do not know of any trend, commitment, event or uncertainty that is expected to have a material effect on the business, financial condition or results of operations of Spyder other than as discussed herein under “*Risk Factors*”.

5. Description of Securities

The authorized capital of Spyder consists of an unlimited number of common shares without nominal or par value. As of the date of this Filing Statement, 8,092,493 Spyder Shares are issued and outstanding as fully paid and non-assessable. In addition, there are 3,300,000 Spyder Options, 387,493 Spyder Finder Warrants, and $1,649,566.75 in secured convertible debentures issued and outstanding.

The holders of the Spyder Shares are entitled to receive notice of and attend any meeting of Spyder’s shareholders and are entitled to one vote for each Spyder Share held. The holders of Spyder Shares are entitled to receive dividends, if, as and when declared by the board of directors of Spyder and to receive the remaining property available for distribution in the event of a liquidation, dissolution or winding-up of Spyder.

6. Consolidated Capitalization

The following table sets forth Spyder’s share and loan capital for and as of the end of the periods indicated. This information is derived from the financial statements of Spyder, which are included in this Filing Statement.

Designation of Security	Amount Authorized or to be Authorized	Outstanding as at October 31, 2018 (1)	Outstanding as at March 31, 2019(1)

Spyder Shares	Unlimited	7,720,000	8,092,493
Spyder Options	10% of issued and outstanding Spyder Shares	2,700,000(2)	3,300,000 (2)
Spyder Finder Warrants	Unlimited	0	387,493(3)
Convertible Debentures	Unlimited	$725,286(4)	$1,649,566.75 (4)

Notes:

(1) Prior to giving effect to the Proposed Qualifying Transaction and the Private Placement.

(2) Of the 3,300,000 options outstanding, (i) 2,000,000 are exercisable at a price of $0.05 and expire on September 1, 2022, (ii) 200,000 are exercisable at a price of $0.10 and expire on September 4, 2023, (iii) 500,000 are exercisable at a price of $0.10 and expire on October 10, 2023, and (iv) 600,000 are exercisable at a price of $0.10 and expire on November 1, 2023.

(3) Of the 387,493 warrants outstanding, (i) 65,000 are exercisable at a price of $0.10 and expire on November 16, 2020, (ii) 198,073 are exercisable at a price of $0.10 and expire on November 23, 2020; and (iv) 124,420 are exercisable at a price of $0.10 and expire on December 20, 2020.

(4) The outstanding secured convertible debentures accrue interest at a rate of 10% per annum, with the principal amount and accrued interest on (i) $673,000 convertible into Spyder Shares at $0.05 per Spyder Share, and (ii) $844,985 convertible into Spyder Shares at $0.10 per Spyder Share.

7. Prior Sales

In the twelve-month period preceding the date of this Filing Statement the following Spyder Shares and secured convertible debentures have been issued:

Date issued	Type	Number	Issue or Exercise Price per Share	Aggregate Issue Price	Nature of Consideration
March 20, 2018	Spyder Shares	200,000(1)	$0.10	$20,000	Cash
March 24, 2018	Spyder Shares	120,000	$0.10	$12,000	Cash
March 29, 2018	Spyder Shares	100,000	$0.10	$10,000	Cash
November 13, 2018	Spyder Shares	65,000(2)	$0.10	$6,500	n/a
November 15, 2018	Convertible Debentures	n/a	$0.10	$130,000	Cash
November 23, 2018	Convertible Debentures	n/a	$0.10	$366,145	Cash
November 23, 2018	Spyder Shares	183,073(2)	$0.10	$18,307	n/a
November 23, 2018	Spyder Shares	124,420(2)	$0.10	$12,442	n/a
December 20, 2018	Convertible Debentures	n/a	$0.10	$348,840	Cash

Notes:

(1) A total of 100,000 Spyder Shares were issued to Michael Pelchovitz and Jeffrey Pelchovitz, both of whom are sons of Mark Pelchovitz, Secretary of Spyder, and as such are non-arm's length parties of Spyder.

(2) Represents Spyder Shares issued to the Finder as compensation for its services in connection with the 10 Cent Round.

Other than as disclosed above, Spyder Shares issued in all of the prior sales noted above were issued to arm's length parties of Spyder.

8. Stock Exchange Price

There is no public market for any securities of Spyder.

9. Executive Compensation

9.1 Compensation Discussion and Analysis

Spyder, as a private company, does not have a compensation committee and has not instituted any formal executive compensation policies or programs. Spyder's board of directors has not considered the implications of the risks associated with Spyder's compensation practices. Named Executive Officers or directors of Spyder are permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

9.2 Summary Compensation Table

The information below contains disclosure of compensation paid to the directors and Named Executive Officers of Spyder. Spyder does not have any non- equity incentive plan compensation and has no pensions:

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Daniel Pelchovitz *Director and CEO*	2018 2017	60,000[1] 60,000[1]	Nil Nil	Nil Nil	Nil Nil	Nil Nil	60,000 60,000
Steven Glaser *Director*	2018 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Saimi Pelchovitz *Director and Chief Design Manager*	2018 2017	6,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	6,000 Nil

Notes:

1. Compensation reflects salary paid for services rendered as an employee and Retail Manager of Spyder's vape shops.
2. Compensation reflects salary paid for services rendered relating to the management of retail presence, layout, shop designs and branding.

9.3 External management companies

Spyder does not retain an external management company to provide executive management services.

9.4 Stock options and other compensation securities

The following table discloses all compensation securities granted or issued to the directors and Named Executive Officers of Spyder during the fiscal year ended January 31, 2018.

Compensation Securities							
Name and position	**Type of Compensation Security**	**Number of Compensation Securities and Percentage of Class[1]**	**Date of Issue or Grant**	**Issue, Conversion or Exercise Price ($)**	**Closing Price of Security or Underlying Security on Date of Grant ($)**	**Closing Price of Security or Underlying Security at Year End ($)**	**Expiry Date**
Daniel Pelchovitz *Director and CEO*	Options	500,000 (15.2%)	September 1, 2017	0.05	N/A	N/A	September 1, 2022

Steven Glaser *Director*	Options	200,000 (6.1%)	September 4, 2018	0.10	N/A	N/A	September 4, 2023

Notes:

1. Percentage based on 3,300,000 Spyder Options outstanding as of the date hereof.

9.5 Stock options and other incentive plans

Spyder has adopted a stock option plan, the purpose of which is to enable key employees, officers and directors, and consultants of Spyder to participate in the growth of Spyder and to provide incentives to such persons to participate in the growth of Spyder. The board of directors of Spyder may from time to time, in its discretion, and in accordance with Exchange Requirements, grant to employees, officers and directors, and consultants of Spyder options to acquire Spyder Shares under the stock option plan. The exercise price of each option is subject to the discretion of Spyder's board of directors, however the exercise price of options granted may not be less than the exercise price permitted by the Exchange. Further, Spyder Shares reserved for issuance under the stock option plan cannot exceed ten percent (10%) of the then issued and outstanding Spyder Shares. The maximum number of Spyder Shares that may be issued to any one optionee under the stock option plan in any 12-month period is five percent (5%) of the then issued and outstanding Spyder Shares, unless Spyder has obtained disinterested shareholder approval and such issuance meets applicable Exchange Requirements.

9.6 Employment, consulting and management agreements

Spyder does not have any employment contracts with any of its Named Executive Officers.

9.7 Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Spyder's directors and Named Executive Officers is determined by the full board of directors. Compensation is determined based on factors considered relevant and appropriate, including the level of service provided, the background and expertise of the individual director or officer, amounts paid by other companies in similar industries at similar stages of development, and compensation levels necessary to attract, retain and develop management of a high calibre. Compensation is typically reviewed annually by the board of directors, but may also be reviewed on an ad hoc basis as the need arises. Total compensation is currently not contingent upon a director or Named Executive Officer meeting specified performance criteria or goals.

Spyder's compensation structure is primarily composed of cash compensation, which is composed of a base salary. Other than as disclosed under "*Information Concerning Spyder – Executive Compensation – Summary Compensation Table*", for the most recently completed financial year, no Named Executive Officer received any compensation.

No significant events occurred during the most recently completed financial year that significantly affected compensation. While the board of directors considers amounts paid by other companies in similar industries at similar stages of development in determining compensation, no specifically selected peer group has been identified as a comparable. No significant changes were made to Spyder's compensation policies since the commencement of the most recently completed financial year.

10. Non-Arm's Length Party Transactions

In the five years preceding the date of this Filing Statement, Spyder has not acquired assets or services or been provided with assets or services in any transaction (or in any proposed transaction) where Spyder or any of its subsidiaries obtained such assets or services from a director, officer or promoter of Spyder, a principal securityholder, or an associate or affiliate of any of the foregoing.

11. Legal Proceedings

There are no legal proceedings material to Spyder to which Spyder or a subsidiary of Spyder is a party or of which any of their respective property is the subject matter, and no such proceedings known to Spyder or a subsidiary of Spyder are contemplated.

12. Material Contracts

In the two years preceding the date of this Filing Statement, Spyder has not entered into any material contracts outside of the ordinary course of business, other than:

1. The Amalgamation Agreement (see "*Information Concerning the Resulting Issuer – The Amalgamation*"); and

Copies of the Amalgamation Agreement will be available for inspection, without charge, at the offices of Spyder's counsel, Garfinkle Biderman LLP, at 1 Adelaide Street East, Suite 801, Toronto, ON M5C 2V9, at any time during ordinary business hours from the date hereof until the Completion of the Proposed Qualifying Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

1. The Amalgamation

Effective March 19, 2019, the Company, Anchor Sub and Spyder entered into the Amalgamation Agreement, pursuant to which the parties agreed to complete the Proposed Qualifying Transaction on the terms set out therein. Pursuant to the Amalgamation Agreement, upon the closing of the Amalgamation:

(a) each shareholder of Spyder will receive one (1) Company Share in exchange for each one (1) Spyder Share held by such holder and the Spyder Shares will be cancelled;

(b) the Company will receive one (1) Amalco Share in exchange for each Anchor Sub Share held by it and the Anchor Sub Shares will be cancelled; and

(c) in consideration for the Company's issuance of Company Shares referenced in (a), Amalco will issue to the Company one (1) Amalco Share for each one (1) Company Share issued by the Company under (a).

Completion of the Amalgamation is subject to compliance with the terms and conditions set forth in the Amalgamation Agreement. Upon the Amalgamation becoming effective, Amalco will own all of the assets, properties, rights, privileges and franchises and be subject to all of the liabilities, contracts and obligations of each of the amalgamating corporations. The Amalgamation will constitute the Company's Qualifying Transaction for the purpose of the CPC Policy.

The foregoing summary of the material terms of the Amalgamation Agreement is qualified in its entirety by reference to the full text of the Amalgamation Agreement, which will be available on SEDAR at www.sedar.com under the profile of the Company.

The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

2. Corporate Structure

2.1 Name and Incorporation

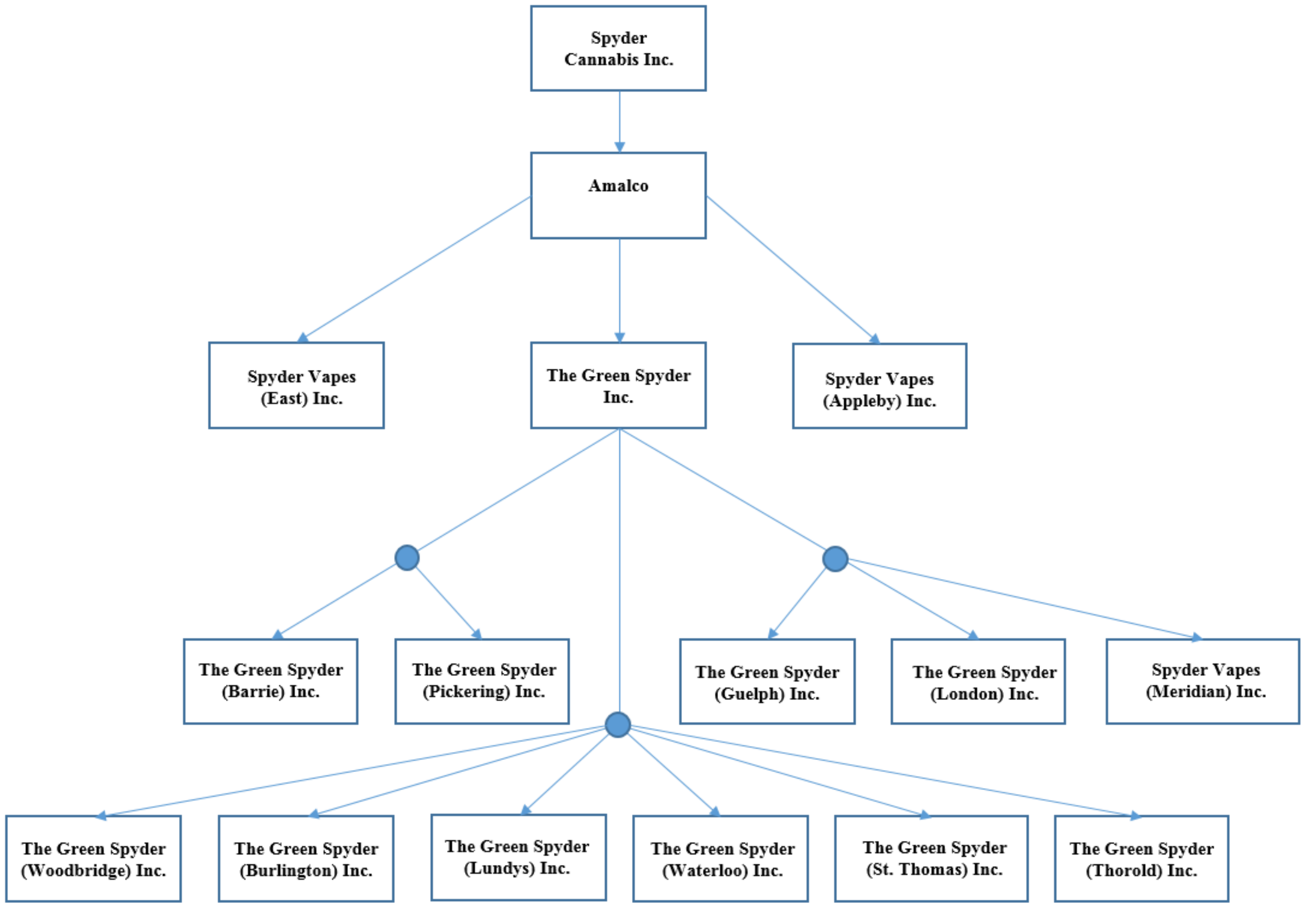
Following the Completion of the Proposed Qualifying Transaction, the Resulting Issuer, formerly identified as the Company, will own all of the issued and outstanding shares of Amalco and the Resulting Issuer will continue to exist under the ABCA. The Resulting Issuer intends to manage Amalco's assets and operate Amalco's businesses (being Spyder's businesses).

It is expected that the Company will seek the approval of its shareholders to change its name from "Anchor Capital Corporation" to "Spyder Cannabis Inc." at the special meeting of the Company's shareholders.

It is expected that the head and registered office of the Resulting Issuer will be relocated following the Completion of the Proposed Qualifying Transaction to Spyder's head office, located at 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7.

2.2 Intercorporate Relationships

Following Completion of the Proposed Qualifying Transaction, the Resulting Issuer will hold 100% of the issued and outstanding shares of Amalco, which will be a wholly-owned subsidiary of the Resulting Issuer. Amalco will own, control and direct 100% of the votes attaching to all voting securities of each of Spyder Vapes (East) Inc., The Green Spyder Inc., and Spyder Vapes (Appleby) Inc., while The Green Spyder Inc. will continue to own, control and direct 100% of the votes attaching to all voting securities of each of its subsidiaries indicated in the below diagram. Nether the Resulting Issuer, Amalco nor The Green Spyder Inc. will own, control or direct any restricted shares.



2.3 Fiscal Year

The Proposed Qualifying Transaction will result in an "acquisition of control" of the Company and hence, according to the provisions of the *Income Tax Act* (Canada), result in a fiscal year end for the Company on the date the Proposed Qualifying Transaction closes. Thereafter, the fiscal year end of the Resulting Issuer will be January 31.

3. Narrative Description of the Business

3.1 The Business

Regulatory Overview of the Canadian Cannabis Industry

Summary of the Cannabis Act and the Federal Regulations

On June 18, 2018, the Government of Canada passed legislation, the *Cannabis Act*, outlining the framework for the legalization of recreational use of cannabis, as well as laws to address drug-impaired driving, protect public health and safety and prevent youth access to cannabis. Regulations to support the *Cannabis Act* were also published in the Canada Gazette, Part II, on July 11, 2018. The *Cannabis Act* and its regulations came into force on October 17, 2018 and adults are now able to purchase limited amounts of cannabis products from licensed retail stores subject to provincial and municipal government restrictions. Federally-governed cannabis operations, including the production of cannabis for medical and recreational purposes, is no longer regulated by the *Controlled Drugs and Substances Act* (Canada). The ACMPR has been repealed and concurrently restated as Part 14 of the Federal Regulations.

Pursuant to the Federal Regulations, cannabis products require plain packaging and must be labelled with mandatory health warnings, a standardized cannabis symbol and specific information about the product. The Federal Regulations also set out strict requirements with respect to logos, colours and branding.

The *Cannabis Act* grants the provincial and municipal governments the authority to prescribe regulations regarding retail and distribution (including advertising), as well as the ability to alter some of the existing baseline requirements, such as increasing the minimum age for purchase and consumption. Provincial and territorial governments in Canada have made varying announcements on the proposed regulatory regimes for the distribution and sale of cannabis for recreational purposes. For example, Saskatchewan and Manitoba have chosen a private sector model for distribution, whereas Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nunavut and Ontario have opted to pursue a hybrid approach of public and private sale and distribution.

The impact of these regulatory changes on the Resulting Issuer's business is unknown, and the proposed regulatory changes and distribution models may not be implemented as announced by provincial and territorial governments, or at all. See "*Risk Factors*".

Alberta Cannabis Framework

On November 30, 2017, the Government of Alberta passed Bill 26, which contains the regulatory framework for recreational cannabis sales in Alberta. Bill 26 amends the *Gaming and Liquor Act* (Alberta) to become the Alberta Cannabis Act, which governs the purchase, distribution, sale and consumption of recreational cannabis in the province. Under the Alberta Cannabis Act, cannabis distribution in Alberta is carried out through a hybrid retail model under the oversight of the AGLC. The cannabis distribution framework in the Alberta Cannabis Act provides that private retailers are able to open licensed retail stores in Alberta, such as those proposed to be operated by the Resulting Issuer, upon obtaining the requisite Retail Licenses from the AGLC. The Alberta Cannabis Act further states that online distribution of cannabis is restricted to government entities.

On February 16, 2018, the Government of Alberta released the Alberta Regulations establishing regulations for the sale of recreational cannabis in Alberta, including the licensing of privately owned retail cannabis stores. The Alberta Regulations stipulate, among other restrictions, that:

1. no one person can have more than 15% of Retail Licenses in Alberta and no group of persons can have more than 15% of Retail Licenses in Alberta where, in the opinion of the AGLC, Retail Licenses are or would likely be subject to common control in any material respect;

2. cannabis retailers are required to hire individuals that are over eighteen years of age, have successfully completed training requirements set by the AGLC, and that have passed a criminal background check;

3. cannabis retail stores cannot be located within 100 meters of a provincial health care facility or a school or be open outside the hours of 10 a.m. and 2 a.m.;

4. cannabis retail stores must implement inventory tracking, count and sales systems and security measures, including alarms, video surveillance and secured product storage;

5. cannabis consumption at retail cannabis stores is prohibited;

6. cannabis suppliers and their representatives cannot offer, nor can retail cannabis licensees accept, perks such as loans, money, rebates, concessions, discounts, furnishings, storage equipment, fixtures, decorations, signs, supplies or anything of value; and

7. transfers of Retail Licenses are prohibited, and any change in ownership of a retail cannabis store business must be preapproved by the AGLC.

On November 21, 2018, the AGLC announced that as a result of the shortage of legal cannabis supply from federally licensed producers, it is temporarily suspending accepting new applications and will not issue any additional Retail Licenses in Alberta until further notice. While the Resulting Issuer intends to participate in the recreational cannabis market in Canada, no assurance can be provided that the Resulting Issuer will be able to fully participate in the recreational cannabis market, design products and service the market segments in which it may compete, or establish or maintain profitability. See "*Risk Factors*" and "*Information Concerning Spyder – Narrative Description of the Business*".

Ontario Cannabis Framework

On December 12, 2017, the Government of Ontario passed Bill 174, which established the regulatory framework for recreational cannabis sales in Ontario. Among other things, Bill 174 enacted the Ontario Cannabis Act and the Ontario Cannabis Retail Corporation Act. These acts will govern the purchase, distribution, sale and consumption of recreational cannabis in the province.

On August 13, 2018, the Government of Ontario announced its plan to adopt a hybrid cannabis distribution model. On November 16, 2018, approximately one month after the Government of Canada legalized recreational cannabis under the *Cannabis Act*, the *Cannabis Licence Act, 2018* and associated regulations came into force. Together, the *Cannabis Licence Act, 2018* and associated regulations establish the rules for Ontario's private recreational cannabis retail store model, expected to come into effect on April 1, 2019. Ontario's private recreational cannabis retail store model will be overseen by the AGCO. Until then, recreational cannabis may only be purchased in Ontario online through the Ontario Cannabis Store.

Following Completion of the Proposed Qualifying Transaction, the Resulting Issuer will carry on the business of Spyder except as otherwise indicated. In the event the Resulting Issuer obtains the necessary permits, authorizations or accreditations necessary to expand its product offerings into the cannabis sector, the Resulting Issuer intends to expand its operations to include a cannabis business segment focused on the operation of licensed cannabis retail stores, which segment will be in addition to its existing operation of high-end vape shops, and which segment will focus on the sale of cannabis as well as cannabis accessories to individuals of legal age, in compliance with applicable provincial and federal laws. However, if the Resulting Issuer fails to obtain such permits, authorizations or accreditations, the Resulting Issuer will continue to exclusively operate a high-end vape shop business. Irrespective of whether or not the Resulting Issuer obtains such permits, authorizations or accreditations, the Resulting Issuer intends to continue operating its high-end vape shop business following Completion of the Proposed Qualifying Transaction.

Although the Resulting Issuer intends to participate in the recreational cannabis market in Canada, no assurance can be provided that the Resulting Issuer will be able to fully participate in the recreational cannabis market, design products and service the market segments in which it may compete, or establish or maintain profitability. See "*Risk Factors*" and *"Information Concerning Spyder – Narrative Description of the Business*".

3.2 Business Objectives

The Resulting Issuer's mission is to establish itself across Canada as a premier business within both the recreational cannabis market and the vaporizor market. As described further below, under "*Information Concerning the Resulting Issuer – Narrative Description of the Business – Milestones*", the Resulting Issuer's long-term goal is to open a substantial number of licensed cannabis retail locations, across various provinces in Canada, all while maintaining its existing business of operating high-end vape shops. The Resulting Issuer intends to achieve a repeatable and sustainable model of operational excellence across varying geographic locations, initially targeting Ontario and Alberta.

The Resulting Issuer will draw on the experience and expertise Spyder has cultivated over several years through operating in the market of e-cigarettes, vaporizers and accessories, e-juices, and e-liquids (which market is in close proximity to the cannabis market), and, as a result, have a competitive advantage bolstered by collaborative and constructive relationships with landlords, municipalities and regulators across Alberta and Ontario. The Resulting Issuer's operational expertise will include knowledge of demographics and consumer purchasing habits, a proven ability to identify and secure optimal locations, and a focus on tailoring product brands and consumer retail experiences based on relevant demographic data.

See "*Information Concerning the Resulting Issuer - Risk Factors*" below for a description of risks and uncertainties relevant to the business of the Resulting Issuer.

3.3 ***Milestones***

As of the date of this Filing Statement, the AGCO has awarded 25 Retail Licenses to applicants, none of which was Spyder, wishing to operate retail cannabis stores in Ontario. While the Government of Ontario is expected to communicate next steps for additional Retail Licenses, in the future, the timing of any such announcement is uncertain. Following such announcement, but only in the event that the maximum amount of $1,000,000 is raised under the Private Placement, the Resulting Issuer intends to apply to acquire one Retail License in Ontario in 2019 and to establish a cannabis retail store in Ontario no earlier than December 2019. The Resulting Issuer intends to work closely with the regulator to ensure full compliance with all policies and regulations during the application and build out process.

The Resulting Issuer also received a municipal development and building permit in late 2018 for its Calgary, Alberta location, subject to receiving a variance from the Province of Alberta. In the event that the maximum amount is raised under the Private Placement, the Resulting Issuer intends to pursue the acquisition of one municipal development and building permit in Alberta in 2019, and in the future, intends to acquire additional municipal development and building permits in Alberta, subject to regulatory developments and conditions in the market.

The following are the Resulting Issuer's business objectives for the year 2019, all of which are conditional on the maximum amount of $1,000,000 being raised under the Private Placement: (i) apply to acquire one Retail License in Ontario and establish a cannabis retail store in Ontario no earlier than December 2019, and (ii) apply for one municipal development and building permit in Alberta. In the event that only the minimum of $200,000 in gross proceeds is raised under the Private Placement, the Resulting Issuer will neither apply for a Retail License in Ontario nor apply for a development and building permit in Alberta in 2019. However, the Resulting Issuer anticipates that it will continue to expand into other provinces in the future through strategic acquisitions in select provinces, subject to conditions in the markets in which its businesses operate.

The following table summarizes each significant event that must occur for the business objectives described above to be accomplished with the available funds in the next 12 months:

Event	Target Date	Assuming Completion of the Minimum Private Placement	Assuming Completion of the Maximum Private Placement
Alberta and Ontario: *Acquire leases and Retail Licenses*	December 2019	Nil	$5,000 (1)
Alberta and Ontario: *Acquire municipal development and building permits for leasehold locations*	December 2019	Nil	$12,500(2)
Alberta and Ontario: Open licensed retail locations(3)	December 2019	Nil	$175,000(4)

Notes:

(1) Represents costs associated with acquiring leases and Retail Licenses for 1 additional location.
(2) Represents costs associated with acquiring 1 municipal development and building permits for leasehold locations.
(3) The opening of retail locations in Alberta and Ontario is subject to, respectively, (i) the AGLC removing the temporary freeze on the acceptance of new applications, in effect as of the date hereof, and the issuance of additional Retail Licenses in Alberta, and (ii) the AGCO issuing additional Retail Licenses in Ontario. The timing of the occurrence of each of the foregoing is uncertain. In addition, the opening of retail locations in Alberta and Ontario is subject to various risk factors beyond the control of the Resulting Issuer, including those risk factors discussed under "Risk Factors – Risks Related to the Resulting Issuer's Retail-Focused Cannabis Business Strategy."
(4) Represents costs associated with opening 1 retail location.

The Resulting Issuer's board of directors may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to the stated objectives of the Resulting Issuer based upon the board of director's consideration of the qualitative aspects of the subject properties. Certain timeframes to reach the different objectives and milestones may be adjusted depending on the availability of funds.

4. Description of the Securities

The authorized capital of the Resulting Issuer will consist of an unlimited number of common shares without nominal or par value. The holders of Resulting Issuer Shares are entitled to receive notice of and attend all meetings of the shareholders of the Resulting Issuer and are entitled to one vote in respect of each Resulting Issuer Share held at such meetings. Subject to the prior rights of any class of shares from time to time having priority over the Resulting Issuer Shares, the holders of the Resulting Issuer Shares shall have the right to receive such dividends (if any) as the directors in their sole discretion may declare. In the event of liquidation, dissolution or winding-up of the Resulting Issuer, the holders of Resulting Issuer Shares are entitled to share rateably the remaining assets of the Resulting Issuer.

5. Pro Forma Consolidated Capitalization

5.1 *Pro Forma Consolidated Capitalization*

The following table sets forth the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Proposed Qualifying Transaction and the maximum Private Placement, as described in the pro forma financial statements of the Resulting Issuer. See "*Schedule "E" - Pro Forma Financial Statements of the Resulting Issuer*".

Designation of Security	Amount Authorized or to be Authorized	Outstanding as at March 31, 2019, after giving effect to the Proposed Qualifying Transaction	
		Assuming Completion of the Minimum Private Placement(1) (3)	Assuming Completion of the Maximum Private Placement(2) (3)
Resulting Issuer Shares	Unlimited	38,957,231	44,290,564

Notes:

(1) Includes (i) 4,514,000 Company Shares; (ii) 8,723,931 Spyder Shares that are outstanding as of the date hereof; (iii) 8,435,618 Spyder Shares resulting from the conversion of $844,985 in secured convertible debentures issued in the 10 Cent Round and accrued and unpaid thereon; (iv) 15,325,901 Spyder Shares resulting from the conversion of $673,000 in secured convertible debentures issued in the 5 Cent Round and accrued and unpaid interest thereon; (v) 1,333,333 Spyder Shares resulting from the conversion of $200,000 in secured convertible debentures issued in the Private Placement; and (vi) 750,000 Spyder Shares issued as a finder's fee to certain arm's-length finders.

(2) Includes (i) 4,514,000 Company Shares; (ii) 8,723,931 Spyder Shares that are outstanding as of the date hereof; (iii) 8,435,618 Spyder Shares resulting from the conversion of $844,985 in secured convertible debentures issued in the 10 Cent Round and accrued and unpaid thereon; (iv) 15,325,901 Spyder Shares resulting from the conversion of $673,000 in secured convertible debentures issued in the 5 Cent Round and accrued and unpaid interest thereon; (v) 6,666,667 Spyder Shares resulting from the conversion of $1,000,000 in secured convertible debentures issued in the Private Placement; and (vi) 750,000 Spyder Shares issued as a finder's fee to certain arm's-length finders.

(3) In addition, additional Company Shares will be issuable on the exercise of Spyder Finder Warrants, Spyder Private Placement Finder Warrants, and Spyder Warrants. See "*Fully Diluted Share Capital*" below.

(4) As at October 31, 2018, the pro forma balance sheet disclosed a deficit of $1,728,294.

5.2 *Fully Diluted Share Capital*

The following table sets forth the fully-diluted share capital of the Resulting Issuer following Completion of the Proposed Qualifying Transaction and after giving effect to the Private Placement:

	Number and Percentage of Company Shares Outstanding (Diluted) After Giving Effect to the Proposed Qualifying Transaction (including the Private Placement)	
Item	**Assuming Completion of the Minimum Private Placement**	**Assuming Completion of the Maximum Private Placement**
Company Shares as of March31, 2019	4,514,000 (10.3%)	4,514,000 (8.6%)
Company Shares to be issued in exchange for Spyder Shares as of March 31, 2019	34,443,231 (78.2%)(1)	39,776,564 (75.5%)(2)
Sub Total (Undiluted):	**38,957,231**	**44,290,564**
Company Shares reserved for issuance upon the exercise of existing Company Options granted to officers and directors	551,400 (1.3%)	551,400 (1.0%)
Company Shares issuable upon exercise of Spyder Options	3,300,000 (7.5%)(3)	3,300,000 (6.3%)(3)

Company Shares issuable upon the exercise of Spyder Finder Warrants	387,493 (0.9%)[(4)]	387,493 (0.7%)[(4)]
Company Shares issuable upon the exercise of Spyder Private Placement Finder Warrants	106,667 (0.2%)[(5)]	533,333 (1.0%)[(5)]
Company Shares issuable upon the exercise of Warrants resulting from the exercise of Spyder Private Placement Finder Warrants	53,333 (0.1%)[(6)]	266,666 (0.5%)[(6)]
Company Shares issuable upon the exercise of Spyder Warrants	666,667 (1.5%)[(7)]	3,333,333 (6.4%)[(7)]
TOTAL (Fully-Diluted):	**44,022,791**	**52,662,791**

Notes:

(1) Includes (i) 8,092,493 Spyder Shares that are outstanding as of the date hereof; (ii) 8,723,931 Spyder Shares resulting from the conversion of $844,985 in secured convertible debentures issued in the 10 Cent Round and accrued and unpaid thereon; (iii) 15,543,474 Spyder Shares resulting from the conversion of $673,000 in secured convertible debentures issued in the 5 Cent Round and accrued and unpaid interest thereon; (iv) 1,333,333 Spyder Shares resulting from the conversion of $200,000 in secured convertible debentures issued in the Private Placement; and (v) 750,000 Spyder Shares issued as a finder's fee to certain arm's-length finders.

(2) Includes (i) 8,092,493 Spyder Shares that are outstanding as of the date hereof; (ii) 8,723,931 Spyder Shares resulting from the conversion of $844,985 in secured convertible debentures issued in the 10 Cent Round and accrued and unpaid thereon; (iii) 15,543,474 Spyder Shares resulting from the conversion of $673,000 in secured convertible debentures issued in the 5 Cent Round and accrued and unpaid interest thereon; (iv) 6,666,667 Spyder Shares resulting from the conversion of $1,000,000 in secured convertible debentures issued in the Private Placement; and (v) 750,000 Spyder Shares issued as a finder's fee to certain arm's-length finders.

(3) Following the completion of the Qualifying Transaction, of the issued and outstanding Spyder Options, (i) 2,000,000 are exercisable into Company Shares on or before September 1, 2022 at a price of $0.05 per Company Share, (ii) 200,000 are exercisable into Company Shares on or before September 4, 2023 at a price of $0.10 per Company Share, (iii) 500,000 are exercisable into Company Shares on or before October 10, 2023 at a price of $0.10 per Company Share; and (iv) 600,000 are exercisable into Company Shares on or before November 1, 2023 at a price of $0.10 per Company Share.

(4) Following the completion of the Qualifying Transaction, each Spyder Finder Warrant is exercisable at a price of $0.10 into one (1) Company Share, with the maturity date falling two years following the closing of the 10 Cent Round.

(5) Following the completion of the Qualifying Transaction, each Spyder Private Placement Finder Warrant is exercisable at a price of $0.15 into one (1) Unit comprised of one (1) Company Share and one-half (1/2) of one Company Warrant, with each whole Company Warrant entitling the holder thereof to acquire one additional Company Share, at an exercise price of $0.30 per share, with the maturity date falling two years following the closing of the Private Placement.

(6) Following the completion of the Qualifying Transaction, each Spyder Warrant resulting from the exercise of Spyder Private Placement Finder Warrants is exercisable at a price of $0.30 into one (1) Company Share, with the maturity date falling two years following the closing of the Private Placement.

(7) Following the completion of the Qualifying Transaction, each Spyder Warrant is exercisable at a price of $0.30 into one (1) Company Share, with the maturity date falling two years following the closing of the Private Placement.

6. Available Funds and Principal Purposes

6.1 Funds Available

The following table sets forth the estimated pro forma consolidated working capital (total current assets less total current liabilities) plus the amounts and sources of other funds available to the Resulting Issuer following the Completion of the Proposed Qualifying Transaction, after giving effect to the Proposed Qualifying Transaction and all matters ancillary thereto.

Source of Funds	Assuming Completion of the Minimum Private Placement	Assuming Completion of the Maximum Private Placement

Estimated working capital (deficiency) of the Resulting Issuer as at March 31, 2019	$520,149	$520,149
Net proceeds of the Private Placement	$184,000[(1)]	$920,000[(2)]
Remainder of other fees and expenses related to the Proposed Qualifying Transaction and Private Placement	$(90,000)	$(90,000)
Total Available Funds	$614,149	$1,350,149

Notes:

(1) Net proceeds considers gross proceeds of $200,000, less fees payable to eligible finders of $16,000.
(2) Net proceeds considers gross proceeds of $1,000,00, less fees payable to eligible finders of $80,000.

6.2 Principal Purposes of Funds

The following table sets out the estimated principal uses of the total available funds listed above after giving effect to the Proposed Qualifying Transaction:

Estimated Use of Funds	Assuming Completion of the Minimum Private Placement	Assuming Completion of the Maximum Private Placement
General and Administrative Expenditures[(1)]	$224,095	$374,595[(2)]
Salaries and Employee Benefits	$286,693	$292,693[(3)]
Selling	$0	$10,000
Leasehold Improvements	$0	$175,000[(4)]
Legal Fees	$0	$10,000
Unallocated Working Capital	$103,361	$487,861
Total	$614,149	$1,350,149

Notes:

(1) The estimate of general and administrative costs for the next 12 months following the Completion of the Proposed Qualifying Transaction includes $18,000 in advertising and promotion expenditures and $161,145 in rent and office overhead, as well as auditors, legal, transfer agent, investor relations, and Exchange and securities commission fees.
(2) Includes costs associated with acquiring leases and Retail Licenses for an additional 1 location.
(3) Includes salaries and employee benefits costs associated with opening 1 retail location.
(4) Includes leasehold improvement costs associated with opening 1 retail location.

For details regarding the estimated costs to achieve the Resulting Issuer's business objectives, see "*Information Concerning the Resulting Issuer – Narrative Description of the Business – Milestones*".

The above uses of available funds should be considered as estimates only. See "*Forward-Looking Information*". In the event that the Proposed Qualifying Transaction is completed as contemplated herein, management may seek additional capital by way of debt or equity financing in order to finance its future business plans. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to effect the planned undertakings of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its shareholders to permit management a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the above uses or for other purposes, as the need may arise.

6.3 Dividends

There are no restrictions in the Company's articles or elsewhere that could prevent the Resulting Issuer from paying dividends subsequent to the Completion of the Proposed Qualifying Transaction. It is not contemplated that any dividends will be paid on any shares of the Resulting Issuer in the immediate future subsequent to the Completion of the Proposed Qualifying Transaction, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the common shares of the Resulting Issuer will be entitled to an equal share in any dividends declared and paid on a per share basis.

7. Principal Securityholders

To the best of the knowledge of management of the Company and Spyder, the only Persons who will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting rights attached to all of the outstanding shares of the Resulting Issuer after Completion of the Proposed Qualifying Transaction are as follows:

Name, Municipality of Residence	**Type of Ownership**	**Number and Percent of securities of each class of voting securities of the Resulting Issuer proposed to be owned, directly or indirectly, or over which control or direction is proposed to be exercised**	
		Assuming Completion of the Minimum Private Placement	**Assuming Completion of the Maximum Private Placement**
Saimi Pelchovitz(2) (Toronto, ON)	Resulting Issuer Shares	8,096,329(20.78%)(3)(4)(5)	8,096,329(18.28%)(3)(6)(7)
Ari Toderovitz (Toronto, ON)	Resulting Issuer Shares	4,010,904(10.29%)(8)(9)	4,010,904(9.05%)(8)(10)

Notes:

(1) Percentages in above table presented on a non-diluted basis.

(2) Ms. Pelchovitz is the Chief Design Manager at Spyder, where she manages the retail presence, layout, shop designs and branding.

(3) The securities of the Resulting Issuer will be owned by Ms. Pelchovitz both beneficially and of record.

(4) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019, and that $285,000 in secured convertible debentures held by (1) Ms. Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 6,696,329 Spyder Shares, which are subsequently exchanged for Company shares on a one-for-one basis; and (ii) that the minimum of $200,000 in gross proceeds is raised under the Private Placement.

(5) Ms. Pelchovitz will beneficially own 8,096,328 Resulting Issuer Shares, representing approximately 18.39% of the outstanding Resulting Issuer Shares, on a fully-diluted basis.

(6) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019, and that $285,000 in secured convertible debentures held by Ms. Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 6,696,329 Spyder Shares, which are subsequently exchanged for Company shares on a one-for-one basis; and (ii) that the maximum of $1,000,000 in gross proceeds is raised under the Private Placement.

(7) Ms. Pelchovitz will beneficially own 8,096,328 Resulting Issuer Shares, representing approximately 15.37% of the outstanding Resulting Issuer Shares, on a fully-diluted basis.

(8) Includes 2,510,904 Spyder Shares issuable upon conversion of secured convertible debentures held by 2432692 Ontario Inc., a corporation controlled by Mr. Toderovitz. The securities of the Resulting Issuer owned of record by 2432692 Ontario Inc. will be beneficially owned by Mr. Toderovitz.

(9) Mr. Toderovitz will beneficially own 4,010,904 Resulting Issuer Shares, representing approximately 9.11% of the outstanding Resulting Issuer Shares, on a fully-diluted basis.

(10) Mr. Toderovitz will beneficially own 4,010,904 Resulting Issuer Shares, representing approximately 7.62% of the outstanding Resulting Issuer Shares, on a fully-diluted basis.

8. Directors, Officers and Promoters

8.1 Name, Municipality of Residence, Occupation and Security Holdings

Upon the Completion of the Proposed Qualifying Transaction, the individuals disclosed in the table below will be the directors and officers of the Resulting Issuer effective upon Completion of the Proposed Qualifying Transaction, with the term of office of the directors to expire on the date of the next annual general meeting of the shareholders of the Resulting Issuer.

Daniel Pelchovitz will work full time for the Resulting Issuer, while Mark Pelchovitz, Brandon Kou, Steven Glaser and Michael Lerner will work part time devoting approximately 5% of their working hours per month to the Resulting Issuer, subject to any adjustments necessitated by business needs of the Resulting Issuer. Daniel Pelchovitz will be an employee of the Resulting Issuer while each of Mark Pelchovitz, Brandon Kou, Steven Glaser and Michael Lerner will be independent contractors of the Resulting Issuer. It is anticipated that all directors and officers of the Resulting Issuer will enter into noncompetition and non-disclosure agreements following Completion of the Proposed Qualifying Transaction.

Name, Municipality of Residence	Principal Occupation Within the Five Preceding Years	Director or Officer Since[(1)]	Number (and approximate %) of Resulting Issuer Shares to be Owned after the Proposed Qualifying Transaction [(2)]	
			Assuming Completion of the Minimum Private Placement	Assuming Completion of the Maximum Private Placement
Daniel Pelchovitz *Director and CEO* (Toronto, ON)	Spyder Vapes Inc. *Director and Chief Executive Officer*	August 18, 2014	2,334,959 (5.99%)[(3)]	2,334,959 (5.27%)[(3)]
Steven Glaser *Director* (Toronto, ON)	Pool Safe Inc. *Director and Chief Operating Officer*	February 20, 2018	Nil (0%)	Nil (0%)
Mark Pelchovitz *Director, CFO and Corporate Secretary* (Toronto, ON)	Spyder Vapes Inc. *Secretary*	N/A	2,040,405 (5.23%)[(4)]	2,040,405 (4.60%)[(4)]
Brandon Kou *Director* (Los Angeles, CA, USA)	Mavan Capital Partners *Partner*	February 20, 2014	50,000 (0.1%)	50,000 (0.1%)
Michael Lerner *Director* (Toronto, ON)	Jiminex Inc. *Director and Senior Officer*	N/A	Nil (0%)	Nil (0%)

Notes:

(1) The term of office of each of the directors will expire on the date of the next annual general meeting of the shareholders of the Resulting Issuer.

(2) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019; and (ii) that the maximum of $1,000,000 in gross proceeds is raised under the Private Placement.

(3) Assumes that $10,000 in secured convertible debentures held by Daniel Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 234,959 Spyder Shares, which are subsequently exchanged for Company shares on a one-for-one basis.

(4) Assumes that $23,000 in secured convertible debentures held by Mark Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 540,405 Spyder Shares, which are subsequently exchanged for Company shares on a one-for-one basis.

(5) For a complete description of the proposed directors of the Resulting Issuer, see "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters –Management*".

Following the Completion of the Proposed Qualifying Transaction, the directors and executive officers of the Resulting Issuer will, as a group, beneficially own, directly or indirectly, and exercise control or discretion over an aggregate of 4,425,364 Resulting Issuer Shares, which will represent approximately 11.32% of the issued and outstanding Resulting Issuer Shares.

Following the Completion of the Proposed Qualifying Transaction, the board of directors of the Resulting Issuer will establish an audit committee, and such other committees of the board as it determines to be appropriate. The following are the proposed members of the audit committee of the Resulting Issuer upon the Completion of the Proposed Qualifying Transaction: Steven Glaser, Mark Pelchovitz, and Brandon Kou.

8.2 Promoter Consideration

Other than as described below, there is no person who will be a promoter of the Resulting Issuer or who may be considered to have been a promoter of Spyder in the two years preceding the date of this Filing Statement.

In the two years preceding the date of this Filing Statement, Daniel Pelchovitz has taken the initiative in founding and organizing the business of Spyder, and Darren Stark has taken the initiative in founding and organizing the Company. Accordingly, Mr. Pelchovitz and Mr. Stark may both be considered to have been a promoter of Spyder and the Company, respectively, within the meaning of applicable securities legislation. Mr. Pelchovitz will continue to be a promoter of the Resulting Issuer.

8.3 Management

The following are summaries of the proposed directors and principal management of the Resulting Issuer, including their respective proposed positions with the Resulting Issuer and relevant work and educational background. None of the proposed management of the Resulting Issuer has entered into a non-competition or non-disclosure agreement with the Company, Spyder or the Resulting Issuer.

Daniel Pelchovitz, proposed Chief Executive Officer and director (Age: 29)

Mr. Pelchovitz has been a director of Spyder since its formation. He is a leader in the vape industry as the founder and managing partner of Spyder. In addition to launching Spyder, Mr. Pelchovitz has been involved in several vape shop launches. With over six years of vape industry experience, Mr. Pelchovitz has cultivated a loyal following of customers and built strong and lasting relationship with many of the largest manufacturers in the business. He is an active member in many of the industry's self-guided associations. Mr. Pelchovitz holds a diploma in international business, from Seneca College.

Steven Glaser, proposed director (Age: 53)

Mr. Glaser has been a director of Spyder since February 20, 2018. He is a financial service executive with a diverse background in corporate finance, communications and governance for private and public companies. In addition, he is currently Chief Operating Officer and a Director at Pool Safe Inc., a company that designs, develops and distributes a product known as the "PoolSafe". From 2008 through 2017, Mr. Glaser worked in the corporate finance and investment banking arena focused on assisting late stage private and early stage public companies with strategic planning and capital raising. Prior to that, Mr. Glaser spent seven years as Vice President Corporate Affairs of Azure Dynamics Corporation. He was responsible for the company's corporate governance, its domestic and international stock exchange listings, as well as the build-out of the company's Investor Relations division. Mr. Glaser holds a Bachelor of Administrative Studies degree as well as an M.B.A. in finance.

Mark Pelchovitz, proposed Chief Financial Officer, Corporate Secretary and director (Age: 61)

Mr. Pelchovitz is the current Chief Financial Officer of Spyder, where he manages the company's finances and plays a vital role in guiding the operations of the organization. He has served on the advisory board of a start-up in the technology space. Mr. Pelchovitz is a partner at Truster Zweig LLP where his practice focuses primarily on accounting, auditing, and tax planning in a wide range of fields, including real estate, software development, travel, professionals, and the automotive industry. His client base is comprised of owner managed businesses. Mr. Pelchovitz is a CPA, CA, LPA and a BBA, and a graduate of York University's Shulick School of Business.

Brandon Kou, proposed director (Age: 34)

Brandon Kou is the Co-Founder and Managing Partner of Block Partners, a specialty merchant banking and advisory group focused on Blockchain and various other derivatives of distributed ledger technology. With physical presence across North America and a multidisciplinary team of capital market and legal experts uniquely positions Block Partners to advise across multiple industry verticals, including initial coin and token offerings, equity-based financings, private and public M&A and initial public offerings. Mr. Kou is also the co-founder and partner at Mavan Capital Partners, an investment firm focused on bringing technology opportunities to the Canadian capital markets. With a deep industry expertise and global network, Mavan is able to source and bring unmatched and world-class deal flow to its investors. Mr. Kou also serves as an advisor to various companies in the technology and consumer product industries.

Prior to this, Mr. Kou was the Co-Founder and General Manager of Steve Nash Enterprises, a conglomerate with portfolio companies in media/entertainment, sports and health/wellness/lifestyle. He was responsible leading the investment team and originating investment opportunities including Indochino, Sharecare, the Vancouver Whitecaps, Onebode and the Steve Nash Sports Club and Fitness World. In addition to his responsibilities at Steve Nash Enterprises, Mr. Kou served as a

Board of Directors proxy for Steve Nash Sports Club and Fitness World, a growing chain fitness clubs in Vancouver co-founded by Mark Mastrov. He also ran Meathawk, a film production company that focuses on feature films and television but also develops and executes video content campaigns for companies like Toyota, Vitamin Water and EA Sports. Mr. Kou has previously served on the Board of Directors for Liquid Nutrition, a healthy QSR that is publically traded on the Toronto Stock Exchange and on the Board of Directors for OneBode, an international holistic vitamin company as well as the board of advisors for several companies including RadPad, Work Force Athletics and Farafena.

Prior to joining Steve Nash Enterprises, Mr. Kou provided investment banking services at Houlihan Lokey where he focused on Media, Sports and Entertainment.

Mr. Kou is a graduate of the Marshall School of Business at the University of Southern California and was born and raised in Seal Beach, CA.

Michael Lerner, proposed director (Age: 46)

Mr. Lerner brings with him more than 20 years of experience in the natural resources market, starting as an institutional trader at CIBC and Wellington West, and then as a professional trader and financier focused on junior mining stocks at Dominick and Dominick. Since 2012, Mr. Lerner has become more involved in the operations of junior mining companies as an officer or director of public companies including Happy Creek Minerals, Jiminex Inc., Fairmont Resources Inc., Navasota Resources and Randsburg International Gold Corp. (now Cresco Labs Inc.), where he has helped to rehabilitate these companies.

8.4 Cease Trade Orders or Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within ten years before the date of the Filing Statement, has been a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under applicable securities law for a period of more than 30 consecutive days; or

(b) was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

8.5 Penalties or Sanctions

No proposed director or officer of the Resulting Issuer, nor any promoter of the Resulting Issuer or any securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer upon completion of the Proposed Qualifying Transaction, has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making a decision about the Proposed Qualifying Transaction.

8.6 Personal bankruptcies

No proposed director or officer of the Resulting Issuer, nor any promoter of the Resulting Issuer or any securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer upon Completion of the Proposed Qualifying Transaction, nor any personal holding company of any such person, has, within the ten years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

8.7 Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers or promoters of the Resulting Issuer upon Completion of the Proposed Qualifying Transaction may, from time to time, also serve as directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of its knowledge, the Company is not aware of the existence of any conflicts of interest between the Company and any of its directors and officers as of the date of this Filing Statement. To the best of its knowledge, Spyder is not aware of the existence of any conflicts of interest between Spyder and any of its directors and officers as of the date of this Filing Statement. The shareholders of the Company must appreciate that they will be required to rely on the judgment and good faith of the directors and officers of the Resulting Issuer in resolving any conflicts of interest that may arise.

8.8 Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoter of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	Exchange	From	To
Daniel Pelchovitz	n/a	n/a	n/a	n/a	n/a
Steven Glaser	Pool Safe Inc.	Senior Officer and Director	TSXV	April 2017	Present
Mark Pelchovitz	n/a	n/a	n/a	n/a	n/a
Brandon Kou	Anchor Capital Corporation	Director	TSXV/NEX	February 2014	Present
Michael Lerner	Added Capital Inc. Sniper Resources Ltd. Jiminex Inc. Navasota Resources Inc. Fairmont Resources Inc. Cresco Labs Inc. Hinterland Metals Inc. Deep-South Resources Inc.	Senior Officer Senior Officer and Director Senior Officer and Director Senior Officer and Director Senior Officer and Director Senior Officer and Director Senior Officer Director	TSXV n/a n/a n/a n/a CSE TSXV TSXV	March 2019 December 2018 August 2016 February 2017 December 2017 July 2018 January 2019 April 2014	Present Present Present October 2018 Present November 2018 March 2019 November 2014

9. Proposed Executive Compensation

9.1 Compensation Discussion and Analysis

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Resulting Issuer's management team. The Resulting Issuer will not have a formal compensation policy. The main objectives the Resulting Issuer hopes to achieve through its compensation are:

- to attract and retain executives critical to the Resulting Issuer's success, who will be key in helping the Resulting Issuer achieve its corporate objectives and increase shareholder value;
- to motivate the Resulting Issuer's management team to meet or exceed targets;
- to recognize the contribution of executive officers and directors to the overall success and strategic growth of the Resulting Issuer; and
- to align the interests of management and the Resulting Issuer's shareholders by providing performance based compensation in addition to salary.

The Resulting Issuer's board of directors will determine an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Resulting Issuer.

The Resulting Issuer's management will not be permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Resulting Issuer granted as compensation or held, directly or indirectly, by management. The Resulting Issuer board of directors will determine the allocation and terms of any stock option grants.

For details regarding proposed compensation for the Resulting Issuer's directors and NEOs for the financial year ending January 31, 2020, please see "*Proposed Executive Compensation – Summary Compensation Table*".

Analysis of Elements

Base salary is used to provide the Resulting Issuer NEOs a set amount of money during the year with the expectation that each Resulting Issuer NEO will perform his/her responsibilities to the best of his/her ability and in the best interests of the Resulting Issuer.

The Company and Spyder expect the proposed granting of incentive stock options by the Resulting Issuer to be a significant component of executive compensation as it allows the Resulting Issuer to reward each NEO's efforts to increase value for shareholders without requiring the Resulting Issuer to use cash from its treasury. On Closing, the incentive stock option plan of the Resulting Issuer will be the Company Option Plan. Stock options are generally expected to be awarded to directors, officers, consultants and employees immediately following Closing and periodically thereafter. The terms and conditions of the Resulting Issuer's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company Option Plan.

9.2 Share-based and option-based awards

The Resulting Issuer Stock Option Plan will be the same as the Company Option Plan. For details about the Company Option Plan see "*Information Concerning the Company – Stock Option Plan*".

9.3 Compensation Governance

The Resulting Issuer's board of directors will determine an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Resulting Issuer. The Resulting Issuer's board of directors will regularly consider the implications of the risks associated with the Resulting Issuer's compensation practices; however, given the Resulting Issuer's size and nature of proposed compensation provided to its executives, the directors of the Company and Spyder do not view significant risk that would be likely to have a material adverse effect on the Resulting Issuer arising from its proposed compensation practices. The Resulting Issuer will not have a compensation committee.

9.4 Summary compensation table

The following table provides the details regarding proposed compensation for the Resulting Issuer's directors and NEOs for the financial year ending January 31, 2020. Other than the employees set out below, the Corporation anticipates having no other employees whose total compensation will exceed $150,000 during said fiscal year.

SUMMARY COMPENSATION TABLE								
Name and Principal Position of Resulting Issuer Named Executive Officer	Salary or Consulting Fee	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
				Annual Incentive Plans	Long-Term Incentive Plans			

Daniel Pelchovitz *Director and CEO* (Toronto, ON)	$60,000[(1)]	Nil	Nil	Nil	Nil	Nil	Nil	$60,000
Steven Glaser *Director* (Toronto, ON)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mark Pelchovitz *Director, Corporate Secretary and CFO* (Toronto, ON)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brandon Kou *Director* (Los Angeles, CA, USA)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Lerner *Director* (Toronto, ON)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Compensation reflects salary paid for services rendered as an employee and Retail Manager of Spyder's vape shops.

9.5 Incentive Plan Awards

Share-Based Awards

During the 12-month period after giving effect to the Proposed Qualifying Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option- like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Option-Based Awards

The Resulting Issuer anticipates granting option-based awards, being awards under an equity incentive plan of options, including, for greater certainty, by granting stock options to its directors, officers and employees. No options have been granted as of the date of this Filing Statement but such stock options are expected to be granted under the Company Stock Option Plan following Completion of the Qualifying Transaction.

9.6 Pension Plan Benefits

During the 12-month period after giving effect to the Proposed Qualifying Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

9.7 Termination and Change of Control Benefits

The Resulting Issuer may enter into employment or consulting agreements with any NEOs or key employees in connection with the Completion of the Proposed Qualifying Transaction or in the 12 months following Completion of the Proposed Qualifying Transaction, which agreements may include terms with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer or key employee; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer's responsibilities following a change in control of the Resulting Issuer.

10. Director Compensation

It is anticipated that the Resulting Issuer may grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. No options have been granted as of the date of this Filing Statement and the timing, amount and exercise price of these future option-based awards have not yet determined.

11. Indebtedness of Directors and Officers

None of the directors or officers of either Spyder or the Company, nor any other individual who at any time during the most recently completed financial year of Spyder was a director or officer of either Spyder or the Company, nor any of their Associates, will be indebted to either Spyder or the Company, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by either Spyder or the Company.

12. Investor Relations Arrangement

Neither the Company nor Spyder have entered into any written or oral agreement or understanding with any person to provide promotional or investor relations services to either of them, or to engage in activities for the purposes of stabilizing the market, either now or in the future. Following Completion of the Proposed Qualifying Transaction, the Resulting Issuer may enter into investor relations arrangements, on an as-needed basis.

13. Options to Purchase Securities

The following table sets forth the particulars of the stock options that will be outstanding upon Completion of the Proposed Qualifying Transaction.

Option Holders	Number of Options	Exercise Price	Expiry Date
Proposed officers of Resulting Issuer, as a group (2 persons) *Daniel Pelchovitz* *Mark Pelchovitz*	1,200,000	$0.05 to $0.10	September 1, 2022 to November 1, 2023
Proposed directors of Resulting Issuer who are not officers, as a group (2 persons) *Steven Glaser* *Brandon Kou*	250,000	$0.10	September 4, 2023
All other employees of Resulting Issuer as a group	Nil	N/A	N/A
All consultants of Resulting Issuer as a group (3 persons)	1,900,000	$0.05 to $0.10	September 1, 2022 to November 1, 2023
Darren Stark	100,000	$0.10	December 2, 2024
Arlene Dickinson	50,000	$0.10	December 2, 2024
Kosta Kostic	175,700	$0.10	December 2, 2024
Edward Ierfino	175,700	$0.10	December 2, 2024

1. Each stock option will adjust in accordance with the terms thereof such that following Completion of the Proposed Qualifying Transaction, the holders thereof shall be entitled to acquire an equivalent number of Resulting Issuer Shares.

The Resulting Issuer Stock Option Plan will be the same as the Company Option Plan. For details about the Company Option Plan see "*Information Concerning the Company – Stock Option Plan*".

14. Escrowed Securities

As of the date of this Filing Statement all of the Company Shares issued by the Company prior to the IPO which are still outstanding are deposited with the Transfer Agent under the CPC Escrow Agreement.

All Company Shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Company Shares of the Company acquired in the secondary market prior to the Closing by any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Resulting Issuer held by Principals of the Resulting Issuer will be escrowed.

CPC Escrow Agreement

The following table sets forth the relevant particulars of Company Shares held in escrow as of the date of this Filing Statement:

Name and Municipality of Residence of Shareholder	Designation of Class	Prior to Giving Effect to the Proposed Qualifying Transaction		After Giving Effect to the Proposed Qualifying Transaction	
		Number of Company Shares Held in Escrow	Percentage of Class	Number of Company Shares Held in Escrow	Percentage of Class(1)
Darren Stark (St. Thomas, Barbados)	Company Shares	100,000	2.2%	100,000	0.2%
Arlene Dickinson (Toronto, Ontario)	Company Shares	50,000	1.1%	50,000	0.1%
Brandon Kou (Los Angeles, California)	Company Shares	50,000	1.1%	50,000	0.1%
Edward Ierfino (St-Bruno-de-Montraville, Quebec)	Company Shares	237,500	5.3%	237,500	0.56%
Kosta Kostic (Mont-Royal, Quebec)	Company Shares	562,500	12.4%	562,500	1.3%
TOTAL:		1,000,000	22.1%	1,000,000	2.26%

(1) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019, and (ii) that the maximum of $1,000,000 in gross proceeds is raised under the Private Placement.

The Company Shares set forth in the table above will be held in escrow by the Transfer Agent pursuant to a CPC Escrow Agreement entered into in connection with the Company's IPO. Upon the Company completing a Qualifying Transaction, the escrowed securities shall be released as to 10% immediately following the issuance of the Final Exchange Bulletin and 15% every six months thereafter.

If a Final Exchange Bulletin is not issued, the Company Shares held in escrow as of the date of this Filing Statement will not be released, and if the Company is delisted, the shares will be cancelled. Under the CPC Escrow Agreement, each Non-Arm's Length Party to the Company who holds escrowed Company Shares acquired at a price below the offering price of $0.10 has irrevocably authorized and directed the Escrow Agent to immediately cancel all of those escrowed Company Shares upon the issuance by the Exchange of a Final Exchange Bulletin delisting the Company Shares.

Surplus Security Escrow Agreement

The following table sets forth the relevant particulars of the Resulting Issuer Shares that are expected to be held by principals and other shareholders of the Resulting Issuer and subject to escrow following Closing, excluding those Company Shares held in escrow as of the date of this Filing Statement that are described above.

Name and Municipality of Residence of Security Holder	Designation of Class	Number of Resulting Issuer Shares to be Held in Escrow	Percentage of class of Resulting Issuer Shares(1)	Number of Resulting Issuer Options to be Held in Escrow
Daniel Pelchovitz (Toronto, Ontario)	Common Shares	2,334,959 (2)	5.99%	600,000
Mark Pelchovitz (Toronto, Ontario)	Common Shares	2,040,405 (3)	5.23%	600,000
Saimi Pelchovitz (Toronto, Ontario)	Common Shares	8,096,329 (4)	20.78%	Nil
Steven Glaser (Toronto, Ontario)	Common Shares	Nil	0%	200,000

Notes:

(1) Assumes that the maximum of $1,000,000 in gross proceeds is raised under the Private Placement.
(2) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019, and that $10,000 in secured convertible debentures held by Daniel Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 234,959 Spyder Shares, which are

subsequently exchanged for Company shares on a one-for-one basis.

(3) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019, and that $23,000 in secured convertible debentures held by Mark Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 540,405 Spyder Shares, which are subsequently exchanged for Company shares on a one-for-one basis.

(4) Assumes that (i) the closing of the Amalgamation occurs on March 31, 2019, and that $285,000 in secured convertible debentures held by Ms. Pelchovitz and accrued and unpaid interest thereon (as of March 31, 2019), converts into 6,696,329 Spyder Shares, which are subsequently exchanged for Company shares on a one-for-one basis.

Alliance Trust Company will act as the escrow agent (the "**Escrow Agent**") under a Surplus Securities Escrow Agreement (the "**Surplus Securities Escrow Agreement**") required by the Policies of the Exchange to be entered into between the Escrow Agent, the Company and the shareholders of Spyder set out in the table above. The Surplus Securities Escrow Agreement provides for the release of 5% of the escrowed shares on the Completion of the Proposed Qualifying Transaction and for the release of 5% of the escrowed shares on the date that is six months thereafter, 10% of the escrowed shares on the date that is 12 months thereafter, 10% of the escrowed shares on the date that is 18 months thereafter, 15% of the escrowed shares on the date that is 24 months thereafter, 15% of the escrowed shares on the date that is 30 months thereafter, and 40% of the escrowed shares on the date that is 36 months thereafter.

Seed Share Resale Restrictions

Pursuant to Policy 5.4 of the Exchange Corporate Finance Manual entitled "*Escrow, Vendor Consideration and Resale Restrictions*", certain non-principal shareholders of Resulting Issuer Shares will be subject to seed share resale restrictions ("**Seed Sale Restrictions**"). Seed Sale Restrictions are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies in connection with the Qualifying Transaction. The terms of the Seed Sale Restrictions are based on the length of time such Resulting Issuer Shares have been held and the price at which such shares were originally issued.

An aggregate of 3,656,034 Resulting Issuer Shares held non-principal shareholders will be subject to Seed Sale Restrictions, as follows:

- an aggregate of 2,300,000 Resulting Issuer Shares will be subject to a Tier 2 Value Escrow Agreement, which will provide for a release of 10% of the escrowed securities upon issuance of the Final Exchange Bulletin, and for further releases of 15% every six months thereafter;

- an aggregate of 1,081,953 Resulting Issuer Shares, issued in settlement of accrued and unpaid interest on outstanding debentures at $0.05 per share, will be subject to a one (1) year hold period with 20% of the escrowed securities released upon issuance of the Final Exchange Bulletin, and further releases of 20% every 3 months thereafter; and

- an aggregate of 274,081 Resulting Issuer Shares, issued in settlement of accrued and unpaid interest on outstanding debentures at $0.10 per share, will be subject to a four (4) month hold period with 20% of the escrowed securities released upon issuance of the Final Exchange Bulletin, and further releases of 20% every month thereafter.

15. Auditors, Transfer Agent and Registrar

15.1 Auditor

The Resulting Issuer's auditor is expected to be MNP LLP, whose principal office is located at 407 2 Street Southwest, Calgary, Alberta, T2P 2Y3.

15.2 Transfer Agent and Registrar

It is anticipated that the registrar and transfer agent for the Resulting Issuer Shares subsequent to the Completion of the Proposed Qualifying Transaction will continue to be Alliance Trust Company, whose principal office is located at 2 Street Southwest, Unit 407, Calgary, Alberta, T2P 2Y3.

16. Risk Factors

AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Resulting Issuer consider the risks set forth below to be the most significant to potential investors in the Resulting Issuer, but are not all of the risks associated with an investment in securities of the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware of or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment. Most of the risk factors set forth below are those applicable to Spyder and thus will be applicable to the Resulting Issuer. The risk factors, other than "Risks Related to the Proposed Qualifying Transaction", assume Completion of the Proposed Qualifying Transaction.

16.1 Risks Related to the Business: General

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Spyder Financings as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Spyder Financings. Management may use the net proceeds of the Spyder Financings other than as described under the heading "Use of Proceeds" if they believe it would be in the Resulting Issuer's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Resulting Issuer's results of operations may suffer.

Additional Financing

The continued development of the Resulting Issuer will require additional financing. There is no guarantee that the Resulting Issuer will be able to achieve its business objectives, the expansion of its product offerings, completing future acquisitions, and entering into strategic partnerships. The Resulting Issuer intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Resulting Issuer. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution.

Expectations of the Resulting Issuer's Management

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

Ongoing Costs and Obligations

The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Resulting Issuer's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer's efforts to grow its business may be costlier than it expected, and it may not be able to increase its revenue enough to offset its higher operating expenses. The Resulting

Issuer may incur significant losses in the future for a number of reasons, including the other risks described in this Filing Statement, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

Difficulties in Forecasting

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry in Canada. A failure in the demand for the Resulting Issuer's products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also be directors and officers of other companies involved in the cannabis industry, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the ABCA.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Resulting Issuer may disclose confidential information relating to the business, operations or affairs of the Resulting Issuer. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Resulting Issuer at competitive risk and may cause significant damage to its business. The harm to the Resulting Issuer's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Resulting Issuer will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Legal Proceedings

In the normal course of the Resulting Issuer's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Resulting Issuer and as a result, could have a material adverse effect on the Resulting Issuer's assets, liabilities, business, financial condition and results of operations.

Expansion into New Activities

The operations and expertise of the Resulting Issuer's management are currently focused on developing a sustainable retail cannabis business across Canada. In the future, the Resulting Issuer may acquire or move into new industries or new geographical areas, may acquire different cannabis related assets, and as a result may face unexpected risks or alternatively, significantly increase the Resulting Issuer's exposure to one or more existing risk factors, which may in turn result in the Resulting Issuer's future operational and financial conditions being adversely affected.

Management of Growth

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth could have a material adverse impact on its business, operations and prospects.

Reliance on Key Personnel

The Resulting Issuer's success depends largely on certain key personnel. The ability of the Resulting Issuer to retain qualified staff and obtain services in a timely and cost-efficient manner may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects. Currently, Spyder does not have any key person insurance in effect. The contributions of the existing management team to the Resulting Issuer's immediate and near term operations are likely to be of central importance. In addition, the competition for qualified personnel in the cannabis industry is intense and there can be no assurance that the Resulting Issuer will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Resulting Issuer's management.

Exchange Approval and Completion of Proposed Qualifying Transaction

The Completion of the Proposed Qualifying Transaction is subject to the final approval of the Exchange, which approval may not be obtained. There is no assurance that all of the necessary approvals will be obtained. If the transactions contemplated by the Amalgamation Agreement are not completed for these reasons or for any other reasons, the Company will continue to search for other opportunities.

Capital Lending Markets

As a result of recent economic uncertainties in the cannabis industry, the Resulting Issuer may have reduced access to bank debt and to equity. As future capital expenditures will be financed out of funds generated from operations, bank borrowings, if available, and possible issuances of debt or equity securities, the Resulting Issuer's ability to fund future capital expenditures is dependent on, among other factors, the overall state of lending and capital markets and investor and lender appetite for investments in the cannabis industry, generally, and the Resulting Issuer's securities in particular.

To the extent that external sources of capital become limited, unavailable or available only on onerous terms, the Resulting Issuer's ability to invest and to maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Issuance of Debt

From time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Resulting Issuer's debt levels above industry standards. The level of the Resulting Issuer's indebtedness from time to time could impair the Resulting Issuer's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Resulting Issuer's ability to meet its debt service obligations will depend on the Resulting Issuer's future operations which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Resulting Issuer. As certain of the indebtedness of the Resulting Issuer would bear interest at rates which fluctuate with prevailing interest rates, increases in such rates would increase the Resulting Issuer's interest payment obligations and could have a material adverse effect on the Resulting Issuer's financial condition and results of operations. Further, the Resulting Issuer's indebtedness would be secured by substantially all of the Resulting Issuer's assets. In the event of a violation by the Resulting Issuer of any of its loan covenants or any other default by the Resulting Issuer on its obligations relating to its indebtedness, the lender could declare such indebtedness to be immediately due and payable and, in certain cases, foreclose on the Resulting Issuer's assets.

Continued Listing on the Exchange

The Resulting Issuer must meet continuing listing requirements to maintain the listing of the Common Shares on the Exchange after the Final Exchange Bulletin is issued. The inability to meet the continuing listing requirements could adversely affect the Resulting Issuer's results of operations or financial condition.

Volatile Market Price of Resulting Issuer Shares

The market price of the Resulting Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control. This volatility may affect the ability of holders of Resulting Issuer Shares to sell their securities at an advantageous price. Market price fluctuations in the Resulting Issuer Shares may be due to the Resulting Issuer's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by government and regulatory authorities, the Resulting Issuer or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Resulting Issuer Shares.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Resulting Issuer Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of the Resulting Issuer Shares may be materially adversely affected.

Liquidity

Shareholders may be unable to sell significant quantities of Resulting Issuer Shares into the public trading markets without a significant reduction in the price of their Resulting Issuer Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Resulting Issuer Shares on the trading market.

Dilution

The Resulting Issuer may issue additional securities in the future, which may dilute a shareholder's holdings in the Resulting Issuer. The directors of the Resulting Issuer have discretion to determine the price and the terms of further issuances. Moreover, additional Resulting Issuer Shares will be issued by the Resulting Issuer on the exercise of options under the Resulting Issuer's stock option plan and upon the exercise of outstanding warrants or secured convertible debentures.

Third Party Credit Risk

The Resulting Issuer is, or may be, exposed to third party credit risk through contractual arrangements with its current or future partners, marketers and other parties. In the event such entities fail to meet their contractual obligations to the Resulting Issuer, such failures could have a material adverse effect on the Resulting Issuer and its cash flow from operations.

16.2 Risks Related to the Resulting Issuer's Retail-Focused Cannabis Business Strategy

Change in Cannabis Laws, Regulations and Guidelines

Activities in the retail cannabis industry are subject to a variety of laws, regulations and guidelines relating to the distribution, possession, sale, advertisement, packaging, health, safety, purchasing and consumption of cannabis products under a Retail License and the operation, physical structure and security of licensed retail stores.

These laws and regulations are broad in scope, subject to evolving interpretations and may change in ways currently unforeseen by the Resulting Issuer. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Resulting Issuer, the Resulting Issuer's future activities in the industry may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Resulting Issuer's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Resulting Issuer's business strategy and result in a material adverse effect on certain aspects of its planned operations.

The *Cannabis Act* and the *Cannabis Regulations* prohibit testimonials, lifestyle branding and packaging that is appealing to youth. The restrictions on advertising, marketing and the use of logos and brand names could have a material adverse impact on the Resulting Issuer's proposed business, financial condition and results of operation.

The legislative framework pertaining to the Canadian recreational cannabis market is uncertain. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational use will be enacted, or if enacted, will be carried out according to all the terms announced by such provinces and territories, or that any such legislation, if enacted, will create the growth opportunities that the Resulting Issuer anticipates. While the impact of any new legislative framework for the regulation of the Canadian recreational cannabis market is uncertain, any of the foregoing could result in a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Operation Permits and Authorizations

The recreational cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Resulting Issuer's ability to conduct sales and marketing activities and could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

On December 13, 2018, the Government of Ontario announced changes to its previously announced process for granting Retail Licenses to applicants, and on January 11, 2019, the AGCO awarded a limited number Retail Licenses, but did not award a Retail License to Spyder. While the Government of Ontario is expected to communicate next steps for additional Retail Licenses in the future, the timing of any such announcement is uncertain. There can be no assurance that the Government of Ontario will communicate next steps in the near future, if at all, or that the Resulting Issuer will obtain or be able to maintain the necessary Retail Licenses, and this could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Further, the Resulting Issuer may not be able to obtain or maintain the necessary permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its retail business. Finally, the Resulting Issuer's activities may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on the Resulting Issuer's ability to operate in the cannabis industry, which could have a material adverse effect on the Resulting Issuer's business.

The Resulting Issuer's Target Market

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is little information about comparable companies available for potential investors to review in deciding about whether to invest in the Resulting Issuer and, few, if any, established companies whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Resulting Issuer. There can be no assurance that the Resulting Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Resulting Issuer regularly follows market research.

Competition

There is potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the recreational cannabis industry, the Resulting Issuer expects to face additional competition from new entrants. If the number of users increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Cannabis Retail Licenses

The retail and distribution model in each province and territory in Canada will have an impact on the Resulting Issuer's proposed operations. Each of the Canadian provinces and territories are responsible for implementing its own legislation to regulate the sale of cannabis. Provincial legislation may vary in material respects, including the minimum age to buy cannabis, cannabis products available for sale and whether cannabis will be sold by government boards, licensed private retailers or both. The Resulting Issuer will also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid Retail License. Many illegal dispensaries are still in operation, providing the Resulting Issuer with additional competition.

Client Acquisition and Retention

The Resulting Issuer's success will depend on its ability to attract and retain consumers. There are many factors which could impact the Resulting Issuer's ability to attract and retain consumers, including but not limited to the Resulting Issuer's ability to continually supply and sell desirable and effective product. The Resulting Issuer's failure to acquire and retain consumers would have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer.

Publicity or Consumer Perception

The Resulting Issuer believes that the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis and cannabis-related products. Consumer perception of the Resulting Issuer's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's products and the business, results of operations, financial condition and the Resulting Issuer's future cash flows.

Proprietary Market Research

The Resulting Issuer must rely largely on its own market research to forecast sales as the research relating to the recreational cannabis market is not yet available. A failure in the demand for cannabis products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Commodity Taxes and Government Mark-Ups

Changes in tax rates or government mark-ups, and their corresponding effect on product pricing could affect sales and/or earnings. If taxes or government mark-ups increase and the Resulting Issuer increases prices by the full amount of the tax or the mark-up, as the case may be, sales volumes could be adversely impacted. If the Resulting Issuer is not able to pass the full amount of the tax or mark-up increase on to consumers, then gross margins and earnings could be adversely impacted. There can be no assurance that governments will not change tax or mark-up rates in the future.

Safety and Health Regulations

The Resulting Issuer's retail cannabis operations will be subject to various employee health and safety laws and regulations. The Resulting Issuer will incur ongoing costs and obligations related to compliance with employee health and safety matters. Failure to comply with health and safety laws and regulations may result in additional costs for corrective measures and penalties or in restrictions on the Resulting Issuer's retail operations. In addition, changes in employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations or give rise to material liabilities, which could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Liability, Enforcement Complaints, etc.

The Resulting Issuer's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities against the Resulting Issuer or its activities. Litigation, complaints, and enforcement actions involving either of the Resulting Issuer or its activities could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Resulting Issuer's future cash flows, earnings, results of operations and financial condition.

Difficulty Transitioning and Growing a Business

There can be no assurance that the Resulting Issuer will be successful in the implementation of its retail-focused cannabis business strategy. The Resulting Issuer's transition to a cannabis retail business may be subject to growth-related risks including capacity constraints and pressure on the Resulting Issuer's internal systems and controls. The Resulting Issuer's ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. The Resulting Issuer's inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Available Talent Pool

The implementation of the Resulting Issuer's retail-focused cannabis business strategy will require employing personnel with cannabis expertise. However, experienced talent in the marketing and sales of cannabis may be limited and there can be no assurance that the appropriate individuals will be available or affordable to the Resulting Issuer. Without adequate personnel and expertise, the implementation of the Resulting Issuer's retail cannabis business may suffer.

Additional information on the risks, assumptions and uncertainties are found in this Filing Statement under the heading "*Forward-Looking Statements*" above.

GENERAL MATTERS

1. Finder Relationship

As of the date of this Filing Statement, Spyder has not engaged any party to act as the finder for the Private Placement. However, Spyder intends to pay to eligible finders a cash fee equal to 8% of the gross proceeds raised by Spyder under the Private Placement by subscribers introduced by such eligible finders and Spyder Warrants equal to 8% of the total Units issued in the Private Placement.

Pursuant to Policy 2.2 of the Exchange Corporate Finance Manual entitled "*Sponsorship and Sponsorship Requirements*", sponsorship is required in connection with any application for a new listing made in the context of a Qualifying Transaction. However, Spyder applied to the Exchange, and has been advised by the Exchange that it accepted a waiver from the sponsorship requirements in connection with the Proposed Qualifying Transaction.

2. Experts

2.1 Opinions

Other than MNP LLP, who prepared the auditor's report for Spyder's financial statements, and BDO Canada LLP, who prepared the auditor's report for the Company's financial statements, included in this Filing Statement, there are no persons or companies whose professional business gives authority to a statement made by the person or company who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described in this Filing Statement.

2.2 Interests of Experts

No Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Resulting Issuer, or an Associate or Affiliate.

3. Other Material Facts

There are no other material facts about the Company, Spyder, the Resulting Issuer or the Proposed Qualifying Transaction that are not elsewhere disclosed herein and which are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to the Company, Spyder and the Resulting Issuer, assuming Completion of the Proposed Qualifying Transaction.

4. Board Approval

The contents and filing of this Filing Statement have been approved by the board of directors of each of the Company and Spyder. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

CERTIFICATE OF ANCHOR CAPITAL CORPORATION

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Anchor Capital Corporation assuming completion of the Qualifying Transaction.

(signed) "Edward Ierfino"

Edward Ierfino
Chief Executive Officer

(signed) "Edward Ierfino"

Edward Ierfino
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS:

(signed) "Darren Stark"

Darren Stark
Director

(signed) "Arlene Dickinson"

Arlene Dickinson
Director

(signed) "Brandon Kou"

Brandon Kou
Director

CERTIFICATE OF SPYDER VAPES INC.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Spyder Vapes Inc. assuming completion of the Qualifying Transaction.

(signed) "Daniel Pelchovitz"

Daniel Pelchovitz
Chief Executive Officer

(signed) "Mark Pelchovitz"

Mark Pelchovitz
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS:

(signed) "Daniel Pelchovitz"

Daniel Pelchovitz
Director

(signed) "Saimi Pelchovitz"

Saimi Pelchovitz
Director

(signed) "Steven Glaser"

Steven Glaser
Director

SCHEDULE "A"
FINANCIAL STATEMENTS OF ANCHOR CAPITAL CORPORATION

See attached.

ANCHOR CAPITAL CORPORATION
As at and for the Year Ended December 31, 2017
(Expressed in Canadian Dollars)

Contents

BDO

Tel: 403 266 5608
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BDO Canada LLP
903 - 8th Avenue SW, Suite 620
Calgary AB T2P 0P7
Canada

Independent Auditor's Report

To the Directors of
Anchor Capital Corporation

We have audited the accompanying financial statements of Anchor Capital Corporation (the "Corporation") which comprises, the statements of financial position as at December 31, 2017 and December 31, 2016 and the statements of comprehensive loss, the statements of changes in shareholders' equity and the statements of cash flows for the years then ended and 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.

Auditor's 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 audits 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 the auditor's 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, the auditor considers 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 the Corporation as at December 31, 2017 and December 31, 2016 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to note 1 of the financial statements which describes that the Corporation has not completed its Qualifying Transaction in the required period and there is uncertainty relating to whether it will be completed, and that the Corporation must raise additional funds to continue. These conditions, along with matters described in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

BDO Canada LLP

Chartered Professional Accountants
Calgary, Alberta
April 26, 2018

ANCHOR CAPITAL CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017 and 2016

ASSETS

	December 31, 2017	December 31, 2016
CURRENT		
Cash (note 2)	**$ 64,409**	$ 155,468
TOTAL ASSETS	**$ 64,409**	$ 155,468

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities (note 6)	**$ 16,362**	$ 40,275

SHAREHOLDERS' EQUITY

SHARE CAPITAL (note 3)	**284,222**	284,222
CONTRIBUTED CAPITAL (note 3)	**65,542**	65,542
DEFICIT	**(301,717)**	(234,571)
	48,047	115,193
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 64,409**	$ 155,468

The financial statements were approved and authorized for issue by the Board of Directors on April 25, 2018 and were signed on its behalf by:

"Darren Stark"
Darren Stark, Director

"Brandon Kou"
Brandon Kou, Director

The accompanying notes are an integral part of the financial statements.

ANCHOR CAPITAL CORPORATION
STATEMENT OF COMPREHENSIVE LOSS
For the years ended December 31, 2017 and December 31, 2016

	December 31, 2017	December 31, 2016
REVENUE	**$ 50**	$ 50
EXPENSES		
General & administrative costs (note 6)	**67,196**	91,510
	67,196	91,510
Loss and comprehensive loss	**$ (67,146)**	$ (91,460)
Loss per share - Basic and Diluted	**$ (0.01)**	$ (0.02)

The accompanying notes are an integral part of the financial statements.

ANCHOR CAPITAL CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2017 and December 31, 2016

	Share capital	Contributed surplus	Deficit	Total Shareholders' Equity
Balance December 31, 2015	$ 284,222	$ 65,542	$ (143,111)	$ 206,653
Comprehensive loss	-	-	(91,460)	(91,460)
Balance December 31, 2016	$ 284,222	$ 65,542	$ (234,571)	$ 115,193
Comprehensive loss	-	-	(67,146)	(67,146)
Balance December 31, 2017	$ 284,222	$ 65,542	$ (301,717)	$ 48,047

The accompanying notes are an integral part of the financial statements.

ANCHOR CAPITAL CORPORATION
STATEMENT OF CASH FLOWS
For the years ended December 31, 2017 and December 31, 2016

	December 31, 2017	**December 31, 2016**
CASHFLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**$ (67,146)**	$ (91,460)
Changes in non-cash working capital items:		
Accounts payables and accrued liabilities	**(23,913)**	13,357
NET CASH USED IN OPERATING ACTIVITIES	**(91,059)**	(78,103)
NET DECREASE IN CASH POSITION FOR THE YEAR	**(91,059)**	(78,103)
CASH - BEGINNING OF YEAR	**155,468**	233,571
CASH - END OF YEAR	**$ 64,409**	$ 155,468
SUPPLEMENTARY DISCLOSURE OF CASHFLOW INFORMATION		
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -

The accompanying notes are an integral part of the financial statements.

1. NATURE OF OPERATIONS

Anchor Capital Corporation (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014 and is a Capital Pool Corporation ("CPC") as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture") in order to negotiate an acquisition or participate in a business subject to receipt of shareholder approval and acceptance by regulatory authorities (the “Qualifying Transaction”). The registered office address of the Corporation is Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

The Company had twenty-four months from the date the Corporation's shares are listed on the TSX Venture to complete its Qualifying Transaction, at which time the TSX Venture may suspend or de-list the Corporation's shares from trading. The Corporation’s shares began trading on the TSX Venture Exchange on December 2, 2014. On March 15, 2017, the Corporation was granted an extension by the TSX Venture Exchange for the completion of the Qualifying Transaction (note 9) to September 7, 2017. The Corporation did not complete a Qualifying Transaction by September 7, 2017 and its common shares were transferred to NEX by filing a NEX listing notification with the TSXV, and cancelling its outstanding seed shares held by non-arm's length parties of the Corporation. As at December 31, 2017, the Corporation has not completed its qualifying transaction, had no business operations and its only significant asset was cash.

The Corporation’s continued operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of or a participation in an interest in properties, assets, or businesses. At present the Corporation has not completed its Qualifying Transaction within the required period and is not in compliance with the use of cash proceeds (note 2). Without additional financing the Corporation will be unable to fund its ongoing operations. The Corporation will need to raise sufficient working capital to maintain operations. Where an acquisition or participation is warranted additional funding may also be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to complete its Qualifying Transaction and obtain additional financing. There is no assurance that the Corporation will be able to complete its Qualifying Transaction or obtain such financings or obtain them on favorable terms. These uncertainties cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not include any adjustments which could be significant should the Corporation be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Significant accounting policies are set out below and have been consistently applied to all the years presented, unless otherwise stated.

Basis of Measurement

These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Summary of Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair Value of Financial Instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Functional and Presentation Currency

The financial statements are presented in Canadian Dollars, which is the Corporation's functional and presentation currency.

The Corporation's principal accounting policies are outlined below:

Cash

Cash is held in a lawyer's trust, which is comprised of proceeds from the issuance of share capital.

The proceeds raised from the issuance of share capital and from the initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the TSX Venture.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Income Taxes, *continued*

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Loss per Share

Loss per share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Non-Derivative Financial Instruments

Non-derivative financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Corporation's loans and receivables are comprised of cash and are included in current assets due to its short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Non-Derivative Financial Instruments, *continued*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the profit or loss, or other financial liabilities, as appropriate.

The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Corporation's other financial liabilities include accounts payable and accrued liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) for substantially the full term of the asset or liability; and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data and unobservable inputs supported by little or no market activity.

Share Based Payments

Equity-settled share based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements with the offsetting amount recorded to contributed surplus. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period of each tranche (graded vesting) based on the Corporation's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Compensation expense on share options granted to non-employees is measured based on the fair value of the goods or services received unless that fair value cannot be reliably measured. The fair value is measured at the date the entity obtains the goods or service.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Recent accounting pronouncements not yet applied

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee that are mandatory for future accounting periods. The Corporation has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Accounting Standards Effective for annual periods beginning on or after January 1, 2018

IFRS 9 - Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation has determined that there will not be any material impact on its consolidated financial statements as a result of the adoption of IFRS 9.

IFRS 15, “Revenue from Contracts with Customers”: the standard was issued in May 2014 and amended in April 2016. IFRS 15 applies to contracts with customers, excluding, most notably, insurance and leasing contracts. IFRS 15 prescribes a framework in accounting for revenues from contracts within its scope, including (a) identifying the contract, (b) identifying separate performance obligations in the contract, (c) determine the transaction price of the contract, (d) allocate the transaction price to the performance obligations and (e) recognize revenues when each performance obligation is satisfied. IFRS 15 also prescribes additional financial statement presentations and disclosures. The Corporation has determined that there will not be any material impact on its consolidated financial statements as a result of the adoption of IFRS 15.

IFRS 16, “Leases”: In January 2016, the IASB issued the standard to replace IAS 17 “Leases”. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. It is anticipated that the adoption of IFRS 16 will have an impact on the Corporation.

3. SHARE CAPITAL

Authorized

Unlimited number of common shares, voting, participating
Unlimited number of preferred shares, issuable in series

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

SHARE CAPITAL, *continued*

Issued and outstanding Common Shares

	Number	$
As at December 31, 2016	5,514,000	284,222
Cancellation of seed shares	(1,000,000)	-
As at December 31, 2017	4,514,000	284,222

Stock Option Plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

On December 2, 2014, the Corporation granted stock options to officers and directors of the Corporation to acquire 551,400 common shares at a price of $0.10 per share of which 431,400 will expire on December 2, 2024 and 120,000 will expire on November 23, 2018 based on the passing of the option holder.

The following table summarizes the stock options outstanding:

	Number of options	Weighted average exercise price	Share price at date of exercise
Outstanding, December 31, 2015	**902,800**	**$ 0.10**	**$ -**
Granted	-	-	-
Exercised	-	-	-
Expired	(351,400)	0.10	-
Forfeited	-	-	-
Outstanding, December 31, 2016	**551,400**	**$ 0.10**	**$ -**
Granted	-	-	-
Exercised	-	-	-
Expired	-	-	-
Forfeited	-	-	-
Outstanding, December 31, 2017	**551,400**	**$ 0.10**	**$ -**

SHARE CAPITAL, *continued*

As a result of the cancellation of 1,000,0000 seed shares, the Corporation has stock options outstanding that are greater than 10% of the issued and outstanding common shares which is not in accordance with the Corporation's Stock Option Plan.

Contributed Surplus

Share-based compensation expense is based on estimated fair value of the related stock options at the time of grant and is recognized as an expense with a corresponding increase in contributed surplus.

Contributed Surplus	
December 31, 2017 and December 31, 2016	**$ 65,542**

Escrowed Shares

Pursuant to an escrow agreement dated as of March 15, 2014 among the Corporation, Alliance Trust Corporation and certain shareholders of the Corporation, 2,000,000 common shares, being all of the issued and outstanding common shares prior to the completion of the Offering, have been deposited in escrow and 1,000,000 were cancelled (note 1). As at December 31, 2017, there are 1,000,000 common shares being held in escrow subject to a TSX Venture mandated CPC Escrow Agreement (December 31, 2016: 2,000,000).

Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, common shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of the TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% shall be released every six months commencing six months following the Initial Release.

4. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding during the period. Loss per share is calculated as follows:

			Loss per share	
	Net Loss	Shares	Basic	Diluted
December 31, 2017	**$ 67,147**	**4,514,000**	**$ (0.01)**	**$ (0.01)**
December 31, 2016	$ 91,460	5,514,000	$ (0.02)	$ (0.02)

5. INCOME TAXES

a) Income tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial corporate tax rates of 27.00% (2016 – 27.00%) to income before income taxes as follows:

		December 31, 2017		December 31, 2016
Loss before income taxes	**$**	**(67,146)**	$	(91,460)
Statutory income tax rate		**27.00%**		27.00%
Tax recovery		**(18,129)**		(24,694)
Non-deductible expenses		**-**		-
Change in tax rates		**-**		-
Share issue costs		**-**		-
Change in unrecognized Deferred tax assets		**18,129**		24,694
	$	**-**	$	-

b) Significant components of the deferred tax asset are as follows:

		December 31, 2017		December 31, 2016
Share issuance costs	**$**	**9,459**	$	17,727
Investments - Mark One share of ACB		**10,104**		10,364
Non-capital losses		**90,287**		63,630
	$	**109,850**	$	91,721

c) As at December 31, 2017, the Company has estimated non-capital losses for Canadian income tax purposes that expire as follows:

2034	$	55,891
2035		95,995
2036		83,782
2037		98,728
	$	334,396

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, $28,397 (2016 - $27,928) was expensed to a law firm in which a former Director of the Corporation was a partner. Of this amount $4,162 (2016 - $14,531) remains in accounts payable and accrued liabilities.

7. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist of cash. The Corporation’s cash is held within a trust account by a law firm. Therefore, the Corporation does not believe it is currently exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Corporation is not exposed to any significant interest rate risk.

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 currently settles its financial obligations out of cash in line with restrictions noted in note 2. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

8. MANAGEMENT OF CAPITAL

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

9. QUALIFYING TRANSACTION

Anchor Capital Corporation entered into a non-binding letter agreement with Mark One dated October 26, 2016 (the "Letter Agreement"), pursuant to which the Company and Mark One intended to complete a business combination (the "Transaction"). The Corporation announced on October 13, 2017, that it terminated the proposed qualifying transaction.

Anchor Capital Corporation received shareholder approval to transfer its listing to the NEX, a separate board of the TSX Venture Exchange, and to cancel an aggregate of 1,000,000 Seed Shares (as defined by the Exchange) held by Non Arm’s Length Parties of the CPC (including the officers, directors, insiders and control persons of the Corporation). The NEX provides a trading forum for listed companies that have fallen below TSX and TSX Venture’s ongoing listed standards, or companies that have low level of business activity or have ceased to carry on active business. Trading of the common shares of Anchor Capital Corporation (the "Common Shares") is currently suspended.

Unaudited Amended Condensed Interim Financial Statements of

ANCHOR CAPITAL CORPORATION

As At and for the Period Ended September 30, 2018

(Expressed in Canadian Dollars)

ANCHOR CAPITAL CORPORATION

As at and for the Period Ended September 30, 2018
(Expressed in Canadian Dollars)

Contents

ANCHOR CAPITAL CORPORATION

UNAUDITED AMENDED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	As at September 30, 2018	As at December 31, 2017
CURRENT		
Cash (note 2)	**$ 31,071**	$ 64,409
TOTAL ASSETS	**$ 31,071**	$ 64,409
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ -**	$ 16,362
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 3)	**284,222**	284,222
CONTRIBUTED CAPITAL	**65,542**	65,542
DEFICIT	**(318,693)**	(301,717)
	31,071	48,047
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 31,071**	$ 64,409

These amended condensed interim financial statements were approved and authorized for issue by the Board of Directors on April 26, 2019 and were signed on its behalf by:

"Darren Stark"
Darren Stark, Director

"Brandon Kou"
Brandon Kou, Director

The accompanying notes are an integral part of these amended condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
UNAUDITED AMENDED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
REVENUE	**$ -**	$ 12	**$ 8**	$ 37
EXPENSES				
Professional fees	**3,735**	1,992	**16,984**	27,672
	3,735	1,992	**16,984**	27,672
Loss and comprehensive loss, for the period (note 4)	**$ (3,735)**	$ (1,980)	**$ (16,976)**	$ (27,635)
Loss per share - Basic and Diluted (note 4)	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.01)

The accompanying notes are an integral part of these amended condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
UNAUDITED AMENDED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

Nine months ended September 30, 2017	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
Balance, beginning of period	$ 284,222	$ 65,542	$ (234,571)	$ 115,193
Loss and comprehensive loss	-	-	(27,635)	(27,635)
Balance, end of period	$ 284,222	$ 65,542	$ (262,206)	$ 87,558

Nine months ended September 30, 2018	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
Balance, beginning of period	$ 284,222	$ 65,542	$ (301,717)	$ 48,047
Loss and comprehensive loss	-	-	(16,976)	(16,976)
Balance, end of period	$ 284,222	$ 65,542	$ (318,693)	$ 31,071

The accompanying notes are an integral part of these amended condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
UNAUDITED AMENDED CONDENSED INTERIM STATEMENT OF CASHFLOWS
(Expressed in Canadian dollars)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
CASHFLOWS FROM OPERATING ACTIVITIES		
Loss for the period	**$ (16,976)**	**$ (27,635)**
Changes in non-cash working capital items		
Decrease in accounts payables and accrued liabilities	**(16,362)**	**(40,275)**
NET CASH USED IN OPERATING ACTIVITIES	**(33,338)**	**(67,910)**
NET DECREASE IN CASH POSITION FOR THE PERIOD	**(33,338)**	**(67,910)**
CASH - BEGINNING OF PERIOD	**64,409**	**155,468**
CASH - END OF PERIOD	**$ 31,071**	**$ 87,558**
SUPPLEMENTARY DISCLOSURE OF CASHFLOW INFORMATION		
Income taxes paid	$ -	$ -
Interest paid	**$ -**	**$ -**

The accompanying notes are an integral part of these amended condensed interim financial statements.

1. NATURE OF OPERATIONS

Anchor Capital Corporation (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014 and is a Capital Pool Corporation ("CPC") as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. The registered office address of the Corporation is 421 7th Avenue SW, TD Canada Trust Tower, Suite 1700, Calgary AB T2P 4K9.

The Company had twenty-four months from the date the Corporation's shares were listed on the TSX Venture to complete its Qualifying Transaction, at which time the TSX Venture may suspend or de-list the Corporation's shares from trading. The Corporation’s shares began trading on the TSX Venture Exchange on December 2, 2014. On March 15, 2017, the Corporation was granted an extension by the TSX Venture Exchange for the completion of the Qualifying Transaction (note 8) to September 7, 2017. The Corporation did not complete a Qualifying Transaction by September 7, 2017 and its common shares were transferred to NEX by filing a NEX listing notification with the TSXV, and cancelling its outstanding seed shares held by non-arm's length parties of the Corporation. As at September 30, 2018, the Corporation has not completed its qualifying transaction, had no business operations and its only significant asset was cash.

The Corporation’s continued operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of or a participation in an interest in properties, assets, or businesses. At present the Corporation has not completed its Qualifying Transaction within the required period and is not in compliance with the use of cash proceeds (note 2). Without additional financing the Corporation will be unable to fund its ongoing operations. The Corporation will need to raise sufficient working capital to maintain operations. Where an acquisition or participation is warranted additional funding may also be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to complete its Qualifying Transaction and obtain additional financing. There is no assurance that the Corporation will be able to complete its Qualifying Transaction or obtain such financings or obtain them on favorable terms. These uncertainties cast significant doubt on the Company’s ability to continue as a going concern. These amended condensed interim financial statements do not include any adjustments which could be significant should the Corporation be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Statement of Compliance

Statement of Compliance
These amended condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Certain financial information and disclosure normally included in annual financial statements prepared in accordance with IFRS

have been omitted or condensed. The disclosure provided herein is incremental to the disclosures included in the annual

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Preparation and Statement of Compliance, *continued*

financial statements. These amended condensed interim financial statements should be read in conjunction with the Corporation's annual audited financial statements for the year ended December 31, 2017.

These amended condensed interim financial statements have been prepared following the same accounting policies as the Corporation's annual audited financial statements for the year ended December 31, 2017.

Basis of Measurement
These amended condensed interim financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Summary of Accounting Estimates and Assumptions

The preparation of these amended condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of selected non-current assets, liabilities and contingent liabilities at the date of the amended condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Functional and Presentation Currency

These amended condensed interim financial statements are presented in Canadian Dollars, which is the Corporation's functional and presentation currency.

The Corporation's principal accounting policies are outlined below:

Cash

Cash is held in a lawyer's trust, which is comprised of proceeds from the issuance of share capital.

The proceeds raised from the issuance of share capital and from the initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the TSX Venture.

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case the income tax is also recognized directly in equity or other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the amended condensed interim financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Loss per Share

Loss per share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Revenue Recognition

Interest income is recorded in the period in which it is earned.

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Non-Derivative Financial Instruments

As the Company adopted IFRS 9, Financial Instruments as of January 1, 2018 cumulatively without restatement of comparative figures, different policies apply to the 2018 period presented than the comparative periods. IFRS 9 supersedes IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities; and new guidance for measuring impairment on financial assets. The adoption of IFRS 9 did not have a material effect on the financial statements.

Non-derivative financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial assets at amortized cost, fair value through profit or loss, or fair value through other comprehensive loss.

The Company's financial assets measured at amortized cost is cash.

Financial assets, other than items classified as fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired based upon an expected credit loss model as prescribed by IFRS 9, taking into consideration both historic and forward looking information.

Financial liabilities within the scope of IFRS 9 are classified as liabilities at amortized cost, or other financial liabilities, as appropriate.

SIGNIFICANT ACCOUNTING POLICIES, *continued*

The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Corporation's other financial liabilities include accounts payable and accrued liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) for substantially the full term of the asset or liability; and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data and unobservable inputs supported by little or no market activity.

Share Based Payments

Equity-settled share based payments for directors, officers, employees and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements with the offsetting amount recorded to contributed surplus. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period of each tranche (graded vesting) based on the Corporation's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees, and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Compensation expense on share options granted to non-employees is measured based on the fair value of the goods or services received unless that fair value cannot be reliably measured. The fair value is measured at the date the entity obtains the goods or service.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

(Expressed in Canadian dollars)

3. SHARE CAPITAL

Authorized

Unlimited number of common shares, voting, participating
Unlimited number of preferred shares, issuable in series

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

Issued and outstanding common shares

	Number	$
As at December 31, 2017 and September 30, 2018	4,514,000	284,222

Stock Option Plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The Corporation is not in compliance with this after the cancellation of 1,000,000 seed shares in 2016. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

On December 2, 2014, the Corporation granted stock options to officers and directors of the Corporation to acquire 551,400 common shares at a price of $0.10 per share of which 431,400 will expire on December 2, 2024 and 120,000 expired on November 23, 2018 based on the passing of the option holder. The stock options were valued at $47,972 using the Black-Scholes valuation model assuming a life expectancy of 10 years, a risk free rate of 1.89%, expected dividend yield of 0%, vest immediately and volatility of 93%.

Effective April 22, 2019, the Board resolved to amend the Stock Option Plan so as to change it from a 10% rolling plan to a fixed number plan contemplating a maximum of 551,400 options that may be granted thereunder.

(Expressed in Canadian dollars)

SHARE CAPITAL, *continued*

The following table summarizes the stock options outstanding:

	Number of Options	Weighted Average Exercise Price	Share Price at Date of Exercise
Outstanding, January 1, 2017	**551,400**	**$ 0.10**	**$ -**
Granted	-	-	-
Exercised	-	-	-
Expired	-	-	-
Forfeited	-	-	-
Outstanding, December 31, 2017	**551,400**	**$ 0.10**	**$ -**
Granted	-	-	-
Exercised	-	-	-
Expired	-	-	-
Forfeited	-	-	-
Outstanding, September 30, 2018	**551,400**	**$ 0.10**	**$ -**

Contributed Surplus

Share-based compensation expense is based on estimated fair value of the related stock options at the time of grant and is recognized as an expense with a corresponding increase in contributed surplus.

Contributed Surplus	
December 31, 2017 and September 30, 2018	**$ 65,542**

Escrowed Shares

Pursuant to an escrow agreement dated as of March 15, 2014 among the Corporation, Alliance Trust Corporation and certain shareholders of the Corporation, 2,000,000 common shares, being all of the issued and outstanding common shares prior to the completion of the Offering, have been deposited in escrow and 1,000,000 were cancelled (note 1). As at September 30, 2018, there are 1,000,000 common shares being held in escrow subject to a TSX Venture mandated CPC Escrow
Agreement.

Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, common shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of the TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% shall be released every six months commencing six months following the Initial Release.

(Expressed in Canadian dollars)

4. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding during the period. Loss per share is calculated as follows:

			Loss per share	
	Net Loss	Shares	Basic	Diluted
September 30, 2018	**$ 16,976**	**4,514,000**	**$ (0.01)**	**$ (0.01)**
September 30, 2017	$ 27,635	4,514,000	$ (0.01)	$ (0.01)

5. RELATED PARTY TRANSACTIONS

There were no related party transactions during the nine month period ended September 30, 2018.

6. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist of cash. The Corporation’s cash is held within a trust account by a highly reputable law firm. Therefore, the Corporation does not believe it is currently exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation is not exposed to any significant interest rate risk.

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 currently settles its financial obligations out of cash in line with restrictions noted in note 2. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

7. MANAGEMENT OF CAPITAL

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subjected. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

8. QUALIFYING TRANSACTION

Anchor received shareholder approval to transfer its listing to the NEX, a separate board of the TSX Venture Exchange, and to cancel an aggregate of 1,000,000 Seed Shares (as defined by the Exchange) held by Non Arm's Length Parties of the CPC (including the officers, directors, insiders and control persons of the Corporation). The NEX provides a trading forum for listed companies that have fallen below TSX and TSX Venture's ongoing listed standards, or companies that have low level of business activity or have ceased to carry on active business. Trading of the common shares of Anchor (the "Common Shares") is currently suspended.

9. SUBSEQUENT EVENTS

Changes to Board and Management

Effective October 31, 2018 Mr. Ierfino, joined the Company as Chief Executive Officer and Chief Financial Officer upon the resignation of Mr. Darren Stark who held these positions. He has agreed to purchase, through his holding company (E G I Holdings Corporation), 237,500 common shares of Anchor, at a price of $0.08 per share, from existing principal escrowed shareholders. Mr. Kosta Kostic also joined the team as Secretary and he has agreed to purchase, through his holding company (Jegudiel Holdings Inc.), 562,500 common shares of Anchor, at a price of $0.08 per share, also from existing principal escrowed shareholders. As a result of the foregoing transactions, and subject to the receipt of approval from the TSX Venture Exchange, Mr. Ierfino will hold 237,500 common shares and Mr. Kostic will hold 562,500 common shares in Anchor, representing 5.3% and 12.4%, respectively, of the issued and outstanding common shares of the Company. In addition, the board has resolved to grant to each of Mr. Ierfino and Mr. Kostic 175,700 options to acquire common shares of Anchor, at an exercise price of $0.10 per share, subject to the receipt of approval from the TSX Venture Exchange. All of the common shares acquired by Messrs. Ierfino and Kostic will be subject to escrow in accordance with CPC Policy 2.4 of the TSX Venture Exchange. The 562,500 common shares are being held by Mr. Kostic for investment purposes only. Mr. Kostic may from time to time increase or decrease his holdings of the Company's securities, depending on market and other conditions, the whole subject to compliance with applicable securities laws and the escrow requirements of CPC Policy 2.4.

SUBSEQUENT EVENTS, *continued*

<u>The Proposed Transaction</u>

The Company, Anchor and Spyder entered into the Amalgamation Agreement, pursuant to which the parties agreed to complete the Proposed Qualifying Transaction on the terms set out therein. Pursuant to the Amalgamation Agreement, upon the closing of the Amalgamation:

(a) each shareholder of Spyder will receive one (1) Company Share in exchange for each one (1) Spyder Share held by such holder and the Spyder Shares will be cancelled;

(b) the Company will receive one (1) Amalco Share in exchange for each Anchor Share held by it and the Anchor Shares will be cancelled; and

(c) in consideration for the Company's issuance of Company Shares referenced in (a), Amalco will issue to the Company one (1) Amalco Share for each one (1) Company Share issued by the Company under (a).

Completion of the Amalgamation is subject to compliance with the terms and conditions set forth in the Amalgamation Agreement. Upon the Amalgamation becoming effective, Amalco will own all of the assets, properties, rights, privileges and franchises and be subject to all of the liabilities, contracts and obligations of each of the amalgamating corporations. The Amalgamation will constitute the Company's Qualifying Transaction for the purpose of the CPC Policy. The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

<u>Subsidiary</u>

Anchor has one wholly-owned subsidiary, 11304372 Canada Inc. ("**Anchor Sub**"), which was incorporated on March 18, 2019 pursuant to the filing of articles of incorporation under the `*Canada Business Corporations Act*. The registered office of the Anchor Sub is located at 421 – 7th Avenue SW, TD Canada Trust Tower, Suite 1700, Calgary, Alberta T2P 4K9.

SCHEDULE "B"
MANAGEMENT'S DISCUSSION & ANALYSIS OF ANCHOR CAPITAL CORPORATION

See attached.

ANCHOR CAPITAL CORPORATION

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) for Anchor Capital Corporation is a review of the year ended December 31, 2017 and should be read in conjunction with the audited financial statements for the year ended December 31, 2017 and the notes thereto. This MD&A relates to events up to April 25, 2018.

The Corporation’s financial position, results of operations and cash flows have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Corporation’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars.

DESCRIPTION OF BUSINESS

Anchor Capital Corporation (“Anchor” or the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014. The Corporation is a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The Corporation's business is to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

On December 2, 2014 the Corporation completed its initial public offering (the “Offering”) raising gross proceeds of $351,400 pursuant to a prospectus dated September 26, 2014. A total of 3,514,000 common shares in the capital of the Corporation (“Common Shares”) were subscribed for at a price of $0.10 per Common Share. Richardson GMP Limited acted as the agent for the Offering and received a corporate finance fee and a cash commission equal to 10% of the gross proceeds of the Offering, as well as agent's options to purchase 351,400 Common Shares at a price of $0.10, these options expired on December 2, 2016.

The Common Shares of Anchor Capital Corporation commenced trading under the stock symbol “ANC.P” on December 2, 2014.

Anchor entered into a non-binding letter agreement with Mark One dated October 26, 2016 (the "Letter Agreement"), pursuant to which Anchor and Mark One intend to complete a business combination (the "Transaction"). The Corporation announced on October 13, 2017, that it terminated the proposed qualifying transaction.

Anchor received shareholder approval to transfer its listing to the NEX, a separate board of the TSX Venture Exchange, and to cancel an aggregate of 1,000,000 Seed Shares (as defined by the Exchange) held by Non Arm’s Length Parties of the CPC (including the officers, directors, insiders and control persons of the Corporation). The NEX provides a trading forum for listed companies that have fallen below TSX and TSX Venture’s ongoing listed standards, or companies that have low level of business activity or have ceased to carry on active business. Trading of the common shares of Anchor (the "Common Shares") is currently suspended and the corporation is currently listed on The NEX under the stock symbol “ANC.H”. This cancellation resulted in the average cost per common share to these individuals being increased to $0.10 per common share which equates to the initial public offering price per common share.

OPERATIONAL REVIEW

Professional fees

Professional fees for the three months ended December 31, 2017 were $39,525 (three months ended December 31, 2016 – $46,718). These expenses comprised of Audit and Accounting fees - $12,200; Professional Fees – Other - $5,061 and Legal - $22,264.

For the year ended December 31, 2017 Professional fees were $67,197 (year ended December 31, 2016 – $91,510). These expenses comprised of Audit and Accounting fees - $20,575; Professional Fees – Other - $18,224 and Legal Fees - $28,398.

Net and Comprehensive Loss

The Corporation has not yet conducted any operations, its only income is interest earned from cash held in Trust with its lawyers. For the three months ended December 31, 2017, the Corporation earned $13 (three months ended December 31, 2016 – $13) and for the year ended December 31, 2017 it earned $50 (year ended December 31, 2016 – $50).

There were net losses of $39,512 for the three months ended December 31, 2017 (three months ended December 31, 2016 – $46,706) and for the year ended December 31, 2017 net losses were $67,147 (year ended December 31, 2016 – $91,460).

Financial Resources and Liquidity

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017 the Corporation had a cash balance of $64,409 (December 31, 2016 - $155,468) and there was $16,362 (December 31, 2016 - $40,275) in outstanding liabilities. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

SHARE CAPITAL

(a) Issued

As at December 31, 2017 and April 25, 2018 the issued and outstanding Common Shares of the Corporation were 4,514,000.

(b) Stock Options

Directors, Officers, Employees and Consultants' options

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non transferable options to purchase common shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares. The Board of Directors determines the price per Common Share and the number of Common Shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

On December 2, 2014, the Corporation granted stock options to officers and directors of the company to acquire 551,400 common shares at a price of $0.10 per share which will expire on December 2, 2024. The stock options were valued at $47,972 using the Black-Scholes valuation model assuming a life expectancy of 10 years, a risk free rate of 1.89%, expected dividend yield of 0%, vested immediately and volatility of 93%.

(c) Escrow

Pursuant to an escrow agreement dated as of March 15, 2014 among the Corporation, Alliance Trust Corporation and certain shareholders of the Corporation, 2,000,000 common shares being all of the issued and outstanding common shares prior to the completion of the Offering have been deposited in escrow. Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, the Common Shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% every six months following the Initial Release. As at December 31, 2017 no Common Shares have been released from escrow.

RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2017, $22,264 was expensed as legal fees payable to a law firm in which a former director of the Corporation was a partner (three months ended December 31, 2016 – $28,975). Cumulatively at the end of the year ended December 31, 2017 $28,398 was expensed (year ended December 31, 2016 – $54,173).

SELECTED QUARTERLY INFORMATION

Period Ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net revenue	$ 13	$ 12	$ 13	$ 12
Net loss	($39,512)	($1,980)	(18,464)	($7,191)
Net loss per share – basic and diluted	($0.00)	($0.00)	($0.00)	($0.00)

Period Ended	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Net revenue	$ 13	$ 12	$ 13	$ 12
Net loss	($46,706)	($14,679)	(20,773)	($9,301)
Net loss per share – basic and diluted	($0.00)	($0.00)	($0.00)	($0.00)

The Corporation has not yet conducted any operations.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Anchor is not a party to any industry contracts or obligations and there are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

There are no critical or material accounting estimates.

BUSINESS RISKS

The Corporation is a Capital Pool Company under the policies of the TSX Venture. The Corporation had twenty-four months from the date its shares were listed on the TSX Venture, at which time the TSX Venture could have suspended or de-listed the Corporation's shares from trading. The Corporation's shares began trading on the TSX Venture Exchange on December 2, 2014. On March 15, 2017, the Corporation was granted an extension by the TSX Venture Exchange for the completion of the Qualifying Transaction (note 9) to September 7, 2017. As at December 31, 2017 the Corporation had not completed the qualifying transaction and as such the Corporation transferred its common shares to NEX, a separate board of TSX Venture Exchange for companies that have fallen below TSX Venture's listing standards by filing a NEX listing notification with the TSX Venture, and cancelled its outstanding seed shares held by non-arm's length parties of the Corporation. This cancellation resulted in the average cost per common share to these individuals being increased to $0.10 per common share which equates to the initial public offering price per common share.

The Corporation believes it has no significant credit risk.

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017 the Corporation had cash on hand in excess of its liabilities. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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 has cash balances and no interest-bearing debt.

The Corporation does not have assets or liabilities in foreign currency.

ESTIMATES

Certain accounting policies are identified as critical accounting policies because they require management to make judgments and estimates based on conditions and assumptions that are inherently uncertain. These accounting policies could result in materially different results should the underlying assumptions or conditions change. Management assumptions are based on factors that, in management's opinion are relevant and appropriate at the time such assumptions are made, and may change over time as operating conditions change. There are no critical accounting estimates at this time.

FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2016 or later periods. The Corporation has not applied these within these financial statements.

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9") was issued in November, 2009 and is the first step to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The IASB recently suspended the originally planned effective date of this new standard of January 1, 2018 and at present the effective date has not been determined. The Corporation is currently assessing the financial impact of this new standard.

International Accounting Standard 1, Presentation of Financial Statements ("IAS 1") amendments are part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity investments. The effective date for these amendments is January 1, 2016. The Corporation is in the process of evaluating the impact of these amendments.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, replacing IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step revenue recognition process to determine the nature, amount, timing and uncertainty of revenue and cash flows from the contracts with customers. IFRS 15 is effective for fiscal years ending on or after December 31, 2018. The Corporation is currently assessing the financial impact of this new standard.

In January 2016, the IASB issued IFRS 16 - Leases, replacing IAS 17 - Leases. IFRS 16 requires lessees to recognize assets and liabilities for most leases instead of previous categories of finance leases, which are reported on the balance sheet, or operating leases, which are disclosed only in the notes to the financial statements, under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for companies that also adopt IFRS 15. The Corporation is currently assessing the financial impact of this new standard.

CORPORATE INFORMATION

CONTACT

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AUDITORS

BDO Canada LLP
Calgary, Alberta

DIRECTORS

Darren Stark
Arlene Dickinson
Brandon Kou

Forward Looking Statements

Except for historical financial information contained herein, certain of the matters discussed in this document may be considered forward- looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results could differ materially from those indicated by such forward-looking statements. Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix), impact of the Canadian economic conditions, (x) fluctuations in currency exchange rates and interest rates.

ANCHOR CAPITAL CORPORATION

Amended Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") for Anchor Capital Corporation ("Anchor" or the "Corporation") is a review of the nine months ended September 30, 2018 and should be read in conjunction with the unaudited amended condensed interim financial statements as at and for the period ended September 30, 2018 and the notes thereto. This MD&A relates to events up to April 26, 2019. This MD&A has been amended as part of the review of the foregoing financial statements for inclusion in the Corporation's filing statement prepared in connection with its proposed "Qualifying Transaction" with Spyder Vapes Inc. (see "Subsequent Events" below).

The Corporation's financial position, results of operations and cash flows have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Corporation's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars.

DESCRIPTION OF BUSINESS

Anchor Capital Corporation ("Anchor" or the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014. The Corporation is a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The Corporation's business is to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

On December 2, 2014 the Corporation completed its initial public offering (the "Offering") raising gross proceeds of $351,400 pursuant to a prospectus dated September 26, 2014. A total of 3,514,000 common shares in the capital of the Corporation ("Common Shares") were subscribed for at a price of $0.10 per Common Share. Richardson GMP Limited acted as the agent for the Offering and received a corporate finance fee and a cash commission equal to 10% of the gross proceeds of the Offering, as well as agent's options to purchase 351,400 Common Shares at a price of $0.10, these options expired on December 2, 2016.

The Common Shares of Anchor Capital Corporation commenced trading under the stock symbol "ANC.P" on December 2, 2014.

Anchor received shareholder approval to transfer its listing to the NEX, a separate board of the TSX Venture Exchange, and to cancel an aggregate of 1,000,000 Seed Shares (as defined by the Exchange) held by Non Arm's Length Parties of the CPC (including the officers, directors, insiders and control persons of the Corporation). The NEX provides a trading forum for listed companies that have fallen below TSX and TSX Venture's ongoing listed standards, or companies that have low level of business activity or have ceased to carry on active business. Trading of the common shares of Anchor (the "Common Shares") is currently suspended and the corporation is currently listed on The NEX under the stock symbol "ANC.H". This cancellation resulted in the average cost per common share to these individuals being increased to $0.10 per common share which equates to the initial public offering price per common share.

OPERATIONAL REVIEW

Professional fees

Professional fees for the three months ended September 30, 2018 were $3,735 (September 30, 2017 – $1,992) – comprising legal fees - $264, agent and registration fees - $3,075, audit and accounting - $396.

Professional fees for the nine months ended September 30, 2018 were $16,984 (September 30, 2017 – $27,672) – comprising legal fees – $808, agent and registration fees - $13,777, audit and accounting - $2,399.

Net and Comprehensive Loss

The Corporation has not yet conducted any operations and as such, its only income is interest earned from cash held in trust with its lawyers. For the three months ended September 30, 2018, the Corporation earned $Nil (three months ended September 30, 2017 – $12) and for the nine months ended September 30, 2018 it earned $Nil (nine months ended September 30, 2017 – $37).

There were net and comprehensive losses of $3,735 for the three months ended September 30, 2018 (three months ended September 30, 2017 – $1,980) and for the nine months ended September 30, 2018 net and comprehensive losses were $16,976 (nine months ended September 30, 2017 – $27,635).

Financial Resources and Liquidity

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018 the Corporation had a cash balance of $31,071 (December 31, 2017 - $64,409) and there was $nil (December 31, 2017 - $12,200) in outstanding liabilities. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

SHARE CAPITAL

(a) Issued

As at September 30, 2018 and November 28, 2018, the issued and outstanding Common Shares of the Corporation were 4,514,000.

(b) Stock Options

Directors, Officers, Employees and Consultants' options

The options were valued using the Black-Scholes valuation model assuming a life expectancy of 2 years, a risk free rate of 1.89%, expected dividend yield of 0%, vest immediately and volatility of 93%.

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non transferable options to purchase common shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares. The Corporation is not in compliance with this after the cancellation of 1,000,000 seed shares in 2016. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares. The Board of Directors determines the price per Common Share and the number of Common Shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

SHARE CAPITAL, *continued*

On December 2, 2014, the Corporation granted stock options to officers and directors of the company to acquire 551,400 common shares at a price of $0.10 per share which will expire on December 2, 2024. The stock options were valued at $47,972 using the Black-Scholes valuation model assuming a life expectancy of 10 years, a risk free rate of 1.89%, expected dividend yield of 0%, vested immediately and volatility of 93%.

Effective April 22, 2019, the Board resolved to amend the Stock Option Plan so as to change it from a 10% rolling plan to a fixed number plan contemplating a maximum of 551,400 options that may be granted thereunder

(c) Escrowed Shares

Pursuant to an escrow agreement dated as of March 15, 2014 among the Corporation, Alliance Trust Corporation and certain shareholders of the Corporation, 2,000,000 Common Shares being all of the issued and outstanding Common Shares prior to the completion of the Offering have been deposited in escrow and 1,000,000 were cancelled. As at September 30, 2018, there are 1,000,000 common shares being held in escrow subject to a TSX Venture mandated CPC Escrow Agreement.

Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, the Common Shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% every six months following the Initial Release. As at September 30, 2018 no Common Shares have been released from escrow.

RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2018 there were no related party transactions (three months ended September 30, 2017 - $Nil). At the end of the nine months period there was no related party transactions (nine months ended September 30, 2017 – $35,109 was paid as legal fees to a law firm in which a former director of the Corporation was a partner).

SELECTED QUARTERLY INFORMATION

Period ended	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**
Net revenue	$ -	$ -	$ 8	$ 13
Net and comprehensive loss	$ (3,735)	$ (7,697)	$ (5,544)	$ (39,5127)
Net loss per share – basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Period ended	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Net revenue	$ 12	$ 17	$ 8	$ 13
Net and comprehensive loss	$ (1,980)	$ (18,464)	$ (7,191)	$ (46,707)

Net loss per share – basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)

The Corporation has not yet conducted any operations.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Anchor is not a party to any industry contracts or obligations and there are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

There are no critical or material accounting estimates.

BUSINESS RISKS

The Corporation is a Capital Pool Company under the policies of the TSX Venture. The Corporation had twenty-four months from the date its shares were listed on the TSX Venture, at which time the TSX Venture could have suspended or de-listed the Corporation's shares from trading. The Corporation's shares began trading on the TSX Venture Exchange on December 2, 2014. On March 15, 2017, the Corporation was granted an extension by the TSX Venture Exchange for the completion of the Qualifying Transaction to September 7, 2017. As at September 30, 2018 the Corporation had not completed the qualifying transaction, its common shares were transferred to NEX, a separate board of TSX Venture Exchange for companies that have fallen below TSX Venture's listing standards by filing a NEX listing notification with the TSX Venture, and cancelled its outstanding seed shares held by non-arm's length parties of the Corporation. This cancellation resulted in the average cost per common share to these individuals being increased to $0.10 per common share which equates to the initial public offering price per common share.

The Corporation believes it has no significant credit risk.

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018 the Corporation had cash on hand in excess of its liabilities. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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 has cash balances and no interest-bearing debt.

The Corporation does not have assets or liabilities in foreign currency.

ESTIMATES

Certain accounting policies are identified as critical accounting policies because they require management to make judgments and estimates based on conditions and assumptions that are inherently uncertain. These accounting policies could result in materially different results should the underlying assumptions or conditions change. Management assumptions are based on factors that, in management's opinion are relevant and appropriate at the time such assumptions are made, and may change over time as operating conditions change. There are no critical accounting estimates at this time.

FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2018 or later periods.

IFRS 9 supersedes IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities; and new guidance for measuring impairment on financial assets. As the Company adopted IFRS 9, Financial Instruments as of January 1, 2018 cumulatively without restatement of comparative figures, different policies apply to the 2018 period presented than the comparative periods. The adoption of IFRS 9 did not have a material effect on the financial statements.

IFRS 15, “Revenue from Contracts with Customers”: the standard was issued in May 2014 and amended in April 2016. IFRS 15 applies to contracts with customers, excluding, most notably, insurance and leasing contracts. IFRS 15 prescribes a framework in accounting for revenues from contracts within its scope, including (a) identifying the contract, (b) identifying separate performance obligations in the contract, (c) determine the transaction price of the contract, (d) allocate the transaction price to the performance obligations and (e) recognize revenues when each performance obligation is satisfied. IFRS 15 also prescribes additional financial statement presentations and disclosures. The Corporation is currently assessing the financial impact of this new standard.

IFRS 16, “Leases”: In January 2016, the IASB issued the standard to replace IAS 17 “Leases”. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Corporation is currently assessing the financial impact of this new standard.

SUBSEQUENT EVENTS

Changes to Board and Management

Effective October 31, 2018 Mr. Ierfino, joined the Company as Chief Executive Officer and Chief Financial Officer upon the resignation of Mr. Darren Stark who held these positions. He has agreed to purchase, through his holding company (E G I Holdings Corporation), 237,500 common shares of Anchor, at a price of $0.08 per share, from existing principal escrowed shareholders. Mr. Kosta Kostic also joined the team as Secretary and he has agreed to purchase, through his holding company (Jegudiel Holdings Inc.), 562,500 common shares of Anchor, at a price of $0.08 per share, also from existing principal escrowed shareholders. As a result of the foregoing transactions, and subject to the receipt of approval from the TSX Venture Exchange, Mr. Ierfino will hold 237,500 common shares and Mr. Kostic will hold 562,500 common shares in Anchor, representing 5.3% and 12.4%, respectively, of the issued and outstanding common shares of the Company. In addition, the board has resolved to grant to each of Mr. Ierfino and Mr. Kostic 175,700 options to acquire common shares of Anchor, at an exercise price of $0.10 per share, subject to the receipt of approval from the TSX Venture Exchange. All of the common shares acquired by Messrs. Ierfino and Kostic will be subject to escrow in accordance with CPC Policy 2.4 of the TSX Venture Exchange. The 562,500 common shares are being held by Mr. Kostic for investment purposes only. Mr. Kostic may from time to time increase or decrease his holdings of the Company’s securities, depending on market and other conditions, the whole subject to compliance with applicable securities laws and the escrow requirements of CPC Policy 2.4.

The Proposed Transaction

The Company, Anchor and Spyder entered into the Amalgamation Agreement, pursuant to which the parties agreed to complete the Proposed Qualifying Transaction on the terms set out therein. Pursuant to the Amalgamation Agreement, upon the closing of the Amalgamation:

(a) each shareholder of Spyder will receive one (1) Company Share in exchange for each one (1) Spyder Share held by such holder and the Spyder Shares will be cancelled;

(b) the Company will receive one (1) Amalco Share in exchange for each Anchor Share held by it and the Anchor Shares will be cancelled; and

(c) in consideration for the Company's issuance of Company Shares referenced in (a), Amalco will issue to the Company one (1) Amalco Share for each one (1) Company Share issued by the Company under (a).

Completion of the Amalgamation is subject to compliance with the terms and conditions set forth in the Amalgamation Agreement. Upon the Amalgamation becoming effective, Amalco will own all of the assets, properties, rights, privileges and franchises and be subject to all of the liabilities, contracts and obligations of each of the amalgamating corporations. The Amalgamation will constitute the Company's Qualifying Transaction for the purpose of the CPC Policy. The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

Subsidiary

Anchor has one wholly-owned subsidiary, 11304372 Canada Inc. which was incorporated on March 18, 2019 pursuant to the filing of articles of incorporation under the `*Canada Business Corporations Act*. The registered office of the Anchor Sub is located at 421 – 7th Avenue SW, TD Canada Trust Tower, Suite 1700, Calgary, Alberta T2P 4K9.

CORPORATE INFORMATION

CONTACT

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Fax: (403) 265-8565 Anchor Capital Corporation
421 7th Avenue SW
TD Canada Trust Tower, Suite 1700
Calgary AB T2P 4K9

Attention: Kosta Kostic

Tel: (514) 375-5025
Fax: (514) 987-1213

AUDITORS

BDO Canada LLP
Calgary, Alberta

DIRECTORS

Darren Stark
Arlene Dickinson
Brandon Kou
Edward Ierfino

Forward Looking Statements

Except for historical financial information contained herein, certain of the matters discussed in this document may be considered forward- looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results could differ materially from those indicated by such forward-looking statements. Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix), impact of the Canadian economic conditions, (x) fluctuations in currency exchange rates and interest rates.

SCHEDULE “C”
FINANCIAL STATEMENTS OF SPYDER VAPES INC.

See attached.

Spyder Vapes Inc.
Consolidated Financial Statements
For the years ended January 31, 2018 and 2017

Independent Auditors' Report

To the Shareholders of Spyder Vapes Inc.:

We have audited the accompanying consolidated financial statement of Spyder Vapes Inc., which comprise the consolidated statement of financial position as at January 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of this consolidated financial statement 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 this consolidated financial statement based on our audit. We conducted our audit 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 consolidated financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statement 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 consolidated financial statement.

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

Opinion
In our opinion, the consolidated financial statement presents fairly, in all material respects, the consolidated financial position of Spyder Vapes Inc. as at January 31, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statement which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Spyder Vapes Inc.'s ability to continue as a going concern.

Calgary, Alberta

MNP LLP

April 26, 2019

Chartered Professional Accountants

MNP

Spyder Vapes Inc.
Consolidated Statements of Financial Position
Stated in Canadian Dollars
As at January 31

		2018		2017
ASSETS				
Current assets				
Cash	**$**	**121,974**	$	11,720
Inventory (Note 5)		**95,043**		80,128
Prepaid expenses and deposits		**28,285**		19,300
Deferred finance charges		**15,000**		-
Total current assets	**$**	**260,302**	$	111,148
Non-current assets				
Property and equipment (Note 6)	**$**	**177,348**	$	102,475
Total non-current assets	**$**	**177,348**	$	102,475
Total assets	**$**	**437,650**	$	213,623
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables (Note 7)	**$**	**144,380**	$	71,822
Loans payable (Note 9)		**24,967**		6,607
Advances from shareholders (Note 8)		**-**		289,733
Total current liabilities	**$**	**169,347**	$	368,162
Non-current liabilities				
Current portion of loans payable (Note 9)	**$**	**83,219**	$	23,676
Convertible debentures (Note 10)		**445,831**		-
Total non-current liabilities	**$**	**529,050**	$	23,676
Total liabilities	**$**	**698,397**	$	391,838
Shareholders' Deficiency				
Share capital (Note 11)	**$**	**730**	$	730
Equity component of convertible debentures (Note 10)		**82,393**		-
Contributed surplus (Note 12)		**197,000**		-
Deficit		**(540,870)**		(178,945)
Total deficiency	**$**	**(260,747)**		(178,215)
Total liabilities and shareholders' deficiency	**$**	**437,650**	$	213,623

Going concern (Note 1)
Commitments (Note 19)
Subsequent events (Note 20)

Approved on behalf of the Board:

"Mark Pelchovitz"
Director

"Daniel Pelchovitz"
Director

The accompanying notes are an integral part of the consolidated financial statements.

Spyder Vapes Inc.

Consolidated Statements of Loss and Comprehensive Loss

Stated in Canadian Dollars
For the years ended January 31

		2018		2017
Sales	**$**	**739,527**	$	782,600
Cost of sales		**416,228**		425,628
Gross margin	**$**	**323,299**	$	356,972
Expenses				
Marketing	**$**	**2,173**		10,111
Finance charges (Note 14)		**50,545**		5,664
General administration (Note 13)		**647,046**		384,147
Total expenses	**$**	**699,764**	$	399,922
Operating loss		**(376,465)**		(42,950)
Deferred tax recovery		**(14,540)**		-
Total comprehensive loss for the year		**(361,925)**		(42,950)
Loss per share				
Basic and diluted	**$**	**(0.05)**	$	(0.01)
Weighted average shares outstanding (Note 11)		**7,300,000**		7,300,000

Spyder Vapes Inc.

Consolidated Statements of Changes in Shareholders' Equity

Stated in Canadian dollars

	Share capital $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Total equity $
Balance, January 31, 2016	730	-	-	(135,995)	(135,265)
Net loss for the year	-	-	-	(42,950)	(42,950)
Balance, January 31, 2017	730	-	-	(178,945)	(178,215)
Net loss for the year	-	-	-	(361,925)	(361,925)
Stock-based compensation (Note 12)	-	-	197,000	-	197,000
Equity portion of convertible debentures, net of deferred tax (Note 10)	-	82,393	-	-	82,393
Balance, January 31, 2018	**730**	**82,393**	**197,000**	**(540,870)**	**(260,747)**

The accompanying notes are an integral part of the consolidated financial statements.

Spyder Vapes Inc.
Consolidated Statements of Cash Flows
Stated in Canadian dollars
For the years ended January 31,

		2018		2017
Operating activities				
Loss for the year	**$**	**(361,925)**	$	(42,950)
Amortization (Note 6)		**32,221**		42,141
Stock-based compensation (Note 12)		**197,000**		-
Accretion (Note 10)		**19,764**		-
Deferred tax recovery (Note 15)		**(14,540)**		-
Inventory obsolescence (Note 5)		**4,073**		-
Foreign exchange		**1,385**		-
Changes in non-cash working capital:				
Accounts receivable	**$**	**-**	$	414
Deferred finance charges		**(15,000)**		-
Inventory		**(14,915)**		(34,810)
Prepaid expenses and deposits		**(8,985)**		4,761
Trade and other payables (Note 7)		**72,558**		13,380
Shareholder (repayments) advances (Note 8)		**(289,733)**		30,179
Cash flows (used in) from operating activities	**$**	**(378,097)**	$	13,115
Financing activities				
Interest payable	**$**	**(5,458)**	$	(5,644)
Payment on loans payable		**(9,667)**		(7,608)
Proceeds from bank loan		**87,570**		-
Proceeds from convertible debentures (Note 10)		**523,000**		-
Cash flows provided by (used in) financing activities	**$**	**595,445**	$	(13,252)
Investing activities				
Disposal of property and equipment	**$**	**-**	$	24,733
Purchases of property and equipment (Note 6)		**(107,094)**		(34,237)
Cash flows used in investing activities	**$**	**(107,094)**	$	(9,504)
Increase (decrease) in cash	**$**	**110,254**	$	(9,641)
Cash, beginning of the year		**11,720**		21,361
Cash, end of the year	**$**	**121,974**	$	11,720

1. Description of business

Nature of the business

Spyder Vapes Inc. (the "Company") was incorporated under the laws of the Canada Business Corporations Act on August 18, 2014. The Company is privately-held and sells electronic cigarettes, Ejuice and accessories for the "vape" business from three Canadian retail locations; Woodbridge, Scarborough and Burlington, Ontario. Subsequent to January 31, 2018, the Company is pursuing the sale of cannabis from retail stores in both Ontario and Alberta. The sale of cannabis in these provinces is subject to obtaining regulatory approval.

The address of the Company's corporate and registered office is 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7.

Going concern

At January 31, 2018, the Company has incurred current losses of $376,465 (2017 - $42,950) and has generated negative operating cash flows of $378,097 during the year. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

As a result, within the next twelve months the Company will need to generate positive cash flows from operations, and/or obtain equity or debt financing in order to meet its liabilities as they come due and to continue with its business activities. Subsequent to January 31, 2018 the company has commenced financing to raise a maximum amount of $750,000 (Note 20) and as of the date of these financial statements $192,500 has been raised.

These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities that would be necessary if the Company were unable to continue its operations.

Accordingly, these consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") in effect on February 1, 2017. These consolidated financial statements represent the Company's first annual consolidated financial statements prepared under IFRS.

These consolidated financial statements were authorized for issuance by the Board of Directors on April 26, 2019.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Company's and its subsidiaries' functional currency.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the years. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates and judgements are significant to the consolidated financial statements are disclosed in Note 4.

3. Summary of significant accounting policies

The accounting policies set out below are considered to be significant and have been applied consistently by the Company to all years presented in these consolidated financial statements.

Basis of combination

The Consolidated financial statements include the following companies:

Name of subsidiary	Principle activity	Place of business and operations	Equity percentage
Spyder Vapes Inc.	Retail smoking accessories	Woodbridge, ON	100%
Spyder Vapes (East) Inc.	Retail smoking accessories	Scarborough, ON	100%
Spyder Vapes (Appleby) Inc. (1)	Retail smoking accessories	Burlington, ON	100%

(1) Spyder Vapes (Appleby) Inc. was incorporated as a wholly owned subsidiary during the year ended January 31, 2018.

Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of a company and be exposed to the variable returns from its activities. The financial statements of the above companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company transactions, balances and unrealized gains/losses on transactions between these companies are eliminated upon combination.

Cash

Cash consists of bank balances.

Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated on a specific identification or first-in first-out basis and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided using the following methods at rates intended to depreciate the costs of the assets over their estimated use lives:

Asset	Method	Rate
Furniture & equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	5 years
Automobiles	Declining balance	30%
Website	Straight-line	2 years

Deferred financing costs

Financing costs related to the Company'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.

3. Summary of significant accounting policies *(continued)*

When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated statement of income and other comprehensive income.

Repairs and maintenance costs that do not improve or extend productive life are recognized in the consolidated statement of loss and other comprehensive loss in the period in which the costs are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in consolidated statement of loss and comprehensive loss in the period in which they arise.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of sales tax, trade discounts, rebates and similar allowances.

Revenue is recognized when the criteria specific to each separately identifiable component is met and the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue

Retail revenue consists of sales through the corporate stores and e-commerce operations. Sales through ecommerce operations are recognized upon the delivery of the goods to the customer and when collection is reasonably assured.

It is the Company’s policy to sell merchandise with a limited right to return.

Cost of sales

Cost of sales includes direct materials, direct labour, shipping and handling related to the sale of goods.

3. Summary of Significant Accounting Policies *(continued)*

Taxes

Tax expense is comprised of current and deferred tax. Tax is recognized in the consolidated statement of loss and other comprehensive loss except to the extent that it relates to items recognized in other comprehensive loss or equity on the statement of financial position.

Current tax

Current tax is calculated using tax rates which are enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to taxation authorities.

Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates which are enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, except for temporary differences that arise from goodwill, which is not deductible for tax purposes. Deferred tax liabilities are also recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible balances can be utilized. All deferred tax assets are analyzed at each reporting period and reduced to the extent that it is no longer probable that the asset will be recovered. Deferred tax assets and liabilities are not recognized with respect to temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all share options with exercise prices below the average market price for the year.

Leases

Payments made under operating leases are recognized in earnings on a straight-line basis over the term of the lease. Lease incentives/inducements received are recognized as an integral part of the total lease expense over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. Summary of Significant Accounting Policies *(continued)*

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is recognized as an employee expense, with a corresponding increase in equity, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of loss and other comprehensive loss.

The Company's financial assets and financial liabilities are classified into the following categories:

Financial asset/liability	Classification	Measurement
Cash	Fair value through profit or loss	Fair value
Advances to shareholders	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Advances from shareholders	Other financial liabilities	Amortized cost
Convertible debentures	Fair value through profit or loss	Fair value

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: loans and receivables, held to maturity, available for sale or fair value through profit or loss ("FVTPL").

Financial assets classified as loans and receivables and held to maturity are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale financial assets are carried at fair value with unrealized gains or losses recognized in other comprehensive income except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that asset below its cost.

Financial assets classified as FVTPL are subsequently measured at fair value with unrealized gains or losses recognized through the statement of loss and comprehensive loss.

3. Summary of Significant Accounting Policies *(continued)*

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of income and other comprehensive income.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Impairment

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of the allowance or provision for impairment account. Such a provision is established when there is reasonable expectation that the Company will not be able to collect all amounts due. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, limited such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income and other comprehensive income.

3. Summary of Significant Accounting Policies *(continued)*

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible secured subordinate debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized

Recently issued accounting standards not yet applied

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers.

The Company is currently evaluating the impact of the above standards on its consolidated financial statements.

4. Use of judgements and estimates

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

<u>Estimates</u>

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty is:

4. Use of judgements and estimates *(continued)*

Write-down of inventory

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behaviour, and fluctuations in inventory levels.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Judgements

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Determination of CGUs

For the purposes of assessing impairment of non-financial assets, the Company must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. The determination of the Company's CGUs was based on management's judgement in regard to shared infrastructure, geographical proximity and similar exposure to market risk and materiality. The Company has 1 CGU at January 31, 2018 (January 31, 2017 – 1).

Contingencies

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

*Stock-based compensation*The Company accounts for its stock-based compensation using the fair value method of accounting for stock options granted to directors and employees using the Black-Scholes option-pricing model. Stock-based compensation is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Consideration paid upon the exercise of stock options, together with corresponding amounts previously recognized in contributed surplus, is recorded as an increase to share capital. The amount recognized as expense is adjusted for an estimated forfeiture rate for options that will not vest, which is adjusted as actual forfeitures occur, until the shares are fully vested.

Stated in Canadian dollars

5. Inventory

	2018	2017
Finished goods	**$ 99,116**	$ 80,128
Inventory obsolescence	**(4,073)**	-
	$ 95,043	$ 80,128

Inventories recognized as an expense and included in cost of sales during the year ended January 31, 2018 totaled $404,925 (2017 – $ 411,368).

6. Property and equipment

	Furniture and equipment	Computer equipment	Leasehold improvements	Automobiles	Website & Signs	Total
Balance, January 31, 2016	18,294	12,010	56,703	67,744	21,802	176,553
Additions	14,728	3,629	9,200	-	11,045	38,602
Disposals	-	-	(1,000)	(28,100)		(29,100)
Balance, January 31, 2017	33,022	15,639	64,903	39,644	32,847	186,055
Additions	19,945	3,149	80,260	-	3,740	107,094
Balance, January 31, 2018	**52,967**	**18,788**	**145,163**	**39,644**	**36,587**	**293,149**
Accumulated depreciation						
Balance, January 31, 2016	3,177	4,516	13,846	9,000	10,900	41,439
Charge for the year	5,968	3,337	13,180	6,039	13,617	42,141
Balance, January 31, 2017	9,145	7,853	27,026	15,039	24,517	83,580
Charge for the year	5,222	2,626	14,316	7,381	2,676	32,221
Balance, January 31, 2018	**14,367**	**10,479**	**41,342**	**22,420**	**27,193**	**115,801**
Net book value						
2017	23,877	7,788	37,877	24,605	8,328	102,475
2018	**38,600**	**8,309**	**103,821**	**17,224**	**9,394**	**177,348**

7. Trade and other payables

	2018	2017
Trade payables	**$ 55,638**	$ 60,473
Accrued liabilities	**59,365**	8,561
Salaries payable	**4,055**	2,788
Accrued interest	**25,322**	-
	$ 144,380	$ 71,822

Stated in Canadian dollars

8. Shareholder advances

Shareholder advances are unsecured, carry no interest and are due on demand.

9. Loans payable

	2018	2017
Vehicle loan payable in monthly installments of $550, bearing 0% interest, maturity date of August 2021 and secured by related vehicle having a net book value of $17,224 (2017 – $24,605)	**$ 23,676**	$ 30,283
Government Guaranteed bank loan payable in monthly installments of $1,530 including interest at prime plus 3% per annum	**84,510**	-
	$ 108,186	$ 30,283
Less current portion	**(24,967)**	(6,607)
Balance, January 31, 2018	**$ 83,219**	$ 23,676

10. Convertible debentures

During the year ended January 31, 2018, the Company issued $523,000 unsecured and subordinated convertible debentures which mature 2 years from the date of issuance and bear interest at 10% per annum, payable annually. The debentures were issued to related and non-related counterparties. The convertible debentures are convertible into common shares of the Company immediately prior to the completion of a going public transaction or liquidity event at a conversion price of $0.05 per common share, and upon giving effect to such conversion, all accrued and unpaid interest will be paid in full.

On the initial recognition, management used the residual method to allocate the fair value of conversion option. Management calculated the fair value of the liability component as $426,067 using a discount rate of 22.5%, with the resulting residual amount of $96,933 (less deferred tax of $14,540) being the fair value of the conversion recorded in contributed.

At the issuance date the convertible debentures were recorded as follows:

	$
Debt component	$ 426,067
Conversion option recognized in equity	96,933
Net proceeds	**$ 523,000**

The debt component is being accreted using the effective interest rate method:

	2018	2017
Balance, January 31, 2017 and 2016	**$ -**	$ -
Issuance	**426,067**	-
Accretion	**19,764**	-
Balance, January 31, 2018	**$ 445,831**	$ -

11. Share capital

The Company is authorized to issued unlimited number of common shares.

	#	$
Balance, January 31, 2018, 2017 and 2016	**7,300,000**	**$ 730**

Stated in Canadian dollars

12. Share based payments

On September 1, 2017, the Company established a stock-based compensation plan (the “Plan”) which provides for the granting of incentive share options, non-statutory share options, share appreciation rights, restricted share awards, restricted share unit awards, and other share awards (collectively “Share Awards”) to selected directors, employees and consultants for a period of 5 years from the establishment of the Plan. The Plan is intended to help the Company secure and retain the services and provide incentives for increased efforts for the success of the Company.

The Board of Directors grants Share Awards from time to time based on its assessment of the appropriateness of doing so considering the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract key personnel, the number of Share Awards already outstanding and overall market conditions.

The number of common shares reserved for issuance under the Plan is fixed at a maximum of ten percent of issued and outstanding common shares (the “Share Reserve”). Repurchase or return of previously issued shares to the Plan increases the number of shares available for issue.

The fair value of options granted during the year ended January 31, 2018 was estimated on the date of the grant using the Black-Scholes option pricing model with the following:

Grant date	**September 1, 2017**
Grant date share price	$0.10
Exercise price	$0.05
Expected volatility	230%
Expected life (years)	5
Expected dividend yield	0%
Risk-free interest rate	1.59%
Forfeiture rate	0%
Fair value per option	$0.099

Total stock-based compensation recorded during the year ended January 31, 2018 was $197,000 (2017 - $nil).

A summary of the Company’s options outstanding at January 31 is as follows:

	2018			2017		
	Number	**Exercise Price (CAD$)**	**Remaining Contractual Life**	Number	Exercise Price	Remaining Contractual Life
Balance, beginning of the year	**-**	**-**	**-**	-	-	-
Granted	**2,000,000**	**0.05**	**4.67**	-	-	-
Balance, end of the year	**2,000,000**	**0.05**	**4.67**	-	-	-
Exercisable, end of the year	**2,000,000**	**0.05**	**4.67**	-	-	-

At January 31, 2018, all 2,000,000 (2017 – nil) outstanding options are fully vested.

Stated in Canadian dollars

13. Nature of expenses

The nature of the Company's expenses is as follows:

	2018	2017
Amortization (Note 6)	**32,221**	42,141
Professional fees	**45,003**	590
Rental	**101,997**	92,302
Salaries, wages and benefits	**185,821**	170,822
Stock-based compensation (Note 12)	**197,000**	-
Bank charges	**6,292**	8,657
Insurance	**3,755**	1,897
Telephone, website and internet	**17,303**	7,759
Other	**57,654**	59,979

14. Finance charges

Finance charges are comprised of the following:

	2018	2017
Interest on loans payable	**$ 5,458**	$ 5,664
Interest on convertible debentures	**25,323**	-
Accretion (Note 10)	**19,764**	-
	$ 50,545	$ 5,664

15. Taxes

The provision for income taxes differs from the result that would have been obtained by applying the consolidated federal and provincial tax rates to the income before taxes. The difference results from the following items:

	2018	2017
Income (loss) before taxes	**$ (376,465)**	$ (42,950)
Statutory income tax rate (%)	**14.92%**	15.00%
Expected taxes at statutory rate	**(56,168)**	(6,443)
Changes in taxes resulting from:		
Non-deductible items and other	**29,509**	6,443
Deferred tax assets not recognized	**12,119**	-
Deferred tax recovery	**$ (14,540)**	$ -

The statutory tax rate decreased from 15% to 14.92% due to a reduction in the federal tax rate on January 1, 2018. The following table provides detail of the deferred tax assets and liabilities recognized:

Deferred Tax Assets (Liabilities)	**2018**	2017
Property and equipment	**$ (5,261)**	$ (1,277)
Non-capital losses	**16,065**	1,277
Convertible Debt	**(10,804)**	-
Deferred tax asset (liability)	**$ -**	$ -

Stated in Canadian dollars

15. Taxes (continued)

The following table provides details of the unrecognized deductible temporary differences and unused losses which no deferred tax asset has been recognized:

Unrecognized Deductible Temporary Differences	2018	2017
Non-capital losses	**223,896**	169,094
Financing costs	**27,000**	-
Unrecognized deductible temporary differences	**$ 250,896**	$ 169,094

The Company has non-capital losses which are available for deduction against future taxable income and will expire in 2037 and 2038.

16. Capital management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and,
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. the Company is not subject to any externally imposed capital requirements or covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

17. Financial instruments and risk management

Fair value

Financial instruments of the Company consist of cash, trade and other payables, advances to/from shareholders', convertible debentures and loans payable. There are no significant differences between the carrying amounts of the current assets and current liabilities reported on the statements of financial position and their estimated fair values due to the short-term nature of these items and convertible debentures and loans payable approximate their fair value as terms and conditions represent market terms and conditions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its loans payable balance which accrues interest at a variable rate. Fluctuations in market rates do not have a significant impact on the Company's results of operations.

17. Financial instruments and risk management (continued)

Credit risk

The Company is exposed to credit risk on its cash balance which is held with reputable financial institutions. As at January 31, 2018, management considered the Company's credit risk in relation to such financial assets to be low.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being 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's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

Undiscounted contractual cash outflow of financial liabilities based on maturity date are as follows:

January 31, 2018	**1 year**	**2 to 5 years**	**>5 years**	**Total**
Trade and other payables	$ 144,380	$ -	$ -	$ 144,380
Loans payable	24,967	83,219	-	108,186
Convertible debentures	-	523,000	-	523,000
	$ 169,347	$ 606,219	$ -	$ 775,566

January 31, 2017	**1 year**	**2 to 5 years**	**>5 years**	**Total**
Trade and other payables	$ 71,822	$ -	$ -	$ 71,822
Loans payable	6,607	23,676	-	30,283
Advances from shareholders'	289,733	-	-	289,733
	$ 368,162	$ 23,676	$ -	$ 391,838

Foreign currency risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. For the Company, it is the Canadian dollar denominated expenditures which presents the risk as the cash flows are denominated in Canadian dollars. An increase in the value of the Canadian dollar as compared to the US dollar will increase the net cash outflow relating to expenditures.

18. Related party transactions

Key management personnel compensation

the Company defines key management personnel as being the Chief Executive Officer and Chief Financial Officer. the Company doesn't provide non-cash benefits to the key management.

Key management compensation for the years ended January 31 is as follows:

	2018	2017
Stock-based compensation	**$ 99,000**	$ -
Salaries and other short-term employee benefits	**$ 32,707**	$ 34,936

Stated in Canadian dollars

19. Commitments

Leases

the Company has commitments relating to operating leases for its retail locations under non-cancelable operating lease. The future minimal annual rental payments under these operating leases are as follows:

As at January 31,	**2018**
Less than one year	$ 190,136
Between one and five years	569,705
More than five years	120,039
	$ 879,880

20. Subsequent events

Application for retail cannabis licenses

The Company through its newly incorporated subsidiary Green Spyder Inc. (incorporated on June 8, 2018 in the province of Alberta), has submitted an application for a maximum of 1 retail cannabis licence in Alberta.

Finders agreement

Subsequent to year-end, the Company entered into a term sheet to offer secured convertible debentures (the "Debentures") for minimum gross proceeds of $520,000 and up to maximum gross proceeds of $750,000 (the "Offering"). The Debentures will bear interest at a rate of 10% per annum, will be repayable twenty-four months from the closing date ("Maturity Date") and are secured by a security interest in all of the personal property, assets and undertakings of the Company. The Debentures are convertible at the option of the holder, into common shares of the Company at any time prior to the Maturity Date at a conversion price of $0.10 per common share and shall automatically convert, without any action by the holder, into common shares of the Company at $0.10 per common share immediately prior to the completion of a Going Public Transaction or Liquidity Event.

On October 2, 2018, the Company entered into a finder's agreement with EMD Financial Inc. ("EMD") to assist the Company in completion of the Offering. At the closing of the Offering the Company will:

i) Pay EMD a cash fee of 10% of gross proceeds raised in the Offering from purchases introduced by EMD;
ii) Issue to EMD warrants to purchase the number of shares that is equal to 5% of the aggregate securities issued from purchases introduced by EMD;
iii) Issue to EMD a number of common shares of the Company at a price of $0.10 per share to EMD equal to 5% of the number of shares pursuant to the offering to purchases introduced by EMD; and,
iv) Pay to EMD a $5,000 corporate and due diligence fee upon closing.

On November 13, 2018, the Company issued 1,300,000 convertible debentures with a 10% interest rate, $0.10 conversion price and a two-year term. In connection with the issuance of convertible debentures, 65,000 finder shares and 65,000 finder warrants were issued. Each warrant is exercisable at a price of $0.10 into one common share for a period of two years after issuance. Total commissions and corporate finance fee of $18,650 and legal disbursements of $1,977 for total proceeds of $109,373.

On November 23, 2018, the Company issued 3,661,450 convertible debentures with a 10% interest rate, $0.10 conversion price and a two-year term. In connection with the issuance of convertible debentures 183,073 finder shares and 198,073 finder warrants were issued. Each warrant is exercisable at a price of $0.10 into one common share for a period of two years after issuance. Total commissions of $36,614 and legal disbursements of $1,977 for total proceeds of $327,553.

On December 19, 2018, the Company issued $3,488,400 debentures with a 10% interest rate, $0.10 conversion price and a two-year term. In connection with the issuance of convertible debentures 124,420 finder shares and 124,420 finder warrants were issued. Each warrant is exercisable at a price of $0.10 into one common share for a period of two years after issuance. Total commissions of $24,884, corporate finance fee of $8,475 and legal disbursements of $39,550 for total proceeds of $260,931.

20. Subsequent events (continued)

Newly incorporation subsidiaries

The Green Spyder Inc. is a wholly-owned subsidiary of Spyder that was incorporated pursuant to the provisions of the CBCA on June 8, 2018, for the purpose of operating all Spyder's cannabis retail stores within Canada.

Spyder Vapes (Meridian) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on June 8, 2018, for the purpose of operating Spyder's proposed vape shop, to be located in Calgary, Alberta.

The Green Spyder (Burlington) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Burlington, Ontario.

The Green Spyder (Barrie) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Barrie, Ontario.

The Green Spyder (Pickering) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Pickering, Ontario. On December 1, 2018, The Green Spyder (Pickering) Inc entered into a 5-year lease agreement.

The Green Spyder (Guelph) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Guelph, Ontario.

The Green Spyder (London) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in London, Ontario.

The Green Spyder (Lundys) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 20, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Lundys, Ontario. On January 1, 2019, The Green Spyder (Lundys) Inc entered into 5-year lease agreement.

The Green Spyder (Waterloo) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 20, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Waterloo, Ontario. On January 1, 2019, The Green Spyder (Waterloo) Inc entered into 5.3-year lease agreement.

The Green Spyder (St. Thomas) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 30, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in St. Thomas, Ontario.

The Green Spyder (Woodbridge) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on December 8, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Woodbridge, Ontario.

The Green Spyder (Thorold) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on December 8, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Thorold, Ontario.

Options

On November 1, 2018, the Company issued 600,000 options at $0.10 per share, five-year term and vesting immediately.

Qualified transaction

The Company signed a binding agreement with Anchor Capital Corporation ("Anchor") a Canadian Public Company which outlines the terms of a reverse take-over ("RTO") by the Company of Anchor. On the closing date, the Company's and Anchor's common share will be exchanged for an equivalent number of shares in the amalgamated corporation.

Spyder Vapes Inc.
Condensed Consolidated Interim Financial Statements
For the three and nine months ended October 31, 2018
(unaudited)

Spyder Vapes Inc.

Condensed Interim Consolidated Statements of Financial Position

Stated in Canadian Dollars
As at October 31 and January 31

		October 31, 2018 (Unaudited)		January 31, 2018 (Audited)
ASSETS				
Current assets				
Cash	**$**	**40,173**	$	121,974
Inventory		**128,598**		95,043
Prepaid expenses and deposits		**106,585**		28,285
Deferred finance charges		**23,500**		15,000
Total current assets	**$**	**298,856**	$	260,302
Non-current assets				
Property and equipment (Note 4)	**$**	**148,047**	$	177,348
Total non-current assets	**$**	**148,047**	$	177,348
Total assets	**$**	**446,903**	$	437,650
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	**$**	**173,703**	$	144,380
Current portion of loans payable		**24,967**		24,967
Total current liabilities	**$**	**198,670**	$	169,347
Non-current liabilities				
Loans payable	**$**	**64,494**	$	83,219
Convertible debentures (Note 5)		**611,008**		445,831
Total non-current liabilities	**$**	**675,502**	$	529,050
Total liabilities	**$**	**874,172**	$	698,397
Shareholders' Deficiency				
Share capital (Note 7)	**$**	**42,730**	$	730
Equity component of convertible debentures (Note 5)		**110,194**		82,393
Contributed surplus (Note 10)		**216,862**		197,000
Deficit		**(797,055)**		(540,870)
Total deficiency	**$**	**(427,269)**		(260,747)
Total liabilities and shareholders' deficiency	**$**	**446,903**	$	437,650

Material uncertainty (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board:

(signed) Mark Pelchovitz
Director

(signed) Dan Pelchovitz
Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Spyder Vapes Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Stated in Canadian Dollars
For the three and nine months ended October 31

	Three months ended		Nine months ended	
	2018	2017	**2018**	2017
Sales	**$ 275,026**	$ 184,899	**$ 710,713**	$ 555,039
Cost of sales	**(154,824)**	(117,109)	**(375,258)**	(327,563)
Gross margin	**$ 120,202**	$ 67,790	**$ 335,455**	$ 227,476
Expenses				
General administration	**89,068**	39,883	**184,186**	114,333
Salaries, wages and benefits	**70,942**	42,303	**211,586**	129,708
Stock based compensation (Note 10)	**19,862**	197,000	**19,862**	197,000
Finance charges (Note 6)	**31,997**	38,402	**102,385**	48,622
Amortization (Note 4)	**10,471**	15,463	**34,531**	23,589
Professional fees	**13,713**	2,563	**39,090**	5,994
Total expenses	**$ 236,053**	$ 335,614	**$ 591,641**	$ 519,246
Total comprehensive loss for the year	**(115,851)**	(267,824)	**(256,185)**	(291,770)
Loss per share				
Weighted average shares outstanding	**$ (0.02)**	$ (0.04)	**$ (0.03)**	$ (0.04)
Basic and diluted	**7,720,000**	7,300,000	**7,642,637**	7,300,000

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Spyder Vapes Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

Stated in Canadian dollars
For the nine months ended October 31

	Share capital $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Total deficiency $
Balance, January 31, 2017	730	-	-	(178,945)	(178,215)
Net loss for the period	-	-	-	(291,770)	(291,770)
Equity portion of convertible debentures	-	76,545	-	-	76,545
Stock based compensation	-	-	197,000	-	197,000
Balance, October 31, 2017	730	76,545	197,000	(470,715)	(196,440)
Balance, January 31, 2018	**730**	**82,393**	**197,000**	**(540,870)**	**(260,747)**
Net loss for the period	-	-	-	(256,185)	(256,185)
Shares issued	42,000	-	-	-	42,000
Equity portion of convertible debentures	-	27,801	-	-	27,801
Stock based compensation	-	-	19,862	-	19,862
Balance, October 31, 2018	**42,730**	**110,194**	**216,862**	**(797,055)**	**(427,269)**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Spyder Vapes Inc.

Condensed Interim Consolidated Statements of Cash Flows

Stated in Canadian dollars
For the nine months ended October 31

		2018	2017
Operating activities			
Loss for the period	$	**(256,185)**	(291,770)
Amortization (Note 4)		**34,531**	23,589
Accretion (Note 5)		**42,978**	28,177
Stock-based compensation		**19,862**	197,000
Changes in non-cash working capital:			
Deferred finance charges	$	**(8,500)**	8,994
Inventory		**(33,555)**	(14,209)
Prepaid expenses and deposits		**(78,300)**	-
Trade and other payables		**29,323**	13,912
Cash flows (used in) from operating activities	$	**(249,846)**	(34,307)
Financing activities			
Advances from shareholders	$	**-**	(290,106)
Payment on loans payable		**(18,725)**	(4,955)
Proceeds from shares issued (Note 7)		**42,000**	-
Proceeds from convertible debentures (Note 5)		**150,000**	413,000
Cash flows provided by (used in) financing activities	$	**173,275**	117,939
Investing activities			
Purchases of property and equipment (Note 4)		**(5,230)**	(36,378)
Cash flows used in investing activities	$	**(5,230)**	(36,378)
Cash and cash equivalents, beginning of the year	$	**121,974**	11,720
Decrease (increase) in cash		**(81,801)**	47,254
Cash and cash equivalents, end of the year	$	**40,173**	58,974

1. Description of business

Nature of the business
Spyder Vapes Inc. (the “Company”) was incorporated under the laws of the Canada Business Corporations Act on August 18, 2014. The Company is privately-held and sells electronic cigarettes, Ejuice and accessories for the “vape” business from three Canadian retail locations; Woodbridge, Scarborough and Burlington, Ontario. The Company is pursuing the sale of cannabis from retail stores in both Ontario and Alberta. The sale of cannabis in these provinces is subject to obtaining regulatory approval.

The address of the Company’s corporate and registered office is 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7.

Material uncertainty
The Company has incurred current losses of $256,185 (2017 - $291,770) and has generated negative operating cash flows of $249,846 for the nine-month period ended October 31, 2018.

As a result, within the next twelve months the Company will need to generate positive cash flows from operations, and/or obtain equity or debt financing in order to meet its liabilities as they come due and to continue with its business activities. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities that would be necessary if the Company were unable to continue its operations.

Accordingly, these condensed interim consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of preparation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Company’s last annual consolidated financial statements as at and for the year ended January 31, 2018 (“last annual financial statements”). These condensed interim consolidated financial statements do not include all of the information required for a complete set of financial statements in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors on April 1, 2019.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Company’s and its subsidiaries’ functional currency.

Use of estimates and judgments
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the years. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Stated in Canadian dollars

3. Summary of significant accounting policies

The accounting policies set out below are considered to be significant and have been applied consistently by the Company to all years presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the following companies:

Name of subsidiary	Principle activity	Place of business and operations	Equity percentage
Spyder Vapes Inc.	Retail smoking accessories	Woodbridge, ON	100%
Spyder Vapes (East) Inc.	Retail smoking accessories	Scarborough, ON	100%
Spyder Vapes (Appleby) Inc.	Retail smoking accessories	Burlington, ON	100%
Green Spyder Inc.	Inactive	Calgary, AB	100%
Spyder Vapes (Meridian) Inc.	Inactive	Woodbridge, ON	100%

Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of a company and be exposed to the variable returns from its activities. The financial statements of the above companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company transactions, balances and unrealized gains/losses on transactions between these companies are eliminated upon combination.

Cash consists of bank balances.

New accounting standards

Accounting standards issued but not effective

IFRS 16 Leases ("IFRS 16")
IFRS 16 will replace IAS 17 Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

Changes in accounting policies

IFRS 9 Financial Instruments ("IFRS 9")
The International Accounting Standards Board issued IFRS 9 – Financial Instruments that introduces new requirements for classifying and measuring financial instruments. The standard is effective for fiscal years beginning on or after January 1, 2018. IFRS 9 affects the classification and measurement of financial assets and financial liabilities and the recognition of expected credit losses. The Corporation adopted IFRS 9 effective February 1, 2018 on a retrospective basis. The prior year comparative information has not been adjusted with respect to the adoption of IFRS 9's classification and measurement requirements due to the Corporation recording no accounts receivable and associated allowance for doubtful accounts.

There were no adjustments to the carrying amounts of financial instruments as a result of the measurement classification category changes from IAS 39 to IFRS 9.

Financial Instrument	IAS 39	IFRS 9
Risk management assets and liabilities	Fair value through profit and loss	Fair value through profit and loss
Long-term debt	Financial liabilities	Amortized cost

Stated in Canadian dollars

3. Summary of significant accounting policies (continued)

IFRS 15 Revenue from contracts with customers ("IFRS 15")
On May 29, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 replaced existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customer.

The Corporation has completed its evaluation of the impact of IFRS 15 on its interim consolidated financial statements. The Corporation's practice of revenue recognition is unchanged upon adoption of this standard, therefore, the adoption of IFRS 15 did not result in a material impact to the interim consolidated financial statements. The company has elected to apply the standard on a modified retrospective basis. Under this approach, the 2017 comparative period was not restated. There was no cumulative transitional adjustment to the opening retained earnings balance required.

4. Property and equipment

	Furniture and equipment	Computer equipment	Leasehold improvements	Automobiles	Signs	Total
Balance, January 31, 2018	52,967	18,788	145,163	39,644	36,587	293,149
Additions	70	1,710	650	-	2,800	5,230
Balance, October 31, 2018	53,037	20,497	145,813	39,644	39,387	298,379
Accumulated depreciation						
Balance, January 31, 2018	14,367	10,479	41,342	22,420	27,193	115,801
Charge for the period	5,797	2,256	21,872	3,875	731	34,531
Balance, October 31, 2018	**20,164**	**12,735**	**63,214**	**26,295**	**27,924**	**150,332**
Net book value						
October 31, 2018	32,873	7,762	82,599	13,349	11,463	148,047
January 31, 2018	38,600	8,309	103,821	17,224	9,394	177,348

5. Convertible debentures

During the period, the Company issued $150,000 unsecured and subordinated convertible debentures which mature 2 years from the date of issuance and bear interest at 10% per annum, payable annually. The debentures were issued to non-related and related counterparties. The convertible debentures are convertible into common shares of the Company immediately prior to the completion of a going public transaction or liquidity event at a conversion price of $0.05 per common share, and upon giving effect to such conversion, all accrued and unpaid interest will be paid in full.

On the initial recognition, management used the residual method to allocate the fair value of conversion option. Management calculated the fair value of the liability component as $122,199 using a discount rate of 22.5%, with the resulting residual amount of $27,801 being the fair value of the conversion recorded in contributed.

At the issuance date the convertible debentures were recorded as follows:

	Debt Component	**Conversion Option**	**Total $**
Balance, January 31, 2018	445,831	82,393	528,224
Issuance	122,199	27,801	150,000
Accretion (Note 6)	42,978	-	42,978
Balance, October 31, 2018	**611,008**	**110,194**	**721,202**

Stated in Canadian dollars

6. Finance charges

Finance charges are comprised of the following:

	2018	2017
Interest on loans payable	**$ 10,091**	$ 7,038
Interest on convertible debentures	**49,316**	13,407
Accretion (Note 5)	**42,978**	28,177
	$ 102,385	$ 48,622

7. Share capital

The Company is authorized to issued unlimited number of common shares.

	Number	Value
Balance, January 31, 2018	7,300,000	$ 730
Issuance of common shares	420,000	42,000
Balance, October 31, 2018	**7,720,000**	**$ 42,730**

8. Capital management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and,
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. the Company is not subject to any externally imposed capital requirements or covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

9. Financial instruments and risk management

Fair value

Financial instruments of the Company consist of cash, trade and other payables, convertible debentures and loans payable. There are no significant differences between the carrying amounts of the current assets and current liabilities reported on the statements of financial position and their estimated fair values due to the short-term nature of these items. Convertible debentures and loans payable approximate their fair value as terms and conditions represent market terms and conditions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

9. Financial instruments and risk management (continued)

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its loans payable balance which accrues interest at a variable rate. Fluctuations in market rates do not have a significant impact on the Company's results of operations.

Credit risk

The Company is exposed to credit risk on its cash balance which is held with reputable financial institutions. As at October 31, 2018, management considered the Company's credit risk in relation to such financial assets to be low.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being 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's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

Undiscounted contractual cash outflow of financial liabilities based on maturity date are as follows:

January 31, 2018	1 year	2 to 5 years	>5 years	Total
Trade and other payables	$ 144,380	$ -	$ -	$ 144,380
Loans payable	24,967	83,219	-	108,186
Convertible debentures	-	523,000	-	523,000
	$ 169,347	$ 606,219	$ -	$ 775,566

October 31, 2018	1 year	2 to 5 years	>5 years	Total
Trade and other payables	$ 173,703	$ -	$ -	$ 173,703
Loans payable	24,967	64,494	-	89,461
Convertible debentures	-	673,000	-	673,000
	$ 198,670	$ 737,494	$ -	$ 936,164

Foreign currency risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. For the Company, it is the Canadian dollar denominated expenditures which presents the risk as the cash flows are denominated in Canadian dollars. An increase in the value of the Canadian dollar as compared to the US dollar will not have a significant impact to net loss.

10. Share based payments

A summary of the Company's options outstanding at October 31 is as follows:

	Number	Weighted average exercise price
Balance, January 31, 2017	-	-
Granted	2,000,000	0.05
Balance, October 31, 2017	**2,000,000**	**0.05**
Balance, January 31, 2018	2,000,000	0.05
Granted	200,000	0.01
Balance, October 31, 2018	**2,200,000**	**0.05**
Exercisable, October 31, 2018	**2,200,000**	**0.05**

Stated in Canadian dollars

The weighted average expiry of the 2,200,000 options at October 3, 2018 is 3.93 years (2017 – 4.92 years)

10. Share based payments (continued)

During the nine months ended October 31, 2018, the Company granted a total of 200,000 stock options to directors, executives and employees. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the Company. The options vest immediately and are exercisable at a price of $0.10 per common share. The fair of the options granted during the nine month ended October 31, 2018 was estimated on the date of the grant using the Black-Sholes option pricing model with the following:

	September 4, 2018
Grant date share price	$0.10
Exercise price	$0.10
Expected volatility	240%
Expected life (years)	5
Expected dividend yield	0%
Risk-free interest rate	2.33%
Forfeiture rate	0%
Fair value per option	$0.099

Total stock-based compensation recorded during the nine-month period ended October 31, 2018 was $19,862 (2017 - $197,000).

11. Key management compensation

The company defines key management personnel as being the Chief Executive Officer and Chief Financial Officer. The Company doesn’t provide non-cash benefits to the key management.

Key management compensation for the nine months ended October 31, 2018 is as follows:

	2018	2017
Stock-based compensation	$ 99,000	$ 99,000
Salaries and other short-term employee benefits	$ 46,800	$ 23,673
Balance, October 31, 2018	**$145,800**	$122,673

12. Subsequent events

Convertible debentures

Subsequent to the period end, the Company entered into a term sheet to offer secured convertible debentures (the "Debentures") for minimum gross proceeds of $520,000 and up to maximum gross proceeds of $750,000 (the "Offering"). The Debentures will bear interest at a rate of 10% per annum, will be repayable twenty-four months from the closing date ("Maturity Date") and are secured by a security interest in all of the personal property, assets and undertakings of the Company. The Debentures are convertible at the option of the holder, into common shares of the Company at any time prior to the Maturity Date at a conversion price of $0.10 per common share and shall automatically convert, without any action by the holder, into common shares of the Company at $0.10 per common share immediately prior to the completion of a Going Public Transaction or Liquidity Event.

Subsequent to the period end, the Company offered a private placement, a non-brokered offering of secured convertible debentures in the aggregate principle amount of a minimum of $200,00 and a maximum of $1,000,000. The secured convertible debentures will be convertible into a minimum of 1,333,333 and a maximum of 6,666,667 units at a price of $0.15 per unit. Each Unit will be comprised of one common share and one-half of one warrant, with each whole warrant entitling the holder thereof to acquire one additional common share, at an exercise price of $0.30 per share, for a period of 24 months following the closing of the Private Placement. In connection with the Private Placement, the Company intends to pay, to eligible finders a cash fee equal to 8% of the gross proceeds raised from subscribers introduced by such finders and a number of finders warrants equal to 8% of the units underlying the convertible debentures sold to subscribers introduced by such finders. Each finder warrants are exercisable at a price of $0.15 into one unit comprised of one common share and one-half of one warrant, with each whole warrant entitling eligible finders to acquire one additional common share, at an exercise price of $0.30 per share, for a period of 24 months following the closing of the Private Placement.

Finders agreement

On October 2, 2018 the Company entered into a finder's agreement with EMD Financial Inc. ("EMD") to assist the Company in completion of the Offering. At the closing of the Offering the Company will:

i) Pay EMD a cash fee of 10% of gross proceeds raised in the Offering from purchases introduced by EMD;

ii) Issue to EMD warrants to purchase the number of shares that is equal to 5% of the aggregate securities issued from purchases introduced by EMD;

iii) Issue to EMD a number of common shares of the Company at a price of $0.10 per share to EMD equal to 5% of the number of shares pursuant to the offering to purchases introduced by EMD; and,

iv) Pay to EMD a $5,000 corporate and due diligence fee upon closing.

On November 13, 2018, the Company issued 1,300,000 convertible debentures with a 10% interest rate, $0.10 conversion price and a two-year term. In connection with the issuance of convertible debentures 65,000 finder shares and 65,000 finder warrants were issued. Each warrant is exercisable at a price of $0.10 into one common share for a period of two years after issuance. Total commissions and corporate finance fee of $18,650 and legal disbursements of $1,977 for total proceeds of $109,373.

On November 23, 2018, the Company issued 3,661,450 convertible debentures with a 10% interest rate, $0.10 conversion price and a two-year term. In connection with the issuance of convertible debentures 183,073 finder shares and 198,073 finder warrants were issued. Each warrant is exercisable at a price of $0.10 into one common share for a period of two years after issuance. Total commissions of $36,614 and legal disbursements of $1,977 for total proceeds of $327,553.

On December 19, 2018, The Company issued $3,488,400 debentures with a 10% interest rate, $0.10 conversion price and a two-year term. In connection with the issuance of convertible debentures 124,420 finder shares and 124,420 finder warrants were issued. Each warrant is exercisable at a price of $0.10 into one common share for a period of two years after issuance. Total commissions of $24,884, corporate finance fee of $8,475 and legal disbursements of $39,550 for total proceeds of $260,931.

12. Subsequent events *(continued)*

Newly incorporation subsidiaries

The Green Spyder (Burlington) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Burlington, Ontario.

The Green Spyder (Barrie) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Barrie, Ontario.

The Green Spyder (Pickering) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Pickering, Ontario. On December 1, 2018, The Green Spyder (Pickering) Inc entered into a 5-year lease agreement.

The Green Spyder (Guelph) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Guelph, Ontario.

The Green Spyder (London) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 7, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in London, Ontario.

The Green Spyder (Lundys) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 20, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Lundys, Ontario. On January 1, 2019, The Green Spyder (Lundys) Inc entered into 5-year lease agreement.

The Green Spyder (Waterloo) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 20, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Waterloo, Ontario. On January 1, 2019, The Green Spyder (Waterloo) Inc entered into 5.3-year lease agreement.

The Green Spyder (St. Thomas) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on November 30, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in St. Thomas, Ontario.

The Green Spyder (Woodbridge) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on December 8, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Woodbridge, Ontario.

The Green Spyder (Thorold) Inc. is a wholly-owned subsidiary of The Green Spyder Inc. that was incorporated pursuant to the provisions of the CBCA on December 8, 2018, for the purpose of operating Spyder's proposed cannabis retail store facility, to be located in Thorold, Ontario.

Options

On November 1, 2018, the Company issued 600,000 options at $0.10 per share, five-year term and vesting immediately.

Qualified transaction

The Company signed a binding agreement with Anchor Capital Corporation ("Anchor") a Canadian Public Company which outlines the terms of a reverse take-over ("RTO") by the Company of Anchor. On the closing date, the Company's and Anchor's common share will be exchanged for an equivalent number of shares in the amalgamated corporation.

SCHEDULE "D"
MANAGEMENT'S DISCUSSION & ANALYSIS OF SPYDER VAPES INC.

See attached.

SYPDER VAPES INC

Management Discussion and Analysis

Year Ended January 31, 2018

DATE

The following discussion and analysis, prepared as of January 28, 2019 should be read together with the consolidated financial statements for the year ending January 31, 2018 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The following Management's Discussion and Analysis ("MD&A") contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties".

In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These factors should be considered carefully and readers should

FORWARD-LOOKING STATEMENTS (CONTINUED)

not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

Spyder Vapes Inc. (the "Company") was incorporated under the laws of the Canada Business Corporations Act on August 18, 2014. The Company is privately-held and sells electronic cigarettes, Ejuice and accessories for the "vape" business from various Canadian retail locations in Ontario and Alberta

Spyder's business is presently focused on owning and operating licensed vape shops in Ontario, each of which offers a growing product offering comprised of e-cigarettes, vaporizers and accessories, e-juices, and e-liquids. Since its incorporation in 2014, Spyder has accelerated its growth, expanding the number of operated shops as well as launching three of its own brands of e-juices. Spyder now carries a combined total of approximately 150 flavours and offers vaporizers and e-cigarettes and related products through its vape shops and online. Spyder's present business strategy is focused on a multi-pronged approach to diversify its revenue streams by expanding the number of brick-and-mortar retail locations within Ontario and Alberta. To this end, Spyder believes that it is well positioned to introduce new products and leverage its ability to develop e-juices to respond to changing market product demands, both in Ontario and Alberta.

The following is a description of how the business of Spyder and its subsidiaries developed over the three most recently completed financial years and the current financial year:

- In October 2014, Spyder launched its website, https://spydervapes.com (the "**Spyder Vapes Site**"). The Spyder Vapes Site featured a limited product offering comprised of e-cigarettes, vaporizers and accessories, and three lines of e-juices, carrying a combined total of approximately 17 flavours.

- In October 2014, Spyder entered into a ten year lease agreement with Morguard Corporation, an arm's-length party to both Spyder and Anchor Capital Corporation (TSXV: ANC.P) ("Anchor"), for an approximately 1,300 square feet retail location in Woodbridge, Ontario, and in January 2015, Spyder opened its first vape shop at the Woodbridge location. The Woodbridge location featured a broader product offering comprised of e-cigarettes, vaporizers and accessories, and six lines of e-juices, carrying a combined total of approximately 50 flavours.

- In June 2015, Spyder's founder and President, Daniel Pelchovitz, developed "Jinx e-Liquid", Spyder's proprietary e-juice line, featuring 6 unique flavours, including flavours such as "S.W.A.G." (strawberry, watermelon, apple, gummies), "Peanut Butter & Jelly", and "Lemon Cookie".

- In August 2015, Spyder introduced its “Jinx e-Liquid” line to the market through the Spyder Vapes Site and its Woodbridge vape shop.

COMPANY OVERVIEW (CONTINUED)

- In December 2015, Spyder entered into a five year lease agreement with OMS Property Management Corporation, an arm's-length party to both Spyder and Anchor, for an approximately 1,200 square feet retail location in Scarborough, Ontario, and in March 2016, Spyder opened its second vape shop at the Scarborough location. With the opening of its Scarborough location, Spyder further expanded its product offering to include approximately six different brands of e-cigarettes, vaporizers and accessories, and e-juices carrying a combined total of approximately 80 to 100 flavours. In addition, Spyder introduced several higher-end product lines and shifted its business focus, from general consumers to the “hobbyist” market. Throughout the rest of 2016, Spyder continued to expand into new potential markets, increasing its product offerings.

- Between May 2017 and February 2018, Spyder completed a private placement of secured convertible debentures, raising aggregate gross proceeds of $673,000. The principal amount of the secured convertible debentures issued in the private placement, together with any accrued but unpaid interest, maybe converted into Spyder Shares at a conversion price of $0.05 per Spyder Share, with the maturity date falling two years following closing.

- On May 8, 2017, Spyder entered into a five year lease agreement with ICP Developers Inc., an arm's-length party to both Spyder and Anchor, for an approximately 1,000 square feet retail location in Burlington, Ontario. In December 2017, Spyder opened its third vape shop at the Burlington location.

- In January 2018, Spyder entered into a non-disclosure agreement with Dvine Laboratories Inc. (“Dvine”), an arm's-length party to both Spyder and Anchor, and one of Canada’s largest wholesale manufacturers of e-liquids, based in Lindsay, Ontario. The non-disclosure agreement marked the first step in negotiations between Spyder and Dvine to outsource to Dvine the production of Spyder’s proprietary e-juice lines. Pursuant to the terms of the non-disclosure agreement, Dvine is obliged to hold in confidence all proprietary e-juice recipes owned by Spyder and disclosed to Dvine.

Spyder is currently sourcing retail locations throughout Alberta and British Columbia, where it seeks to establish a presence and apply for a cannabis retail licenses pursuant to recently announced provincial legislation.

MANAGEMENT & DIRECTORS

DANIEL PELCHOVITZ, CHIEF EXECUTIVE OFFICER, DIRECTOR – Mr. Pelchovitz is a leader in the vape industry as the founder and managing partner of Spyder. In addition to launching Spyder, Mr. Pelchovitz has been involved in several vape shop launches. With over six years of vape industry experience, Mr.

Pelchovitz has cultivated a loyal following of customers and built strong and lasting relationship with many of the largest manufacturers in the business. He is an active member in many of the industry's self-guided associations.

MANAGEMENT & DIRECTORS (CONTINUED)

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SELECTED QUARTERLY INFORMATION

The table below summarizes information reported for the most recent four quarterly periods:

	January 31, 2018 ($)	October 31, 2017 ($)	July 31, 2017 ($)	April 30, 2017 ($)
Total assets	437,650	279,254	307,510	266,773
Total liabilities	698,397	525,566	509,567	446,338
Revenue	184,489	184,899	182,589	187,550
Net Income (loss)	(146,427)	(267,824)	(29,862)	(1,352)
Income (loss) per share	(0.02)	(0.02)	(0.00)	(0.00)

RESULTS OF OPERATIONS – YEAR ENDED JANUARY 31, 2018

The Company had net loss of $445,465 for the year ended January 31, 2018 compared to a net loss of $42,950 for the year ended January 31, 2017. The cumulative deficit from inception of the Company is $624,410.

(i) Professional fees of $60,003 for the year ended January 31, 2018 increased from $590 for the year ended January 31, 2017. The increase was due to investor relations activities and the expansion of the Company.

(ii) Stock based compensation for $266,000 for the year ending January 31, 2018 was up from $nil for the year ending January 31, 2017. This is due to compensating management and employees with stock options.

(iii) Occupancy costs increased to $101,197 for the year end 2018 from $92,302 for the year ending January 31, 2017 due to the expansion to new locations by the Company which began near the end of the January 31, 2018 year-end. Similarly salaries and wages increased to $185,821 in 2018 from $170,822 in 2017.

(iv) Finance charges increased to $50,545 for the year ended January 31, 2018 compared to $5,664 for the year ending January 31, 2017. This is due to the Company beginning to raise capital from convertible debentures and bank loans.

The Company intends to enter into an amalgamation agreement with Anchor to form a newly amalgamated Company.

The Company's cash balance at of January 31, 2018 was $121,974 versus $11,720 as at January 31, 2017, and had working capital of $90,955 at January 31, 2018 versus a working deficit of $257,014 at January 31, 2017.

The Company had revenue of $739,527 for the year compared to $782,600 for the year ended January 31, 2017..

Overall expenses increased to $768,764 for the year from $399,922 for the year ending January 31, 2017. Most expenses increased in the current year due to expansion efforts.

SELECTED ANNUAL INFORMATION

The following operations information is for the preceding three years ended January 31,

	January 31, 2018 ($)	January 31, 2017 ($)
Total assets	437,650	213,623
Total liabilities	698,397	391,838
Revenue	739,527	782,600
Net Income (loss)	(445,465)	(42,950)
Income (loss) per share	(0.06)	(0.01)

RELATED PARTY TRANSACTIONS

The Company did not have any related party transaction for the year ending January 31, 2018.

LIQUIDITY/CAPITAL RESOURCES

The Company reported working capital of working capital of $90,955 at January 31, 2018 versus a working deficit of $257,014 at January 31, 2017. The improvement in working capital was a result of increase in convertible debt which was used for prepaid expenses and inventory.

During the year ending January 31, 2018 the Company had reported a loss of $445,465 compared to 42,950 for the year ending January 31, 2017. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there I no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the upcoming year. However, if the Company requires additional capital and it is unable to obtain acceptable financing, it will experience liquidity issues and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, GST receivables, due to related parties, accounts payable and accrued expenses and loan payable. The carrying value of these financial instruments is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

(a) Market risk:
The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on an ongoing basis and has established policies and procedures to mitigate such risks. The Company is not exposed to interest risk as it does not hold any interest bearing debt.

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company monitors its risk of shortage of funds by monitoring the maturity dates of accounts payable and accrued liabilities. Due to related parties has no specific term of repayment.

(c) Foreign currency risk:
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

(d) Interest rate risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have significant exposure to interest rate fluctuation.

(e) Equity rate risk:
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings.

(f) Credit risk:
Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The total gross exposure as at October 31, 2018 is not significant.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no transactions that are currently under negotiation or proposed to be entered into.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible secured subordinate debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(ii) Income taxes

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET APPLIED

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.
the Company is currently evaluating the impact of the above standards on its consolidated financial statements

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying amounts of cash, GST/HST receivables, accounts payable and accrued liabilities and loan payable approximate fair value because of the short-term maturity of these items.

OTHER MD&A REQUIREMENTS

DISCLOSURE OF OUTSTANDING SHARE DATA
Summary of Outstanding Share Data as of October 31, 2018:

i. Authorized and issued share capital:

			Issued and Outstanding	
Class	Par Value	Authorized	2018	2017
Common	Nil	Unlimited	7,300,000	7,300,000

ii. There was 2,700,000 stock options outstanding as of January 31, 2018 (January 31, 2017-nil).
iii. The Company granted a total of 2,700,000 stock option to directors, executives and employees.

SUBSEQUENT EVENTS

- In March 2018, two months after the entering into the non-disclosure agreement, Spyder began negotiations with Dvine to outsource production of two of Spyder's newly developed proprietary e-juice lines, "Spyder Vapes" and "Nautical E-Liquids". Following such negotiations, Dvine and Spyder entered into an arrangement, pursuant to which Dvine acquired the non-exclusive right to manufacture the "Spyder Vapes" and "Nautical E-Liquids" e-juice lines, and to utilize Spyder's logos in the manufacturing process.

- In April 2018, Spyder introduced its two new proprietary e-juice lines, "Spyder Vapes" and "Nautical E-Liquids", which increased Spyder's proprietary flavours to a combined total of approximately 17 flavours. The "Spyder Vapes" and "Nautical E-Liquids" e-juice lines include flavours such as "Gator Sauce", "Berry Bombs", and "Siren".

- In July 2018, Spyder acquired a lease for an approximately 8,000 square feet location in Calgary, Alberta, which Spyder intends to operate both as a retail location, and as a central distribution hub for its product offerings. Spyder has received a municipal development and building permit in late 2018 for its Calgary location, subject to receiving a variance from the Province of Alberta.

- In November and December of 2018, Spyder completed a private placement of secured convertible debentures, raising aggregate gross proceeds of $829,985. The principal amount of the secured convertible debentures issued in the private placement, together with accrued but unpaid interest thereon, may be converted at a conversion price of $0.10 per Spyder Share, with the maturity date falling two years following closing. In connection with the 10 Cent Round, Spyder paid the Finder a cash fee of 10.0% of the gross proceeds raised by the Finder in the 10 Cent Round, 372,493 Spyder Shares, and 387,493 Spyder Warrants. Each Spyder Warrant is exercisable at a price of $0.10 into one (1) Spyder Share for a period of two years following closing.

ADDITIONAL INFORMATION
Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

SYPDER VAPES INC

Management Discussion and Analysis

Nine Months Ended October 31, 2018

DATE

The following discussion and analysis, prepared as of January 24, 2019 should be read together with the interim consolidated financial statements for the nine-month period ending October 31, 2018 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should also refer to the annual audited consolidated financial statements for the years ended January 31, 2018 and 2017, and the relevant Management Discussion and Analysis for those years.

FORWARD-LOOKING STATEMENTS

The following Management's Discussion and Analysis ("MD&A") contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties".

In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the

Company's forward-looking information. These factors should be considered carefully and readers should

FORWARD-LOOKING STATEMENTS (CONTINUED)

not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

Spyder Vapes Inc. (the "Company") was incorporated under the laws of the Canada Business Corporations Act on August 18, 2014. The Company is privately-held and sells electronic cigarettes, Ejuice and accessories for the "vape" business from various Canadian retail locations in Ontario and has plans for Alberta.

Spyder's business is presently focused on owning and operating licensed vape shops in Ontario, each of which offers a growing product offering comprised of e-cigarettes, vaporizers and accessories, e-juices, and e-liquids. Since its incorporation in 2014, Spyder has accelerated its growth, expanding the number of operated shops as well as launching three of its own brands of e-juices. Spyder now carries a combined total of approximately 150 flavours and offers vaporizers and e-cigarettes and related products through its vape shops and online. Spyder's present business strategy is focused on a multi-pronged approach to diversify its revenue streams by expanding the number of brick-and-mortar retail locations within Ontario and Alberta. To this end, Spyder believes that it is well positioned to introduce new products and leverage its ability to develop e-juices to respond to changing market product demands, both in Ontario and Alberta.

The following is a description of how the business of Spyder and its subsidiaries developed over the three most recently completed financial years and the current financial year:

- In October 2014, Spyder launched its website, https://spydervapes.com (the "**Spyder Vapes Site**"). The Spyder Vapes Site featured a limited product offering comprised of e-cigarettes, vaporizers and accessories, and three lines of e-juices, carrying a combined total of approximately 17 flavours.

- In October 2014, Spyder entered into a ten year lease agreement with Morguard Corporation, an arm's-length party to both Spyder and Anchor Capital Corporation (TSXV: ANC.P) ("Anchor"), for an approximately 1,300 square feet retail location in Woodbridge, Ontario, and in January 2015, Spyder opened its first vape shop at the Woodbridge location. The Woodbridge location featured a broader product offering comprised of e-cigarettes, vaporizers and accessories, and six lines of e-juices, carrying a combined total of approximately 50 flavours.

- In June 2015, Spyder's founder and President, Daniel Pelchovitz, developed "Jinx e-Liquid", Spyder's proprietary e-juice line, featuring 6 unique flavours, including flavours such as "S.W.A.G." (strawberry, watermelon, apple, gummies), "Peanut Butter & Jelly", and "Lemon Cookie".

- In August 2015, Spyder introduced its "Jinx e-Liquid" line to the market through the Spyder Vapes Site and its Woodbridge vape shop.

COMPANY OVERVIEW (CONTINUED)

- In December 2015, Spyder entered into a five year lease agreement with OMS Property Management Corporation, an arm's-length party to both Spyder and Anchor, for an approximately 1,200 square feet retail location in Scarborough, Ontario, and in March 2016, Spyder opened its second vape shop at the Scarborough location. With the opening of its Scarborough location, Spyder further expanded its product offering to include approximately six different brands of e-cigarettes, vaporizers and accessories, and e-juices carrying a combined total of approximately 80 to 100 flavours. In addition, Spyder introduced several higher-end product lines and shifted its business focus, from general consumers to the "hobbyist" market. Throughout the rest of 2016, Spyder continued to expand into new potential markets, increasing its product offerings.

- Between May 2017 and February 2018, Spyder completed a private placement of secured convertible debentures, raising aggregate gross proceeds of $673,000. The principal amount of the secured convertible debentures issued in the private placement, together with any accrued but unpaid interest, maybe converted into Spyder Shares at a conversion price of $0.05 per Spyder Share, with the maturity date falling two years following closing.

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- In March 2018, two months after the entering into the non-disclosure agreement, Spyder began negotiations with Dvine to outsource production of two of Spyder's newly developed proprietary e-juice lines, "Spyder Vapes" and "Nautical E-Liquids". Following such negotiations, Dvine and Spyder entered into an arrangement, pursuant to which Dvine acquired the non-exclusive right to manufacture the "Spyder Vapes" and "Nautical E-Liquids" e-juice lines, and to utilize Spyder's logos in the manufacturing process.

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- In July 2018, Spyder acquired a lease for an approximately 8,000 square feet location in Calgary,

COMPANY OVERVIEW (CONTINUED)

Alberta, which Spyder intends to operate both as a retail location, and as a central distribution hub for its product offerings. Spyder has received a municipal development and building permit in late 2018 for its Calgary location, subject to receiving a variance from the Province of Alberta.

- In November and December of 2018, Spyder completed a private placement of secured convertible debentures, raising aggregate gross proceeds of $829,985. The principal amount of the secured convertible debentures issued in the private placement, together with accrued but unpaid interest thereon, may be converted at a conversion price of $0.10 per Spyder Share, with the maturity date falling two years following closing. In connection with the 10 Cent Round, Spyder paid the Finder a cash fee of 10.0% of the gross proceeds raised by the Finder in the 10 Cent Round, 372,493 Spyder Shares, and 387,493 Spyder Warrants. Each Spyder Warrant is exercisable at a price of $0.10 into one (1) Spyder Share for a period of two years following closing.

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MANAGEMENT & DIRECTORS (CONTINUED)

MARK PELCHOVITZ, CHIEF FINANCIAL OFFICER, DIRECTOR - Mr. Pelchovitz is the current Chief Financial Officer of Spyder, where he manages the company's finances and plays a vital role in guiding the operations of the organization. He has served on the advisory board of a start-up in the technology space. Mr. Pelchovitz is a partner at Truster Zweig LLP where his practice focuses primarily on accounting, auditing, and tax planning in a wide range of fields, including real estate, software development, travel, professionals, and the automotive industry. His client base is comprised of owner managed businesses.

SELECTED QUARTERLY INFORMATION

The table below summarizes information reported for the most recent seven quarterly periods:

	October 31, 2018 ($)	**July 31, 2018 ($)**	**April 30, 2018 ($)**	**January 31, 2018 ($)**
Total assets	445,403	507,991	503,069	437,650
Total liabilities	874,172	854,270	812,099	698,397
Revenue	275,026	241,032	197,989	184,489
Net Income (loss)	(171,548)	(92,970)	(63,591)	(146,427)
Income (loss) per share	(0.02)	(0.01)	(0.00)	(0.02)

	October 31, 2017 ($)	**July 31, 2017 ($)**	**April 30, 2017 ($)**
Total assets	279,254	307,510	266,773
Total liabilities	525,566	509,567	446,338
Revenue	184,899	182,589	187,550
Net Income (loss)	(267,824)	(29,862)	(1,352)
Income (loss) per share	(0.02)	(0.00)	(0.00)

Significant variations in the most recent eight quarters are discussed below:

The Company had net loss of $171,156 for the nine month period ended October 31, 2018 compared to a net loss of $267,824 for same period in 2017. The cumulative deficit from inception of the Company is $852,360.

(i) Professional fees of $5,213 for the period ended October 31, 2018 increased from $2,564 for the period ended October 31, 2017. The increase was due to investor relations activities and the expansion of the Company.

SELECTED QUARTERLY INFORMATION (CONTINUED)

(ii) Stock based compensation for $68,929 for the three months ending October 31, 2018 was down from $197,000 for the similar period ending October 31, 2017.

(iii) Occupancy costs increased to $70,942 for the three months ended October 31, 2018 from $22,137 for the similar period ending October 31, 2017 due to the expansion to new locations by the Company. Similarly salaries and wages increased to $70,942 for the three months ended October 31, 2018 from $42,303 in October 31, 2017.

(iv) Finance charges remained fairly consistent at $32,195 for the three months ended October 31, 2018 compared to $38,402 for the similar period ending October 31, 2017.

The Company intends to enter into an amalgamation agreement with Anchor to form a newly amalgamated Company.

The Company's cash balance at of October 31, 2018 was $40,173 versus $121,974 as at January 31, 2018, and had working capital of $108,864 at October 31, 2018 versus $90,955 at January 31, 2018. The fluctuations are caused by the payment of outstanding accounts payable from funds raised.

RESULTS OF OPERATIONS – THREE MONTHS ENDED OCTOBER 31, 2018

The Company had revenue of $275,076 for the period compared to $184,899 for the similar period ending October 31, 2017.

Overall expenses decreased to $291,358 for the period from $335,614 for the similar period ending October 31, 2017. Although most expenses increased in the current period due to expansion efforts, the period ending October 31, 2017 had higher expenses due to stock based compensation.

RESULTS OF OPERATIONS – NINE MONTHS ENDED OCTOBER 31, 2018

The Company had revenue of $710,713 for the period compared to $555,039 for the similar period ending October 31, 2017. The increase in revenue was primarily due to expansion efforts by the Company.

Overall expenses increased to $646,946 for the period from $519,246 for the similar period ending October 31, 2017. Primarily this was due to increases in occupancy costs, finance charges and salaries and wages.

SELECTED ANNUAL INFORMATION

The following operations information is for the preceding three years ended January 31,

	January 31, 2018 ($)	January 31, 2017 ($)
Total assets	437,650	213,623
Total liabilities	698,397	391,838
Revenue	739,527	782,600
Net Income (loss)	(445,465)	(42,950)
Income (loss) per share	(0.06)	(0.01)

RELATED PARTY TRANSACTIONS

The Company did not have any related party transaction for the nine-month period ending October 31, 2018.

LIQUIDITY/CAPITAL RESOURCES

The Company reported working capital of $108,864 at October 31, 2018 versus $90,955 at January 31, 2018. The improvement in working capital was a result of increase in convertible debt which was used for prepaid expenses and inventory.

During the nine month period ending October 31, 2018 the Company had reported a loss of $311,490 compared to 291,770 for the similar nine month period ending October 31, 2017. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there I no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the upcoming year. However, if the Company requires additional capital and it is unable to obtain acceptable financing, it will experience liquidity issues and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, GST receivables, due to related parties, accounts payable and accrued expenses and loan payable. The carrying value of these financial instruments is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

(a) Market risk:
The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on an ongoing basis and has established policies and procedures to mitigate such risks. The Company is not exposed to interest risk as it does not hold any interest bearing debt.

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company monitors its risk of shortage of funds by monitoring the maturity dates of accounts payable and accrued liabilities. Due to related parties has no specific term of repayment.

(c) Foreign currency risk:
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

(d) Interest rate risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have significant exposure to interest rate fluctuation.

(e) Equity rate risk:
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings.

(f) Credit risk:
Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The total gross exposure as at October 31, 2018 is not significant.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no transactions that are currently under negotiation or proposed to be entered into.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible secured subordinate debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(ii) Income taxes

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET APPLIED

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.
the Company is currently evaluating the impact of the above standards on its consolidated financial statements

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying amounts of cash, GST/HST receivables, accounts payable and accrued liabilities and loan payable approximate fair value because of the short-term maturity of these items.

OTHER MD&A REQUIREMENTS

DISCLOSURE OF OUTSTANDING SHARE DATA
Summary of Outstanding Share Data as of October 31, 2018:

i. Authorized and issued share capital:

Issued and Outstanding

Class	Par Value	Authorized	2018	2017
Common	Nil	Unlimited	7,720,000	7,300,000

ii. There was 2,000,000 stock options outstanding as of October 31, 2018 (October 31, 2017- 70,000).

iii. The Company granted a total of 700,000 stock option to directors, executives and employees. The options expire five years from the date of grant and each option allows the holder to purchase one common share in capital of the Company. The options vest immediately and are exercisable at a price of $0,01 per common share. The total stock-based compensation recorded during the nine-month period ended October 31, 2018 was $68,929.

ADDITIONAL INFORMATION

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

SCHEDULE "E"
UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER.

See attached.

Spyder Cannabis Inc.
Unaudited Pro Forma Consolidated Financial Statements

Spyder Cannabis Inc.

Notes to the Pro Forma Consolidated Statement of Financial Position

Stated in Canadian dollars

As of October 31, 2018

	Anchor Capital Corp September 30, 2018	Spyder Vapes Inc. October 31, 2018	Pro Forma adjustments	Reference [Note 2]	Sypder Cannabis Inc. October 31, 2018
ASSETS					
Current assets					
Cash	31,071	40,173	200,000	2 [f]	925,730
			(16,000)	2 [f]	
			844,985	2 [d]	
			(84,499)	2 [d]	
			(90,000)	2 [h]	
Inventory	-	128,598			128,598
Prepaid expenses and deposits	-	106,585			106,585
Deferred finance charges	-	23,500			23,500
Total current assets	31,071	298,856	854,486		1,184,413
Non-current assets					
Property and equipment	-	148,047			148,047
Total non-current assets	-	148,047	-		148,047
Total assets	31,071	446,903	854,486		1,332,460
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	-	173,703	-	2 [d]	173,703
Current portion of loans payable	-	24,967	-		24,967
Total current liabilities	-	198,670	-		198,670
Non-current liabilities					
Loans payable	-	64,494	-		64,494
Convertible debentures	-	611,008	(611,008)	2 [e]	-
			(84,499)	2 [d]	
			(37,493)	2 [d]	
			(22,862)	2 [d]	
			144,854	2 [d]	
			844,985	2 [d]	
			(844,985)	2 [d]	
Total non-current liabilities	-	675,502	(611,008)		64,494
Total liabilities	-	874,172	(611,008)		263,164
Shareholders' Deficiency					
Share capital	284,222	42,730	(284,222)	2 [c]	2,471,155
			677,100	2 [c]	
			184,000	2 [f]	
			844,985	2 [d]	
			721,202	2 [e]	
			112,500	2 [g]	
			(2,667)	2 [f]	
			(1,334)	2 [f]	
			37,493	2 [d]	
			(144,854)	2 [d]	
Equity component of convertible debentures	-	110,194	(110,194)	2 [e]	-
Contributed surplus	65,542	216,862	(65,542)	2 [c]	326,435
			82,710	2 [c]	
			2,667	2 [f]	
			1,334	2 [f]	
			22,862	2 [d]	
Deficit	(318,693)	(797,055)	318,693	2 [c]	(1,728,294)
			(728,739)	2 [c]	
			(90,000)	2 [h]	
			(112,500)	2 [g]	
Total deficiency	31,071	(427,269)	1,465,494		1,069,296
Total liabilities and shareholders' deficiency	31,071	446,903	854,486		1,332,460

1. Basis of presentation

Spyder Vapes Inc. (the “Company” or “Spyder”) was incorporated under the laws of the Canada Business Corporations Act on August 18, 2014. The Company is privately-held and sells electronic cigarettes, Ejuice and accessories for the “vape” business from three Canadian retail locations; Woodbridge, Scarborough and Burlington, Ontario. Subsequent to the year end, the Company is pursuing the sale of cannabis from retail stores in both Ontario and Alberta. The sale of cannabis in these provinces is subject to obtaining regulatory approval.

On March 19, 2019, the Company entered into a definitive acquisition agreement with Anchor Capital Corporation (“Anchor”). The acquisition will constitute the Company’s qualifying transaction under the policies of the TSX-V and remains subject to the approval of the TSX-V.

The proposed transaction will proceed by way of a three-cornered amalgamation between the Company (the “Transaction” or “RTO”), Anchor and a wholly owned subsidiary of Anchor (“Anchor Sub”). Following the completion of the proposed transaction, shareholders in the Company will hold a significant majority of the outstanding common shares of the resulting issuer and the resulting issuer shares will be the resulting issuer’s only class of authorized shares. Pursuant to the proposed transaction, the reporting issuer will seek to change its name to Spyder Cannabis Inc., subject to the approval of the resulting issuers shareholders.

The proposed transaction will be structured as follows:

a) Each shareholder of Spyder Vapes Inc. will receive one (1) Anchor Capital Corporation share in exchange for each one (1) Spyder Vapes Inc. share held by such holder and the Spyder Vapes Inc. shares will be cancelled;

b) Anchor Capital Corporation will receive one (1) Spyder Cannabis Inc. share in exchange for each Anchor Sub share held by it and the Anchor Sub shares will be cancelled; and

c) In consideration for Anchor Capital Corporation’s issuance of shares referenced in (a), Spyder Cannabis Inc. will issue to Anchor Capital Corporation one (1) Spyder Cannabis Inc. share for each one (1) Anchor Capital Corporation share issued by the Company under (a)

For accounting purposes, the acquiring company is Spyder Vapes Inc. and Anchor is considered the acquired company. Since Anchor’s operations do not constitute a business, the acquisition of Anchor is not considered a business combination pursuant to IFRS 3 and the transaction is accounted for as a reverse takeover. The reverse takeover will be accounted for under IFRS 2 Share-based Payments. Accordingly, the acquisition of Anchor is accounted for at the fair value of the equity instrument of the Company granted to shareholders of Anchor. The difference between the net assets acquired and the fair value of the consideration granted will be treated as a listing expense. The transaction is considered to be a reverse takeover (“RTO”) of Anchor Capital Corporation. The transaction has been accounted for in the unaudited pro forma consolidated statement of financial position as a continuation of the financial statements of Spyder Vapes Inc., together with a deemed issuance of shares.

In preparing this unaudited Pro Forma Consolidated Statement of Financial Position, no adjustments have been made to reflect additional costs or savings that could result from the transaction. This unaudited pro forma consolidated statement of financial position is not necessarily indicative of the Company’s financial position on closing of the proposed acquisition. The unaudited pro forma consolidated statement of financial position has been prepared by management of the Company and include information from:

- Unaudited financial statements for Spyder Vapes Inc. for the nine month period ending October 31, 2018; and
- Unaudited financial statements for Anchor Capital Corporation for the nine month period ending September 30, 2018.

The unaudited pro forma consolidated statement of financial position as at October 31, 2018 has been presented assuming the transaction noted above had been completed on October 31, 2018 based on the accounting principles outlined in the annual financial statements of Spyder Vapes Inc., which were prepared in accordance with International Financial Reporting Standards.

Stated in Canadian dollars

2. Pro Forma Adjustments

The unaudited Pro Forma Statement of Financial Position incorporates the following pro forma assumptions:

a) Following the completion of the Transaction, the resulting company intends to change its name to Spyder Cannabis Inc.

b) After the Transaction, the existing shareholders of Spyder Vapes Inc. will own the majority of shares of the resulting company and will control it resulting in the Transaction being accounted for as a reverse takeover for accounting purposes.

c) The outstanding shareholders of Spyder Vapes Inc. will receive one share in the resulting issuer in exchange for every one share held in Spyder Vapes Inc. At October 31, 2018, Spyder has 7,720,000 common share issued and outstanding.

The carrying amount of Anchor's share capital, contributed surplus and deficit will eliminate upon the Transaction as the financial statements will be a continuation of Spyder.

The following summarizes the reverse takeover of Anchor by Spyder and the assets and liabilities assumed had the Transaction taken place on October 31, 2018.:

Consideration	
Fair value of consideration paid to Anchor shareholders (4,514,000 common shares at $0.15 per common share)[1]	$ 677,100
Fair value of stock options of Anchor exchanged for those of resulting issuer (551,400 at $0.15)[2]	82,710
	759,810
Identifiable assets and liabilities assumed	
Cash	31,071
Listing Expense	$ 728,739

[1] Based on the conversion price of Private Placement to be completed prior to the Transaction (Note 2f)
[2] Calculated based on a Black Scholes option pricing model using the following assumptions:

Stock price	$0.15	
Exercise price	$0.10	(as per original Anchor option)
Risk free rate	2.33%	(based upon September 4, 2018 option grant by Spyder)
Volatility	240%	(based upon September 4, 2018 option grant by Spyder)
Expected life	6 years	(December 2024 expiry date as per original Anchor option)

The determination of the listing expense as outlined above is preliminary. The final net assets assumed and the valuation of the consideration provided will be calculated at the closing date of the Transaction.

d) As outlined in the Filing Statement, Spyder Vapes Inc. issued $844,985 of convertible debentures subsequent to October 31, 2018 with a conversion price of $0.10. In accordance with the Amalgamation Agreement, the convertible debentures and all accrued but unpaid interest will be converted into an aggregate of 8,723,931 common shares of Spyder Vapes Inc. at the date of the Transaction. In connection with the debt issuance, Spyder remitted the following to the Finder:
   (i) $84,499 in cash, equal to 10% of the gross proceeds raised;
   (ii) 372,493 common shares with a fair value of $37,493; and
   (iii) 387,493 warrants with a fair value of $22,862 based upon the Black Scholes Model. Assuming a risk free rate of 3%, stock price of $0.15, exercise price of $0.10, no dividend yield and a volatility factor of 50%.

e) Spyder Vapes Inc. had issued $673,000 of convertible debentures with a conversion price of $0.05, which was carried on the balance sheet at October 31, 2018 as a compound instrument with a liability component of $611,008 and a conversion option (equity component) of $110,194. In accordance with the Amalgamation Agreement, the convertible debentures and all accrued but unpaid interest will be converted into an aggregate of 15,543,474 common shares of Spyder at the date of the Transaction.

Stated in Canadian dollars

f) As outlined in the Filing Statement, prior to completion of the Transaction, Spyder will complete a private placement offering of secured convertible debentures in the aggregate principal amount of a minimum of $200,000 and a maximum of $1,000,000 convertible into a minimum of 1,333,333 and a maximum of 6,666,667 units at a price of $0.15 per unit. Each unit will consist of one Spyder share and one-half of one Spyder warrant.

In accordance with the Amalgamation Agreement, the convertible debentures will be converted into Sypder common shares and warrants prior to completion of the Transaction. Assuming completion of the minimum private placement 1,333,333 Spyder common shares and 666,667 Spyder warrants will be issued for aggregate gross proceeds of $200,000 less a finders fees payable of $16,000 equal to 8% of the gross proceeds raised. In addition Sypder will issue 106,667 warrants to the Finder equal to 8% of the units issued. Using the same assumptions for the warrants attached to the issuance (see below), the Company allocated $1,334 for finders warrants.

The Company determined the value of each warrant to be $0.004 based upon the Black Scholes Model. Assuming a risk-free interest rate of 3%, stock price of $0.15, exercise price of $0.30, no dividend yield and a volatility factor of 50%. As a result, the Company allocated $2,667 to contributed surplus for the warrants.

g) In connection with the Transaction, Spyder Vapes Inc. issued a finder's fee of $112,500 to certain arm's length finders at $0.15 per share for 750,000 shares.

h) The estimated transaction fees associated with the closing of the reverse takeover transaction is $90,000.

3. Pro Forma Share Capital

A continuity of the pro forma consolidated share capital is as follows, assuming the Company completed a minimum private placement:

As at October 31, 2018	**Note**	**Number of shares**	**Amount**
Anchor Capital Corporation shares outstanding prior to the Transaction		4,514,000	$ 284,222
Spyder Vapes Inc. shares outstanding	**2 [c]**	7,720,000	42,730
Spyder Vapes Inc. shares issued to broker at $0.10		372,493	37,493
Spyder Vapes Inc. shares resulting from conversion of $0.10 convertible debentures	**2 [d]**	8,449,850	700,131
Spyder Vapes Inc. shares resulting from conversion of interest component of $0.10 convertible debentures	**2 [d]**	274,081	
Spyder Vapes Inc. shares resulting from conversion of $0.05 convertible debentures	**2 [e]**	13,460,000	721,202
Spyder Vapes Inc. shares resulting from conversion of interest component of $0.05 convertible debentures	**2 [e]**	2,083,474	
Issuance of shares from private placement	**2 [f]**	1,333,333	179,999
Spyder Vapes Inc. Shares issued as finder's fees to certain arm's-length finders	**2 [g]**	750,000	112,500
Anchor Capital Corporation equity eliminated upon RTO		(4,514,000)	(284,222)
Shares issued to acquire Anchor Capital Corporation on RTO	**2 [c]**	4,514,000	677,100
Sub Total (Undiluted):		**38,957,231**	$ 2,471,155

4. Income Taxes

The pro forma effective income tax rate applicable to the consolidated operations of the resulting issuer is 26.5%

SCHEDULE “F”
ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B of the Exchange Corporate Finance Manual) pursuant to Exchange Form 3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B of the Exchange Corporate Finance Manual or as otherwise identified by the Exchange, from time to time.

DATED: April 30, 2019.

ANCHOR CAPITAL CORPORATION

(signed) “Edward Ierfino”

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Name: Edward Ierfino
Title: CEO, CFO and Director