

AMALGAMATION AGREEMENT

AMONG:

ANCHOR CAPITAL CORPORATION

AND:

11304372 CANADA INC.

AND:

SPYDER VAPES INC.

MARCH 19, 2019

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is dated as of the 19th day of March, 2019.

AMONG:

ANCHOR CAPITAL CORPORATION, a corporation existing under the laws of the Province of Alberta

(“**Anchor**”);

AND:

11304372 CANADA INC., a corporation existing under the federal laws of Canada

(“**Anchor Sub**”);

AND:

SPYDER VAPES INC., a corporation existing under the federal laws of Canada

(“**Spyder**”);

WHEREAS:

(A) It is intended that Spyder and Anchor Sub, a wholly-owned subsidiary of Anchor, will amalgamate and form one corporation under the provisions of the CBCA (the “**Amalgamation**”);

(B) The Amalgamation is expected to constitute Anchor’s Qualifying Transaction (the “**Qualifying Transaction**”) under Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange; and

(C) Upon the Amalgamation taking effect, shareholders of Spyder will receive common shares of Anchor in the proportion and to the extent set out herein;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

PART 1
INTERPRETATION

Definitions

1.1 In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) “**ABCA**” means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;
- (b) “**Agreement**” means this Amalgamation Agreement (including the exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule, exhibit or other portion hereof;
- (c) “**Amalco**” means the corporation continuing from the Amalgamation;
- (d) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (e) “**Amalgamation**” means the amalgamation of Anchor Sub and Spyder under the provisions of the CBCA on the terms and conditions set forth in this Agreement;
- (f) “**Amalgamation Resolution**” means the written or, if applicable, special resolution of the Spyder Shareholders approving the Amalgamation, as required by Applicable Laws;
- (g) “**Anchor**” means Anchor Capital Corporation, a corporation organized under the laws of the Province of Alberta;
- (h) “**Anchor Options**” means unexercised stock options to acquire Anchor Shares;
- (i) “**Anchor Shares**” means the common shares in the capital of Anchor;
- (j) “**Anchor Sub**” means 11304372 Canada Inc., a wholly-owned subsidiary of Anchor;
- (k) “**Anchor Sub Shares**” means common shares in the capital of Anchor Sub;
- (l) “**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (m) “**Applicable Laws**”, in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted,

adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or persons or its or their business, undertaking, property or securities;

- (n) “**Articles**” means the Articles of Amalco, which will be in substantially the form set out in Exhibit “A” to this Agreement;
- (o) “**Business**” means the business and activities currently carried on by Spyder and the Spyder Subsidiaries, including the operation vape shops;
- (p) “**Business Day**” means a day other than a Saturday, Sunday or other day when banks in the City of Toronto, Ontario, are not generally open for business;
- (q) “**CBCA**” means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;
- (r) “**CBCA Director**” means the Director appointed under Section 260 of the CBCA;
- (s) “**Constating Documents**” means as to each of the Parties, its certificate of incorporation, notice of articles and articles as in effect as of the date of this Agreement;
- (t) “**Convertible Debentures**” means convertible debentures of Spyder;
- (u) “**Corporate Records**” means the corporate records of Spyder including the Constating Documents, central securities register, registers of directors, list of bank accounts and signing authorities and minutes of shareholders’ and directors’ meetings;
- (v) “**Dissenting Shareholder**” means a registered holder of Spyder Shares who, in connection with the special resolution of the Spyder Shareholders approving the Amalgamation, has exercised the right to dissent pursuant to Section 190 of the CBCA in strict compliance with the provisions thereof and thereby becomes entitled to be paid the fair value of his, her or its Spyder Shares and who has not withdrawn the notice of the exercise of such right as permitted by Section 190 of the CBCA;
- (w) “**Effective Date**” means the effective date of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (x) “**Effective Time**” means the effective time of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (y) “**Encumbrances**” means any encumbrance of any kind whatever and includes any pledge, lien, charge, security interest, lease, title retention agreement,

mortgage, hypothec, restriction, royalty, right of first refusal, development or similar agreement, option or adverse claim or encumbrance of any kind or character whatsoever or howsoever arising, and any right or privilege capable of becoming any of the foregoing;

- (z) “**Exchange**” means the TSX Venture Exchange;
- (aa) “**Filing Statement**” means the filing statement to be filed by Anchor in respect of the Qualifying Transaction pursuant to the policies of the Exchange;
- (bb) “**Financing**” has the meaning set forth under §5.6;
- (cc) “**Finder**” means EMD Financial Inc.;
- (dd) “**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;
- (ee) “**Governmental Authority**” means any federal, state, provincial and municipal government, regulatory authority, governmental department, ministry, agency, commission, bureau, official, minister, crown corporation, court, board, tribunal, stock exchange, dispute settlement panel or body or other law, rule or regulation-making entity having jurisdiction;
- (ff) “**IFRS**” means International Financial Reporting Standards applicable as of the date of the financial statements, document or event in question;
- (gg) “**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to a Person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, results of operations, assets, capitalization, financial condition, rights, liabilities or prospects, contractual or otherwise, of such Person and its subsidiaries, if applicable, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) a matter that has been publicly disclosed prior to the date of this Agreement or otherwise disclosed in writing by a Party to the other Party prior to the date of this Agreement; (ii) any action or inaction taken by such Person to which the other Person had consented in writing; (iii) the announcement of the transactions contemplated by the Amalgamation or this Agreement; or (iv) general economic, financial, currency exchange, securities, banking or commodity market conditions in the United States, Canada or worldwide;
- (hh) “**Material Change**” and “**Material Fact**” has the meanings ascribed thereto under the Applicable Canadian Securities Laws;
- (ii) “**Material Contract**” means those contracts, agreements, understandings or arrangements entered into by Spyder or Spyder Subsidiaries which have

individual payment obligations on the part of Spyder or Spyder Subsidiaries that exceed \$50,000, are for a term extending one (1) year after the Effective Time, have been entered into out of the ordinary course of business, or are otherwise material to the Business;

- (jj) “**Name Change**” has the meaning ascribed thereto in Section 5.5;
- (kk) “**Outside Date**” means such date that is 120 days following the date hereof;
- (ll) “**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them;
- (mm) “**Permit**” means any and all permits, licences, agreements, concessions, approvals, certificates, consents, certificates of approval, rights, privileges or franchises, registrations (including any required export/import approvals) and exemptions of any nature and other authorizations, conferred or otherwise granted by any Governmental Authority;
- (nn) “**Person**” means a natural person, firm, corporation, trust, partnership, joint venture, governmental body or agency or association.
- (oo) “**Public Record**” means all information filed by Anchor with any securities commission or similar regulatory authority which are available through the SEDAR website as of the date hereof;
- (pp) “**Qualifying Transaction**” has the meaning ascribed thereto in the recitals to this Agreement;
- (qq) “**Securities Act**” means the *Securities Act* (Ontario), as amended, including the regulations promulgated thereunder;
- (rr) “**Spyder**” means Spyder Vapes Inc., a corporation organized under the federal laws of Canada;
- (ss) “**Spyder Financial Statements**” means the annual consolidated financial statements of Spyder for the years ended January 31, 2018 and January 31, 2017, and the unaudited financial statements for the period ending October 31, 2018, to be included in the Filing Statement;
- (tt) “**Spyder Finder Warrants**” means the Spyder Warrants issued to the Finder in connection with a non-brokered private placement completed by Spyder between November 2018 and December 2018;
- (uu) “**Spyder Options**” means unexercised stock options entitling the holder thereof to acquire Spyder Shares;
- (vv) “**Spyder Shareholders**” means the holders of Spyder Shares;

- (ww) “**Spyder Shares**” means the issued and outstanding common shares in the capital of Spyder;
- (xx) “**Spyder Subsidiaries**” means the direct subsidiaries of Spyder, being, for greater certainty, each of Spyder Vapes (East) Inc., Spyder Vapes (Appleby) Inc., and The Green Spyder Inc., as depicted in Exhibit “B” hereto;
- (yy) “**Spyder Unit**” means a unit 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 \$0.40 per share, for a period of 24 months following the closing of the Financing.
- (zz) “**Spyder Warrants**” means unexercised warrants entitling the holder thereof to acquire Spyder Shares;
- (aaa) “**subsidiary**” has the meaning ascribed thereto in the Securities Act;
- (bbb) “**Transfer Agent**” means Alliance Trust Company, the transfer agent for the Anchor Shares; and
- (ccc) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules, regulations and orders promulgated thereunder.

Interpretation

- 1.2 For the purposes of this Agreement, except as otherwise expressly provided:
- (a) the division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereto”, “herein” and “hereunder” and similar expressions refer to this Agreement (including exhibits hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;
 - (b) words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders;
 - (c) the word “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;
 - (d) if any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place;

- (e) any reference in this Agreement to any statute or any section thereof will, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, and to any regulations promulgated thereunder. References to any agreement or document will be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time;
- (f) all sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted;
- (g) unless otherwise stated, all accounting terms used in this Agreement will have the meanings attributable thereto under IFRS and all determinations of an accounting nature are required to be made will be made in a manner consistent with IFRS;
- (h) all representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principals of equity);
- (i) where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of the senior officers of the Party after due inquiry; and
- (j) the Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

Exhibits

1.3 The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

Exhibit "A" – Form of Articles of Amalco

Exhibit "B" – Corporate Organization Chart

Exhibit "C" – Spyder Material Contracts

Exhibit "D" – Spyder Options, Warrants and Debentures

PART 2
THE AMALGAMATION

Agreement to Amalgamate

2.1 The Parties agree that Anchor Sub and Spyder will amalgamate pursuant to the provisions of the CBCA as of the Effective Date and continue as one corporation on the terms and conditions set out in this Agreement.

Effect of Amalgamation

2.2 Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:

- (a) Spyder and Anchor Sub will be amalgamated and continue as one corporation;
- (b) each of Spyder and Anchor Sub will cease to exist as entities separate from Amalco;
- (c) the property of each of Anchor Sub and Spyder will continue to be the property of Amalco;
- (d) Amalco will continue to be liable for the obligations of each of Anchor Sub and Spyder; and
- (e) the Articles attached hereto as Exhibit "A" will be the articles of Amalco.

Name

2.3 The name of Amalco will be "Spyder Cannabis Subco Inc."

Registered Office

2.4 The registered office of Amalco will be 7600 Weston Road, Unit 51, Woodbridge, Ontario L4L 8B76.

Authorized Capital and Restrictions on Share Transfers

2.5 The authorized capital of Amalco will consist of an unlimited number of common shares without par value, which will have the rights, privileges, restrictions and conditions set out in the Articles. No shares of Amalco may be transferred except in compliance with the restrictions set out in the Articles.

Fiscal Year

2.6 The fiscal year end of Amalco will be December 31 of each calendar year.

Business

2.7 There will be no restriction on the business which Amalco is authorized to carry on.

Initial Directors

2.8 The first directors of Amalco will be the persons whose name and address appear below:

<u>Name</u>	<u>Address</u>
Daniel Pelchovitz	7600 Weston Road, Unit 51, Woodbridge, Ontario L4L 8B76

Such director will hold office until the first annual meeting of shareholders of Amalco or until his successor is elected or appointed.

Initial Officers

2.9 The first officers of Amalco will be the persons whose name and position appear below:

<u>Name</u>	<u>Position</u>
Daniel Pelchovitz	President and Secretary

By-Laws

2.10 The by-laws of the Corporation will not be those of one of the amalgamating corporations. A copy of the proposed by-laws may be examined at 1 Adelaide Street East, Suite 801, Toronto, ON M5C 2V9.

Exchange of Anchor Sub Shares and Spyder Shares

2.11 Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:

- (a) each Spyder Shareholder will receive one (1) Anchor Share in exchange for each Spyder Share held by such holder and the Spyder Shares will be cancelled;
- (b) Anchor 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 Anchor's issuance of Anchor Shares referenced in §2.11(a), Amalco will issue to Anchor one (1) Amalco Share for each Anchor Share issued by Anchor under §2.11(a).

Spyder Warrants, Spyder Options and Convertible Debentures

2.12 The Parties acknowledge that, ten (10) minutes prior to the Effective Time, the aggregate outstanding principal amount on outstanding Convertible Debentures and all accrued but unpaid interest thereon will automatically convert into Spyder Shares and, if applicable, Spyder Warrants.

2.13 The Parties acknowledge that, as at the Effective Time, the Spyder Warrants, Spyder Finder Warrants and Spyder Options will cease to represent a right to acquire Spyder Shares and will instead provide the right to acquire Anchor Shares, all in accordance with the adjustment provisions provided in the certificates representing the Spyder Warrants, Spyder Finder Warrants, and Spyder Options.

Completion of the Amalgamation and Effective Date

2.14 Upon the satisfaction or waiver of the conditions contained herein of each Party, Spyder and Anchor Sub will immediately deliver to the CBCA Director the Amalgamation application and such other documents as may be required to give effect to the Amalgamation. The Amalgamation will become effective at the Effective Time.

Acknowledgment of Escrow and Resale Restrictions

2.15 Spyder acknowledges and agrees that in accordance with the policies of the Exchange, the Anchor Shares issued to certain Spyder Shareholders will be subject to escrow and/or seed share resale restrictions under the policies of the Exchange and Applicable Laws.

Anchor Guarantee

2.16 Anchor hereby unconditionally and irrevocably guarantees the due and punctual performance by Anchor Sub of each and every covenant and obligation of Anchor Sub arising under the Amalgamation. Anchor hereby agrees that Spyder will not have to proceed first against Anchor Sub before exercising its rights under this guarantee against Anchor.

PART 3 **COVENANTS**

Mutual Covenants

3.1 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 8, except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of the Parties will:

- (a) carry on its business in the usual, regular and ordinary course of business consistent with its past practice;

- (b) not incur any indebtedness other than (i) in connection with the Financing (ii) in the ordinary course of business consistent with its past practice, or (iii) as required in connection with the Qualifying Transaction;
- (c) not alter or amend its Constatng Documents as the same exist at the date of this Agreement, except as contemplated by this Agreement;
- (d) take, or cause to be taken, all action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Amalgamation, including using reasonable commercial efforts:
 - (i) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
 - (ii) to effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Amalgamation;
 - (iii) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Amalgamation and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and
 - (iv) to reasonably cooperate with the other Parties and their tax advisors in structuring the Amalgamation and other transactions contemplated to occur in conjunction with the Amalgamation in a tax effective manner and assist the other Parties and their tax advisors in making such investigations and enquiries with respect to such Parties in that regard, as the other Parties and its tax advisors will consider necessary, acting reasonably;
- (e) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by such Party in this Agreement untrue in any material respect;
- (f) use reasonable commercial efforts to obtain and maintain the third party approvals applicable to them and provide the same to the other Parties on or prior to the Effective Date;
- (g) use their commercially reasonable best efforts to complete the Qualifying Transaction on or prior to the Outside Date or as soon as reasonably practicable thereafter;
- (h) except as provided in this Agreement, not amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person

or perform any act or enter into any transaction or negotiation which, in the opinion of Spyder or Anchor acting reasonably, interferes or is inconsistent with the completion of the transactions contemplated hereby;

- (i) furnish to the other Parties such information, in addition to the information contained in this Agreement, relating to its financial condition, business, properties and affairs as may reasonably be requested by another Party, which information will be true and complete in all material respects and will not contain an untrue statement of any Material Fact or omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading and will notify the other Parties of any significant development or Material Change relating to it promptly after becoming aware of any such development or change;
- (j) promptly notify the other Parties in writing of any change in any representation or warranty provided in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and the Parties will in good faith discuss with the other Parties such change in circumstances (actual, anticipated, contemplated, or to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other Parties pursuant to this §3.1(j);
- (k) promptly notify the other Parties in writing of any material breach by such Party of any covenant, obligation or agreement contained in this Agreement; and
- (l) not, directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into discussions or negotiations with any person other than the other Parties hereto, with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of such Party, unless such action, matter or transaction is part of the transactions contemplated in this Agreement or is required as a result of the duties of directors and officers of the applicable Party in compliance with Applicable Laws.

Additional Covenants of Anchor and Anchor Sub

3.2 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 8, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of Anchor and Anchor Sub covenant and agree that:

- (a) Anchor and Anchor Sub will use their best efforts to satisfy, or cause the satisfaction of, the conditions set forth in §6.1 and §6.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Anchor or Anchor Sub, as the case may be;

- (b) Anchor will, as the sole shareholder of Anchor Sub, approve by special resolution the Amalgamation, together with such matters as are required to effect the Amalgamation;
- (c) Anchor will take all necessary actions required to effect the Name Change concurrently with the Effective Time;
- (d) Anchor will, subject to the approval of the Exchange, cause, as of the Effective Time, the Anchor Board of Directors to consist of a minimum of three (3) and a maximum of ten (10) directors, a majority of whom shall be nominated by Spyder; and
- (e) Anchor will, on the Effective Date, provide to the Transfer Agent a direction authorizing and directing the Transfer Agent to issue the Anchor Shares issuable under the Amalgamation to holders of the Spyder Shares and will direct the Transfer Agent to distribute the Anchor Shares to the holders of the Spyder Shares in accordance with the terms of the Amalgamation.

Additional Covenants of Spyder

3.3 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 8, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, Spyder covenants and agrees that:

- (a) Spyder will use commercially reasonable best efforts to satisfy or cause the satisfaction of the conditions set forth in §6.1 and §6.2 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Spyder;
- (b) Spyder will use commercially reasonable best efforts to seek approval of the Amalgamation Resolution, together with the approval of such matters as are required to effect the Amalgamation;
- (c) Spyder will promptly advise Anchor of written objections to the Amalgamation; and
- (d) Spyder shall not issue any securities to parties who are not arm's length to Spyder, other than (i) in connection with the Financing, (ii) upon conversion of any Spyder Warrants, Spyder Finder Warrants and Convertible Debentures, (iii) upon exercise of any Spyder Options, or (iv) pursuant to a 10% rolling stock option plan of Spyder whereby each option issued shall not be exercisable at a price less than the price permitted by the Exchange.

PART 4
REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Anchor and Anchor Sub

4.1 Each of Anchor and Anchor Sub represent and warrant to Spyder as follows, and acknowledge that Spyder is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) each of Anchor and Anchor Sub has good and sufficient right and authority to enter into this Agreement and carry out its intentions hereunder;
- (b) each of Anchor and Anchor Sub is duly incorporated under the ABCA and the CBCA, respectively, is currently in good standing, and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) Anchor is a “reporting issuer” in the provinces of Ontario, Alberta and British Columbia and is currently listed on the NEX Board of the Exchange;
- (d) Anchor is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, of which 4,514,000 common shares and no preference shares are outstanding as at the date hereof;
- (e) as of the date hereof there are 551,400 Anchor Options issued and outstanding;
- (f) Anchor Sub is authorized to issue an unlimited number of common shares, of which 1 common share is outstanding as at the date hereof, which is held by Anchor;
- (g) other than the securities referred to in §4.1(d), §4.1(e) and §4.1(f), there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of Anchor or Anchor Sub (as that term is defined in the Securities Act) and, other than the transactions contemplated hereby, Anchor has no agreements or commitments of any character whatsoever convertible into, or exchangeable or exercisable for or otherwise requiring the issuance, sale or transfer by Anchor of any Anchor Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Anchor Shares;
- (h) there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Anchor or Anchor Sub at law or in equity or before or by any Governmental Authority, nor are there, to their knowledge, any pending or threatened;
- (i) this Agreement is a binding agreement on Anchor and Anchor Sub, enforceable against each of them in accordance with its terms and conditions;
- (j) neither the execution and delivery of this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or

provisions of, or constitute a default under, the material contracts and the Constatng Documents of Anchor, director or shareholder minutes of Anchor, any agreement or instrument to which Anchor is a party or by which Anchor is bound, or any order, decree, statute, regulation, covenant or restriction applicable to Anchor;

(k) the documents and materials comprising the Public Record of Anchor are in all material respects accurate and up to date and contain no misrepresentation, nor omit any facts, the omission of which makes the Public Record or any particulars therein, materially misleading or incorrect;

(l) neither Anchor nor Anchor Sub has any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, there is no basis for assertion against Anchor nor Anchor Sub of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than (i) liabilities disclosed or reflected in the financial statements of Anchor as disclosed in the Public Record or (ii) incurred in the ordinary course of business or in connection with the transactions contemplated hereby following the dates of the most recent financial statements of Anchor;

(m) Anchor will not, as of the Effective Time, have any continuing obligations in respect of office or equipment leases or any other material obligations;

(n) the information in the Filing Statement relating to Anchor and Anchor Sub will be true, correct and complete in all material respects and not contain any untrue statement of any material fact, nor omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the context in which they are to be made;

(o) neither Anchor nor Anchor Sub has any outstanding taxes due and payable;

(p) Anchor is up to date and current with all filings required by the securities commissions of Ontario, Alberta and British Columbia;

(q) as at the date hereof, there are no reasonable grounds for believing that any creditor of Anchor or Anchor Sub will be prejudiced by the Amalgamation;

(r) as at the date hereof, Anchor has no subsidiaries, except for Anchor Sub;

(s) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of either Anchor or Anchor Sub or any instruments binding on it or its assets:

(i) which would preclude it from entering into this Agreement;

(ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Anchor or Anchor Sub;

- (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which Anchor or Anchor Sub is a party or to purchase any of Anchor's, Anchor Sub's or Amalco's assets; or
- (iv) which would impose restrictions on the ability of Amalco:
 - (A) to carry on any business which it might choose to carry on within any geographical area;
 - (B) to acquire property or dispose of its property and assets as an entirety;
 - (C) to pay dividends, redeem shares or make other distributions to its shareholders;
 - (D) to borrow money or to mortgage and pledge its property as security therefore; or
 - (E) to change its corporate status;
- (t) all information supplied by Anchor or its representatives to Spyder in the course of Spyder's due diligence review in respect of the transactions contemplated by this Agreement, is accurate and correct in all material respects; and
- (u) the representations, warranties or statements of fact made in this section do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading to Spyder in seeking full information as to Anchor and Anchor Sub and their assets, liabilities and business.

Representations and Warranties of Spyder

4.2 Spyder represents and warrants to Anchor and Anchor Sub as follows, and acknowledges that Anchor and Anchor Sub are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) it has good and sufficient right and authority to enter into this Agreement and carry out its intentions hereunder;
- (b) it is duly incorporated under the CBCA and is currently in good standing, and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) it is authorized to issue an unlimited number of Spyder Shares, of which 8,092,493 Spyder Shares are outstanding as at the date hereof;
- (d) as of the date hereof, it has 3,300,000 Spyder Options and 387,493 Spyder Finder Warrants that are outstanding, as detailed in Exhibit "D";

- (e) as of the date hereof, it has \$1,577,985 in principal amount of Convertible Debentures issued and outstanding, as detailed in Exhibit "D";
- (f) other than the securities referred to in §4.2(c), §4.2(d) and §(e) and as set out in Exhibit "D", there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a "security" of Spyder (as that term is defined in the Securities Act) and Spyder has no agreements or commitments of any character whatsoever convertible into, or exchangeable or exercisable for or otherwise requiring the issuance, sale or transfer by Spyder of any Spyder Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Spyder Shares;
- (g) Spyder is the direct or indirect legal and beneficial owner of 100% of the issued share capital of each of the Spyder Subsidiaries, and (i) holds such share capital free and clear of any mortgages, liens, charges, pledges, security interests, or encumbrances whatsoever, other than any security interest granted in connection with Convertible Debentures outstanding as of the date hereof or to be issued in connection with the Financing, (ii) there are no other outstanding shares of the Spyder Subsidiaries or options, warrants or other rights, agreements or commitments requiring the issuance, sale or transfer by the Spyder Subsidiaries of any shares of the Spyder Subsidiaries or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of the Spyder Subsidiaries, and (iii) Spyder has no direct subsidiaries other than the Spyder Subsidiaries;
- (h) each of the Spyder Subsidiaries is duly incorporated under the laws of its jurisdiction of incorporation and is currently in good standing, and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (i) there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Spyder or the Spyder Subsidiaries at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to its knowledge, any pending or threatened;
- (j) this Agreement is a binding agreement on Spyder, enforceable against it in accordance with its terms and conditions;
- (k) Exhibit "C" provides a complete and accurate list of all Material Contracts of Spyder and the Spyder Subsidiaries;
- (l) neither the execution and delivery of this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, the Material Contracts, the Constatng Documents of Spyder or the Spyder Subsidiaries, director or shareholder minutes of Spyder or the Spyder Subsidiaries, any agreement or instrument to which Spyder or the Spyder Subsidiaries is a party or by which Spyder or the Spyder Subsidiaries is bound, or

any order, decree, statute, regulation, covenant or restriction applicable to Spyder or the Spyder Subsidiaries;

(m) neither Spyder nor the Spyder Subsidiaries is in material default under any Material Contract to which it is a party and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any Material Contract by Spyder or the Spyder Subsidiaries, as applicable. Each Material Contract is in full force and effect, unamended by written or oral agreement, and either Spyder or the Spyder Subsidiaries, as applicable, is entitled to the full benefit and advantage of each Material Contract in accordance with its terms. Neither Spyder nor the Spyder Subsidiaries has received any notice of a default by Spyder or its subsidiaries, as applicable, or a dispute between Spyder or the Spyder Subsidiaries and any other party in respect of any Material Contract. Complete and correct copies of each of the Material Contracts have been provided or made available to Anchor prior to the date hereof;

(n) neither Spyder nor any of the Spyder Subsidiaries has any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, there is no basis for assertion against Spyder or the Spyder Subsidiaries of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than liabilities disclosed or reflected in or provided for in the Spyder Financial Statements or incurred in the ordinary course of business following the dates of the Spyder Financial Statements;

(o) the information in the Filing Statement relating to Spyder and the Spyder Subsidiaries will be true, correct and complete in all material respects and will not contain any untrue statement of any material fact, nor omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the context in which they are to be made;

(p) neither Spyder nor any of the Spyder Subsidiaries has any outstanding taxes due and payable and there exist no facts or circumstances which may reasonably be expected to result in the issuance of assessment or reassessment of tax;

(q) each of Spyder and the Spyder Subsidiaries has duly and on a timely basis prepared and filed all tax returns required to be filed by it prior to the date hereof and such returns and documents are complete and correct. Spyder has no knowledge of any contingent tax liabilities or any ground which would prompt an assessment or reassessment of any of such returns or reports, including aggressive treatment of income and expenses in filing any tax returns;

(r) the Corporate Records of Spyder and the Spyder Subsidiaries are complete and accurate in all material respects and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of Spyder and the Spyder Subsidiaries, as applicable. Without limiting the generality of the foregoing, in respect of the Corporate Records of Spyder and the Spyder Subsidiaries (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all

such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be;

(s) no proceedings have been taken, are pending or authorized by Spyder or the Spyder Subsidiaries or by any other Person, in respect of the bankruptcy, insolvency, liquidation or winding up of Spyder or the Spyder Subsidiaries;

(t) as at the date hereof there are no reasonable grounds for believing that any creditor of Spyder will be prejudiced by the Amalgamation;

(u) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of Spyder or the Spyder Subsidiaries or any instruments binding on their assets:

(i) which would preclude Spyder from entering into this Agreement;

(ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Spyder;

(iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which Spyder or the Spyder Subsidiaries are a party or to purchase any of Spyder's, the Spyder Subsidiaries', or Amalco's assets; or

(iv) which would impose restrictions on the ability of Amalco:

(A) to carry on any business which it might choose to carry on within any geographical area;

(B) to acquire property or dispose of its property and assets as an entirety;

(C) to pay any dividends, redeem shares or make other distributions to its shareholders;

(D) to borrow money or to mortgage and pledge its property as security therefor; or

(E) to change its corporate status;

(v) each of Spyder and the Spyder Subsidiaries is conducting and has always conducted its business in compliance with all Applicable Laws, and other than acts of

non-compliance which, individually or in aggregate, are not material, Spyder is not aware of, and neither Spyder or an of the Spyder Subsidiaries has received, any order or directive relating to any breach of any applicable environmental or health and safety law by Spyder or the Spyder Subsidiaries;

(w) Spyder and the Spyder Subsidiaries hold all Permits necessary in order to conduct the Business;

(x) Spyder and each of the Spyder Subsidiaries is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets thereof free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those reflected or reserved against it in the Spyder Financial Statements;

(y) all information supplied by Spyder or its representatives to Anchor in the course of Anchor's due diligence review in respect of the transactions contemplated by this Agreement, is accurate and correct in all material respects;

(z) the representations, warranties or statements of fact made in this section do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading to Anchor or Anchor Sub in seeking full information as to each of Spyder and the Spyder Subsidiaries and its assets, liabilities and business; and

(aa) neither Spyder nor any of the Spyder Subsidiaries is obligated to pay any brokerage, finder's, advisory or other fee or commission in connection with this Agreement.

Survival of Representation and Warranties

4.3 The representations and warranties herein will survive the performance of the Parties respective obligations hereunder and the termination of this Agreement but will expire at the Effective Time.

PART 5 **AGREEMENTS**

Amalgamation Resolution

5.1 As promptly as practical following the execution of this Agreement and in compliance with Applicable Laws (including Applicable Canadian Securities Laws), Spyder will use all commercially reasonable efforts to obtain the Amalgamation Resolution.

Qualifying Transaction

5.2 Anchor will:

- (a) as soon as practicable apply to the Exchange, or direct Spyder to do so on its behalf, and diligently seek the conditional acceptance of the Exchange to the Qualifying Transaction;
- (b) diligently seek the approval of the Anchor shareholders for such matters which may be determined to require the approval of Anchor shareholders in connection with the Qualifying Transaction it being acknowledged and agreed that the Parties intend to rely upon the shareholders' resolutions adopted at Anchor's last meeting of shareholders to give effect to the Name Change;
- (c) as soon as practicable deliver to the Exchange, or direct Spyder to do so on its behalf, the Filing Statement as contemplated by this Agreement;
- (d) use its commercially reasonable efforts to consummate the transactions contemplated by this Agreement in order to constitute the "Qualifying Transaction" of Anchor under the rules and policies of the Exchange; and
- (e) in the event that Anchor is not able to obtain an exemption from the sponsorship requirements of the Exchange, engage a sponsor that is mutually acceptable to Anchor and Spyder for the Qualifying Transaction.

Filing Statement

5.3 As promptly as practical following the execution of this Agreement, and in compliance with Applicable Laws (including Applicable Canadian Securities Laws) and the policies of the Exchange:

- (a) Anchor and Spyder will cooperate in the preparation of the Filing Statement and Spyder will provide to Anchor the necessary information in respect of Spyder to ensure that the Filing Statement provides information in compliance in all material respects with Exchange policies on the date of filing thereof;
- (b) Anchor will cause the Filing Statement to be filed with applicable regulatory authorities in all jurisdictions where the same is required to be filed; and
- (c) Anchor will cause such other filings required for the Anchor Shares to be listed on the Exchange following the Amalgamation to be submitted to the Exchange.

Preparation of Filings

- 5.4
- (a) Anchor and Spyder will cooperate in the taking of all such action as may be required under the CBCA, Applicable Canadian Securities Laws, and other Applicable Laws in connection with the transactions contemplated by this Agreement and the Amalgamation.
 - (b) Each of Anchor and Spyder will promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in this Agreement and the provisions of this §5.4.

Name Change

5.5 On or prior to the Effective Date, Anchor will change its name to “Spyder Cannabis Inc.” or such other name as may be agreed by the Parties, subject to the approval of the Exchange and as may be accepted by the CBCA Director (the “**Name Change**”).

Financing

5.6 The Parties acknowledge and agree that, prior to the Effective Date, Spyder will use commercially reasonable efforts to complete a non-brokered private placement of Convertible Debentures (“**Financing Convertible Debentures**”) at a price of \$0.15 per Convertible Debenture for gross proceeds of up to \$1,000,000 (the “**Financing**”). Each Financing Convertible Debenture will entitle the holder thereof to convert the principal amount and any accrued but unpaid interest thereon into one (1) Spyder Unit. The Parties acknowledge and agree that Spyder will pay, to eligible finders, a cash fee equivalent to 8% of the gross proceeds raised by the finder under the Financing, and broker warrants equal to 8% of the Spyder Warrants and Spyder Shares underlying the Financing Convertible Debentures issued pursuant to the Financing.

PART 6 **CONDITIONS PRECEDENT**

Mutual Conditions Precedent

6.1 The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the completion of the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) upon the completion of the Amalgamation, Anchor will continue to meet the minimum listing requirements of the Exchange;
- (b) the Amalgamation Resolution will have been passed by a special majority of Spyder Shareholders;
- (c) any matters requiring the approval of the shareholders of Anchor in connection with the Qualifying Transaction will have been approved by the Anchor shareholders and Anchor will have completed the Name Change;
- (d) the Amalgamation will have become effective on or prior to the Outside Date;
- (e) the Exchange will have conditionally accepted the Qualifying Transaction under the rules and policies of the Exchange, subject only to customary conditions of closing, provided that if the Amalgamation is rejected by the Exchange as the Qualifying Transaction of Anchor, (i) all recourse or rights of appeal to complete the Qualifying Transaction as contemplated hereby will have been exhausted, and (ii) the Party wishing to terminate this Agreement on this basis will have first used

commercially reasonable efforts to negotiate the terms of the Qualifying Transaction objectionable to the Exchange on terms acceptable to the Parties, acting reasonably;

- (f) all other consents, orders and approvals, including regulatory approvals and orders, necessary or desirable for the completion of the transactions provided for in this Agreement and the Amalgamation will have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances;
- (g) this Agreement will not have been terminated under Part 8;
- (h) the availability of prospectus exemptions for the Amalgamation under Applicable Canadian Securities Laws; and
- (i) there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Amalgamation.

The foregoing conditions are for the mutual benefit of Anchor and Anchor Sub on the one hand and Spyder on the other hand and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Effective Date then a Party may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

Additional Conditions to Obligations of Anchor

6.2 The obligations of Anchor and Anchor Sub to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Spyder will have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by it on or before the Effective Date pursuant to the terms of this Agreement and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of Spyder made in this Agreement will be true and correct in all material respects as at the Effective Date;
- (b) Spyder will have furnished Anchor with:
 - (i) certified copies of the resolutions duly passed by the board of directors of Spyder approving this Amalgamation Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the Amalgamation Resolutions approved by the shareholders of Spyder;

- (iii) certified copies of Spyder's Constatng Documents;
 - (iv) a certificate of good standing of Spyder and the material Spyder Subsidiaries dated within three (3) days of the Effective Date;
 - (v) a legal opinion, as is customarily provided in transactions similar to the Amalgamation, from legal counsel for Spyder and the Spyder Subsidiaries dated the Effective Date and in a form satisfactory to Anchor and its counsel, acting reasonably;
 - (vi) a certificate of Spyder addressed to Anchor and dated the Effective Date, signed on behalf of Spyder by a senior officer of Spyder, confirming that the conditions in §6.2(a), 6.2(c) and 6.2(d) have been satisfied;
 - (vii) final versions of Spyder's audited annual consolidated financial statements, for the years ended January 31, 2018 and January 31, 2017; and
 - (viii) such other closing documents as may be requested by Anchor, acting reasonably;
- (c) no act, action, suit, proceeding, objection or opposition will have been taken against or affecting Spyder before or by any domestic or foreign court, tribunal or Governmental Agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) will have been enacted, promulgated, amended or applied, which in the sole judgment of Spyder, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Spyder or would materially impede the ability of the Parties to complete the Amalgamation; and
- (d) there will not have occurred any Material Adverse Change of Spyder.

The conditions in this §6.2 are for the exclusive benefit of Anchor and Anchor Sub and may be asserted by Anchor and Anchor Sub regardless of the circumstances or may be waived by Anchor and Anchor Sub in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Anchor and Anchor Sub may have.

Additional Conditions to Obligations of Spyder

6.3 The obligations of Spyder to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Anchor and Anchor Sub will have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by

them on or before the Effective Date pursuant to the terms of this Agreement and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of Anchor and Anchor Sub made in this Agreement will be true and correct in all material respects as at the Effective Date;

- (b) the Anchor Shares to be issued to the Spyder Shareholders will be issued as fully paid and non-assessable common shares in the capital of Anchor, free and clear of any and all encumbrances, liens, charges, demands of whatsoever nature, except those pursuant to any relevant Exchange policies or applicable securities laws;
- (c) the securities of Anchor to be issued to the holders of Spyder Warrants, Spyder Finder Warrants and Spyder Options will be issued on substantially the same terms as the securities of Spyder they replace, and be free and clear of any and all encumbrances, liens, charges, demands of whatsoever nature, except those pursuant to any relevant Exchange policies or applicable securities laws;
- (d) Anchor will have furnished Spyder with;
 - (i) certified copies of the resolutions duly passed by the boards of directors of Anchor and Anchor Sub approving this Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the resolutions of Anchor, as the sole shareholder of Anchor Sub, approving this Agreement and the consummation of the transactions contemplated hereby;
 - (iii) certified copies of Anchor and Anchor Sub's Constatng Documents;
 - (iv) certificates of good standing of Anchor and Anchor Sub dated within three (3) days of the Effective Date;
 - (v) a legal opinion, as is customarily provided in transactions similar to the Amalgamation, from legal counsel for Anchor dated the Effective Date and in a form satisfactory to Spyder and its counsel, acting reasonably;
 - (vi) a certificate of Anchor addressed to Spyder and dated the Effective Date, signed on behalf of Anchor by a senior officer of Anchor, confirming that the conditions in §6.3(a), 6.3(e) and 6.3(f) have been satisfied; and
 - (vii) such other closing documents as may be requested by Spyder, acting reasonably;
- (e) no act, action, suit, proceeding, objection or opposition will have been taken against or affecting Anchor before or by any domestic or foreign court, tribunal or Governmental Agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law,

regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) will have been enacted, promulgated, amended or applied, which in the sole judgment of Spyder, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Anchor or would materially impede the ability of the Parties to complete the Amalgamation;

- (f) there will not have occurred any Material Adverse Change of Anchor or Anchor Sub;
- (g) at the time of the closing of the Amalgamation, each of the current directors and officers of Anchor and Anchor Sub as at the date hereof, will have provided a resignation and mutual release in form and substance satisfactory to Spyder, acting reasonably, and the board of directors and officers of Anchor will have been reconstituted to consist of a minimum of three (3) and a maximum of ten (10) directors, a majority of whom shall be nominated by Spyder, as well as a Chairman and Chief Executive Officer appointed by Spyder and
- (h) Anchor will have reserved a sufficient number of Anchor Shares for issuance to Spyder Shareholders at the Effective Time.

The conditions in this §6.3 are for the exclusive benefit of Spyder and may be asserted by Spyder regardless of the circumstances or may be waived by Spyder in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Spyder may have.

Notice and Effect of Failure to Comply with Conditions

6.4 Each of Anchor and Spyder will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

Satisfaction of Conditions

6.5 The conditions set out in this Part 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Amalgamation application and Articles are filed under the CBCA to give effect to the Amalgamation.

PART 7
AMENDMENT

Amendment

7.1 This Agreement may at any time and from time to time before or after obtaining the Amalgamation Resolution be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by Spyder Shareholders without approval by the affected Spyder Shareholders given in the same manner as required for the approval of the Amalgamation.

PART 8
TERMINATION

Termination

- 8.1 (a) This Agreement may be terminated at any time in each of the following circumstances:
- (i) by written agreement executed and delivered by Anchor and Spyder;
 - (ii) by any Party if the Effective Date will not have occurred by the Outside Date;
 - (iii) by Anchor, if there has been a material breach by Spyder of any representation, warrant, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby, which breach Spyder fails to cure within ten (10) Business Days after written notice thereof is given by Anchor; or
 - (iv) by Spyder, if there has been a material breach by Anchor or Anchor Sub of any representation, warrant, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby, which breach Anchor or Anchor

Sub, as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by Spyder.

- (b) If this Agreement is terminated in accordance with the foregoing provisions of this §8.1, this Agreement will forthwith become void and no Party will have any liability or further obligation to the other Parties hereunder except for each Party's obligations under §9.8 and §9.9 hereunder, which will survive such termination, and provided that neither the termination of this Agreement nor anything contained in this §8.1(b) will relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

PART 9 **GENERAL**

Notices

9.1 All notices that may be or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by courier or sent by electronic transmission:

- (a) in the case of Anchor or Anchor Sub, to:

421 - 7th Avenue SW
TD Canada Trust Tower, Suite 1700
Calgary, Alberta, T2P 4K9

Attention: Darren Stark, Chairman
Email: dstark@anchorcounsel.com

with a copy to:

McMillan LLP
1000 Rue Sherbrooke Ouest #2700,
Montréal, Quebec, H3A 3G4

Attention: Kosta Kostic
Email: kosta.kostic@mcmillan.ca

- (b) In the case of Spyder, to:

7600 Weston Road, Unit 51, Woodbridge, Ontario L4L 8B76
Attention: Daniel Pelchovitz, Chief Executive Officer

Email: dan@spydervapes.com

with a copy to:

Garfinkle Biderman LLP
1 Adelaide Street East
Suite 801, Dynamic Funds Tower
Toronto, Ontario, M5C 2V9

Attention: Grant Duthie
Email: gduthie@garfinkle.com

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile or other electronic transmission is received.

Binding Effect

9.2 This Agreement will be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Assignment

9.3 Neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by any of the Parties hereto without the prior written consent of the other Parties hereto.

Entire Agreement

9.4 This Agreement, together with the agreements and documents referred to herein, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

Public Communications

9.5 Each of Anchor and Spyder agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Amalgamation or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party will issue any press release regarding the Amalgamation, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing will be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure will use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

No Shop

9.6 Each of the Parties will not, nor will it permit any of its respective directors, officers, affiliates, employees, representatives or agents (including and without limitation, investment bankers, attorneys and accountants) directly or indirectly to, solicit, discuss, encourage or accept any offer for the purchase of such party or the business or the assets of such party, whether as a primary or backup offer, or take any other action with the intention or reasonable foreseeable effect of leading to any commitment or agreement to sell such party or business or the assets of such party (an “**alternative transaction**”). In addition, each of the Parties will conduct its respective operations according to its ordinary and usual course of business consistent with past practices and will not enter into any material transactions or incur any material liabilities (including without limitation, issuing or agreeing to issue any securities other than as expressly contemplated in this Agreement) without obtaining the consent of the other party hereto, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, nothing herein will restrict the parties hereto from taking such actions as may be required in order to discharge their obligations pursuant to applicable corporate laws.

9.7 Each Party represents and warrants to the other that it is not currently in any discussions or negotiations with any other person with respect to any alternative transaction. Each Party will promptly notify the other Parties of any alternative transaction of which any director, senior officer or agent of the Party is or becomes aware of, any amendment to any of the foregoing or any request for non-public information relating to the Party. Such notice will include a description of the material terms and conditions of any such proposal and the identity of the person making such proposal, inquiry, request or contact.

Costs

9.8 Each of Spyder and Anchor will pay its own costs and expenses (including all legal, accounting and financial advisory fees and expenses) in connection with the Qualifying Transaction, including without limitation, expenses related to the preparation, execution and delivery of this Agreement and other documents referenced herein. Spyder will be responsible for paying all costs and fees payable to the Exchange in connection with its review of the Qualifying Transaction (including the review of the Personal Information Forms to be submitted by the proposed executive officers and directors of Anchor following completion of the Qualifying Transaction), all listing fees incurred or to be incurred in connection with the Proposed Transaction and all costs and fees associated with the preparation and filing of a filing statement or the engagement of a sponsor, as may be required by the Exchange.

Confidentiality

9.9 (a) The Parties acknowledge that each will and has provided to the other information that is non-public, confidential, and proprietary in nature. Each of the Parties (and their respective directors, officers, affiliates, representatives, agents and employees) will keep such information confidential and will not, except as otherwise provided below, disclose such information or use such information for any purpose other than for the purposes of consummating the Amalgamation and

the other transactions contemplated by this Agreement. The foregoing will not apply to information that:

- (i) becomes generally available to the public absent any breach of the foregoing;
 - (ii) was available on a non-confidential basis to a Party prior to its disclosure; or
 - (iii) becomes available on a non-confidential basis from a third party who is not bound to keep such information confidential.
- (b) Each of the Parties agrees that immediately upon termination of this Agreement, each Party will return to the other all confidential information.

Severability

9.10 If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein will be and will be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof will not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Further Assurances

9.11 Each Party hereto will, from time to time and at all times hereafter, at the request of the other Parties hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

Time of Essence

9.12 Time will be of the essence of this Agreement.

Applicable Law and Enforcement

9.13 This Agreement will be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Waiver

9.14 Any Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the other Parties, (ii) waive compliance with the other Parties' agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the other Parties' representations or warranties contained herein or in any document delivered by the other Parties; provided, however, that any such extension or waiver will be valid only if set forth in an instrument in writing and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

Counterparts

9.15 This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

ANCHOR CAPITAL CORPORATION

Per: signed "Edward Ierfino"
Authorized Signatory

11304372 CANADA INC.

Per: signed "Edward Ierfino"
Authorized Signatory

SPYDER VAPES INC.

Per: signed "Daniel Pelchovitz"
Authorized Signatory

EXHIBIT "A"

FORM OF ARTICLES OF AMALCO



**Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)**

1 - Corporate name of the amalgamated corporation
 SPYDER CANNABIS SUBCO INC.

2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)
 ONTARIO

3 - The classes and any maximum number of shares that the corporation is authorized to issue
 The corporation is authorized to issue an unlimited number of shares of one class designated as common shares.

4 - Restrictions, if any, on share transfers
 The annexed Schedule 1 is incorporated into this form.

5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)

Minimum number Maximum number

6 - Restrictions, if any, on the business the corporation may carry on
 None.

7 - Other provisions, if any
 None.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

<input checked="" type="checkbox"/>	183 - Long form: approved by special resolution of shareholders	<input type="checkbox"/>	184(1) - Vertical short-form: approved by resolution of directors	<input type="checkbox"/>	184(2) - Horizontal short-form: approved by resolution of directors
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9 - Declaration
 I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
SPYDER VAPES INC.	899163 - 4	
11304372 CANADA INC.	1130437 - 2	
	-	
	-	

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Schedule 1

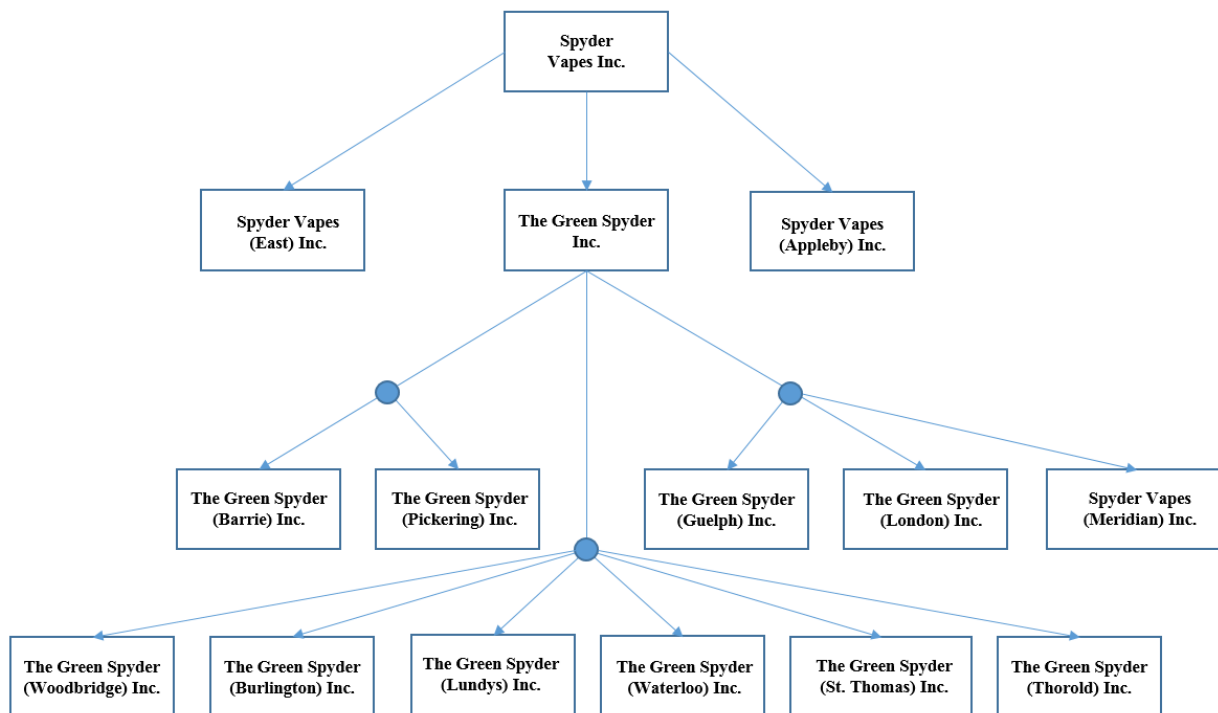
4 – Restrictions, if any, on share transfers

If the corporation:

- (a) is not a reporting issuer or an investment fund within the meaning of applicable securities legislation; and
- (b) has not distributed to the public (excluding accredited investors within the meaning of applicable securities legislation) any of its securities, then no securities in the capital of the corporation (other than non-convertible debt securities) shall be transferred without either:
 - (i) the previous consent of the board of directors expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed by a majority of the directors; or
 - (ii) the previous consent of the holders of at least 51% of the securities of that class for the time being outstanding expressed by a resolution passed by the securityholders or by an instrument or instruments in writing signed by such securityholders.

EXHIBIT “B”

Corporate Organization Chart



Direct Subsidiaries of Spyder

- a) Spyder Vapes (East) Inc.
- b) Spyder Vapes (Appleby) Inc.
- c) The Green Spyder Inc.

EXHIBIT “C”

MATERIAL CONTRACTS

Spyder entered into a ten year lease agreement with Morguard Corporation in October 2014, for an approximately 1,300 square feet retail location in Woodbridge, Ontario.

Spyder entered into a five year lease agreement with OMS Property Management Corporation in December 2015, for an approximately 1,200 square feet retail location in Scarborough, Ontario.

Spyder entered into a five year lease agreement with ICP Developers Inc. on May 8, 2017, for an approximately 1,000 square feet retail location in Burlington, Ontario.

Spyder entered into a Finder’s Agreement with EMD Financial Inc. dated October 2, 2018 in connection with a non-brokered private placement completed by Spyder between November 2018 and December 2018.

EXHIBIT “D”

SPYDER OPTIONS, WARRANTS, AND DEBENTURES

1. Options

- a) An aggregate of 3,300,000 Spyder Shares are issuable pursuant to the exercise of outstanding Spyder Options.

2. Warrants

- a) An aggregate of 387,493 Spyder Shares are issuable pursuant to the exercise of outstanding Spyder Finder Warrants, at a price of \$0.10 per Spyder Share, and with expiry dates ranging from November 13, 2020 to December 20, 2020.

3. Convertible Debentures

- a) An aggregate of 22,309,850 Spyder Shares are issuable upon conversion of the outstanding principal of \$1,577,985 on Convertible Debentures, at prices ranging from \$0.05 to \$0.15 per Spyder Share, and with expiry dates ranging from July 1, 2019 to February 4, 2021, and further, an additional 2,001,669 Spyder Shares are issuable upon conversion of the interest thereon, assuming conversion of the interest as at March 31, 2019.