

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

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Comprehensive Loss	4
Statement of Changes in Shareholders' Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 15



Tel: 403 266 5608
Fax: 403 233 7833
www.bdo.ca

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

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

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)	<u>\$ 64,409</u>	<u>\$ 155,468</u>
TOTAL ASSETS	<u>\$ 64,409</u>	<u>\$ 155,468</u>

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities (note 6)	<u>\$ 16,362</u>	<u>\$ 40,275</u>

SHAREHOLDERS' EQUITY

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

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	<u>(23,913)</u>	<u>13,357</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(91,059)</u>	<u>(78,103)</u>
NET DECREASE IN CASH POSITION FOR THE YEAR	<u>(91,059)</u>	<u>(78,103)</u>
CASH - BEGINNING OF YEAR	<u>155,468</u>	<u>233,571</u>
CASH - END OF YEAR	<u>\$ 64,409</u>	<u>\$ 155,468</u>
SUPPLEMENTARY DISCLOSURE OF CASHFLOW INFORMATION		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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.

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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.

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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.

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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.

ANCHOR CAPITAL CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2017 and December 31, 2016

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	\$ -

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

SHARE CAPITAL, *continued*

As a result of the cancellation of 1,000,000 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:

	Net Loss	Shares	Loss per share	
			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)

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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	18,129	24,694
Deferred tax assets	\$ -	\$ -

- 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.

ANCHOR CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2017 and December 31, 2016

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.