TOP STRIKE RESOURCES CORP.
Audited Financial Statements
Years ended April 30, 2019 and 2018
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Top Strike Resources Corp.:

Opinion

We have audited the financial statements of Top Strike Resources Corp. (the "Company"), which comprise the statement of financial position as at April 30, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended April 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on August 15, 2018.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Scott Laluk.

MNP LLP

Calgary, Alberta
August 27, 2019

Chartered Professional Accountants

TOP STRIKE RESOURCES CORP.
Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes		**April 30, 2019**		April 30, 2018
ASSETS					
Current Assets					
Cash and cash equivalents	5	**$**	**4,856,455**	$	71,791
Subscriptions receivable	6		**200,000**		-
Note receivable	7		**3,250,000**		-
Trade and other receivables	8		**250,977**		927
Prepaids			**35,912**		833
			8,593,344		73,551
Non-Current Assets					
Deposits			**2,500**		-
Equipment	9		**7,982**		-
TOTAL ASSETS		**$**	**8,603,826**	$	73,551
LIABILITIES					
Current liabilities					
Trade and other payables		**$**	**58,370**	$	9,143
TOTAL LIABILITIES			**58,370**		9,143
SHAREHOLDERS' EQUITY					
Share capital	10 (b)		**22,061,737**		17,757,383
Warrants	10 (c)		**4,556,922**		-
Contributed surplus	10		**1,566,334**		33,256
Deficit			**(19,639,537)**		(17,726,231)
TOTAL SHAREHOLDERS’ EQUITY			**8,545,456**		64,408
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**$**	**8,603,826**	$	73,551

Subsequent event (Note 18)

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

On behalf of the Board:

“W. S. McGregor” Director *“J. Sharun”* Director

TOP STRIKE RESOURCES CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended April 30	Notes		**2019**		2018
Expenses					
Office and miscellaneous		**$**	**16,229**	$	241
Depreciation	9		**1,169**		-
Professional fees			**103,762**		11,042
Corporate communication			**47,599**		9,524
Rent and parking			**23,101**		-
Travel			**58,144**		-
Salaries and benefits			**270,616**		-
Meals and entertainment			**35,185**		-
Marketing			**39,818**		-
Conferences			**8,443**		-
Loss on redemption of GIC			**1,038**		-
Share-based compensation	11		**1,532,178**		-
			(2,137,282)		(20,807)
Other income					
Finance income	8		**223,976**		538
			223,976		538
Loss and comprehensive loss for the year		**$**	**(1,913,306)**	$	(20,269)
Loss per common share					
Basic and diluted	12	**$**	**(0.02)**	$	(0.00)
Weighted average number of common shares outstanding					
Basic and diluted	12		**114,577,565**		16,431,428

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

TOP STRIKE RESOURCES CORP.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Shares outstanding		Share capital		Warrants		Contributed surplus		Deficit		Total shareholders' equity
Balance at May 1, 2018	16,431,428	$	17,757,383	$	-	$	33,256	$	(17,726,231)	$	64,408
Issue of units, net of costs	169,324,740		4,283,454		4,557,822		-		-		8,841,276
Exercise of options	200,000		20,000		-		-		-		20,000
Exercise of warrants	10,000		900		(900)		900		-		900
Shared based compensation	-		-		-		1,532,178		-		1,532,178
Loss and comprehensive loss for the year	-		-		-		-		(1,913,306)		(1,913,306)
Balance at April 30, 2019	185,966,168	$	22,061,737	$	4,556,922	$	1,566,334	$	(19,639,537)	$	8,545,456

	Shares outstanding		Share capital		Warrants		Contributed surplus		Deficit		Total shareholders' equity
Balance at May 1, 2017	16,431,428	$	17,757,383	$	-	$	33,256	$	(17,705,962)	$	84,677
Loss and comprehensive loss for the year	-		-		-		-		(20,269)		(20,269)
Balance at April 30, 2018	16,431,428	$	17,757,383	$	-	$	33,256	$	(17,726,231)	$	64,408

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

TOP STRIKE RESOURCES CORP.
Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended April 30	Notes	**2019**	2018
Operating activities			
Loss for the year		**$ (1,913,306)**	$ (20,269)
Non-cash items:			
Depreciation	9	**1,169**	-
Share-based compensation	11	**1,532,178**	-
		(379,959)	(20,269)
Changes in non-cash working capital items:			
Trade and other receivables		**(250,050)**	(332)
Prepaids		**(35,079)**	-
Deposits		**(2,500)**	-
Accounts payable and accrued liabilities		**49,227**	(16,418)
Net cash used in operating activities		**(618,361)**	(37,019)
Financing activities			
Issue of common shares, net of issuance costs	10 (b)	**3,056,415**	-
Issue of warrants, net of issuance costs	10 (c)	**5,805,761**	-
Change in non-cash working capital		**(200,000)**	-
Net cash provided by financing activities		**8,662,176**	-
Investing activities			
Property and equipment expenditures	9	**(9,151)**	-
Issuance of note receivable	7	**(3,250,000)**	-
Net cash used in investing activities		**(3,259,151)**	-
Change in cash and cash equivalents for the year		**4,784,664**	(37,019)
Cash and cash equivalents, beginning of year		**71,791**	108,810
Cash and cash equivalents, end of year		**$ 4,856,455**	$ 71,791

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

1. Nature and continuance of operations

Prior to September 24, 2018, Top Strike Resources Corp. ("Top Strike", the "Company") had no activity and had not earned significant revenues. The Company has evaluated several oil and gas as well as other opportunities. The Company had previously focused on international and domestic oil and gas projects but has expanded its scope to consider other industries as well.

On September 24, 2018, the Company announced the completion of a recapitalization financing, the appointment of a new management team and board of directors and commencement of trading on the Canadian Securities Exchange. The transactions have transitioned the Company from an oil and gas issuer to a merchant capital firm, operating as "Vencanna Ventures Inc.", and aims to provide capital to early-stage global cannabis initiatives, including state compliant opportunities in the United States.

The Company trades under the symbol "VENI" on the Canadian Securities Exchange. The Company's principal place of business is located in Calgary, Alberta. The address of the Company's head office is Suite 310, 250 6th Avenue SW, Calgary, Alberta, T2P 3H7.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") an in effect on May 1, 2018.

These financial statements were approved and authorized for issuance by the Board of Directors on August 27, 2019.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for share-based payments transactions that have been measured at fair value.

(c) Functional and presentation currency

The Company's presentation currency is Canadian dollars. The functional currency of the Company is Canadian dollars.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and cashable guaranteed investment certificates with initial maturity dates of 90 days or less

3. Significant accounting policies (continued)

(b) Equipment

Equipment is recorded at cost and is depreciated over its estimated useful lives as follows:

• Computer equipment	30% declining balance
• Equipment	20% declining balance
• Furniture	20% declining balance

(c) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). A cash generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined to be the amount for which the asset could be sold in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

(d) Financial instruments

The Company adopted IFRS 9 with a date of initial application as of April 1, 2018, the date at which all IFRS 9 classification and measurement is required to be implemented. The Company retrospectively adopted the standard and elected not to restate comparative information. There were no material changes in the measurement and carrying values of the Company's financial instruments as a result of the adoption.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). IFRS 9 eliminates the previous IFRS 39 categories of held to maturity investments, loans and receivables, other financial liabilities and available for sale financial assets. The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and the nature of its contractual cash flow characteristics. Embedded derivatives are not separated if the host contract is a financial asset within the scope of IFRS 9; the entire hybrid contract is assessed for classification and measurement.

Amortized Cost
The Company classifies its subscription receivable, note receivable, trade and other receivables and trade and other payables at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

FVTPL
The Company classifies its cash and cash equivalents at FVTPL. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with changes in fair value charged immediately to the statements of income and comprehensive income.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at April 1, 2018 for each class of the Company's financial assets and financial liabilities. The Company has no contract assets or financial instruments measured at FVOCI. The transition to IFRS 9 did not result in changes to the original carrying amount of the following financial instruments as compared to IAS 39.

Financial Instrument	**IAS 39**	**IFRS 9**
Cash and cash equivalents	Fair value	FVTPL
Subscriptions receivable	Amortized cost	Amortized cost
Note receivable	Amortized cost	Amortized cost
Trade and other receivables	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

IFRS 9 replaces the 'incurred credit loss model' in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. Under IFRS 9, credit losses are recognized earlier than under IAS 39; it is no longer necessary for a credit event to have occurred before credit losses are recognised.
Fair value
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the valuation date. For financial instruments that have no active market, fair value is determined using valuation techniques including the use of recent arm's length market transactions, reference to the current market value of equivalent financial instruments and discounted cash flow analysis.
Share capital
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(e) Share-based compensation

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at grant date. An estimated forfeiture rate is incorporated into the fair value calculated and adjusted to reflect the actual number of options that vest. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus. At exercise, the associated amounts previously recorded as contributed surplus are reclassified to share capital.

(f) Revenue recognition

Effective May 1, 2018, the Company adopted IFRS 15 on a modified retrospective basis. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is to be recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and timing of the revenue recognized. The new standard applies to contracts with customers and does not apply to insurance contracts, financial instruments or lease contracts.

3. Significant accounting policies (continued)

The Company adopted the standard for its fiscal year commencing May 1, 2018, using the retrospective approach. There were no adjustments made to the April 1, 2018 opening statement of financial position.

(g) Per share amounts

Basic per share amounts are computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options or other dilutive instruments were exercised into common shares. The treasury stock method assumes that any proceeds upon the exercise of dilutive instruments, including remaining unamortized compensation costs, would be used to purchase common shares at the average market price of the common shares during the period.

(h) Income taxes

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

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

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

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

(i) Finance income

Finance income consists of interest earned on funds held by the Company's bank, guaranteed investment certificates and the note receivable.

(j) Determination of fair value

A number of the Company's accounting policies and disclosures required the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3. Significant accounting policies (continued)

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into three categories based on the degree to which fair value is observable:

Level 1 **–** Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;

Level 2 **–** Valuations are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; including forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace; and

Level 3 **–** Inputs that are not based on observable data for the asset or liability.

The Company's financial instruments comprise cash and cash equivalents, subscriptions receivable, note receivable, trade and other receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short term to maturity.

The Company's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the period.

(k) New standards and interpretations not yet adopted

Standards that are issued but not yet effective and that the Company reasonably expects to be applicable at a future date are listed below.

Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). This standard introduces a single recognition and measurement model for leases, which would require the recognition of assets and liabilities for most leases with a term of more than 12 months. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the initial adoption date of January 1, 2018. The new standard is to be adopted either retrospectively or using a modified retrospective approach. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on May 1, 2019. The Company's assessment of the impact of the adoption of the standard is still in progress.

4. Management judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are out-lined below.

(a) Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

Recognition of deferred income tax assets
The recognition of deferred income tax assets requires judgements regarding the likelihood and applicability of future income tax deductions. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and ability to apply income tax deductions.

(b) Key sources of estimation uncertainty
The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

Income taxes
Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period which the change occurs.

Share-based payments
The Company measures the cost of its share-based payments to directors, officers, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The assumptions used in determining fair value include share price, expected lives of the options, risk-free rates of return, share price volatility and the estimated forfeiture rate. Changes to assumptions may have a material impact on the amounts presented.

(Expressed in Canadian Dollars)

5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and cashable guaranteed investment certificates. Cash and cash equivalents at the end of the reporting period as shown in the statement of financial position are comprised of:

As at		April 30, 2019		April 30, 2018
Cash and bank balances	$	4,856,455	$	10,576
Guaranteed investment certificates		-		61,215
	$	4,856,455	$	71,791

6. Subscriptions receivable

Pursuant to the Insider Private Placement (Note 10), $200,000 of the proceeds are held in trust by the Company's legal counsel.

7. Note receivable

On January 30, 2019, the Company entered into a loan of $3,250,000 to Ionic Brands Corp. ("Ionic", formerly Blacklist Holdings, Inc. for inventory expansion into its markets and general working capital purposes (the "Loan"). The Loan matures on May 15, 2019, at which time Ionic was to repay the Loan in its entirety along with an additional payment of $260,000, for aggregate gross proceeds of $3,510,000.

At year end, the Company accrued interest receivable of $222,857 pertaining to the Loan, which is included in trade and other receivables.

On May 17, 2019, Ionic repaid the Loan in its entirety along with an additional payment of $286,000, for aggregate gross proceeds of $3,536,000, together with 2,600,000 warrants to acquire common shares of Ionic at an exercise price of $0.55 per Ionic share for a period of one year from issuance.

8. Trade and other receivables

The Company's trade and other receivables are exposed to the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations.

Top Strike's trade and other receivables consist of:

As at		April 30, 2019		April 30, 2018
Interest due from the note receivable (note 6)	$	222,857	$	-
Interest due from guaranteed investment certificates		-		638
GST receivable		28,120		289
	$	250,977	$	927

(Expressed in Canadian Dollars)

9. Equipment

Cost		Furniture		Computer equipment		Equipment		Total
Balance at May 1, 2017 and 2018	$	-	$	-	$	-	$	-
Additions		2,227		6,482		442		9,151
Balance at April 30, 2019	$	2,227	$	6,482	$	442	$	9,151

Accumulated depreciation		Furniture		Computer equipment		Equipment		Total
Balance at May 1, 2017 and 2018	$	-	$	-	$	-	$	-
Depreciation		214		913		42		1,169
Balance at April 30, 2019	$	214	$	913	$	42	$	1,169

Net book value		Furniture		Computer equipment		Equipment		Total
Balance at May 1, 2017 and 2018	$	-	$	-	$	-	$	-
Balance at April 30, 2019	$	2,013	$	5,569	$	400	$	7,982

10. Share capital

(a) Authorized

Unlimited number of common shares with no par value.

(b) Issued

	Number of shares		**Amount**
Balance May 1, 2018 and 2017	16,431,428	$	17,757,383
Issued by private placement	169,324,740		4,949,843
Share issue costs	-		(666,389)
Issued on exercise of options	200,000		20,000
Issued on exercise of warrants	10,000		900
Balance at April 30, 2019	185,966,168		22,061,737

On September 24, 2018, the Company completed a non-brokered private placement (the "Private Placement") of 93,169,642 units ("Units") at a price of $0.06 per Unit for gross proceeds of $5,590,179. Each Unit is comprised of one Common Share and one half of one Common Share purchase warrant (a "First Tranche Warrant"). Each whole First Tranche Warrant entitles the holder thereof to acquire one Common Share at a price of $0.09 per Common Share until September 24, 2021. Provided that the average trading price of the Common Shares is equal to or exceeds $0.14 for any consecutive 20-day trading period following September 24, 2019, the Company will be entitled to accelerate the expiry date of the First Tranche Warrants.

As at April 30, 2019, 15,018,000 shares (2018 - nil) are held in escrow and 15% will be released every six months over 36 months.

10. Share capital (continued)

Concurrent with the Private Placement, the Company issued to the new management team and additional subscribers identified by the new management team (the "Insider Private Placement", and together with the Private Placement, the "Private Placements") 31,497,766 insider units ("Insider Units") at a price of $0.05 per Insider Unit for gross proceeds of $1,574,888. Each Insider Unit is comprised of one Common Share and one Common Share purchase warrant (a "First Tranche Insider Warrant"). Each whole First Tranche Insider Warrant entitles the holder thereof to acquire one Common Share at a price of $0.06 per Common Share until September 24, 2023. Provided that if the Common Shares are either: (i) listed on the facilities of a stock exchange other than the CSE; or (ii) acquired for cash or for the securities of a public company not listed on the facilities of the CSE, then each First Tranche Insider Warrant will be exercisable for two Common Shares at a price of $0.06 per Common Share.

Pursuant to the first tranches of the Private Placements, 2,972,103 finder warrants were issued to brokers on the same terms as the First Tranche Warrants.

On October 19, 2018, the Company completed the second tranche of the Private Placement of 22,602,521 Units at a price of $0.06 per Unit for gross proceeds of $1,356,151. Each Unit is comprised of one Common Share and one half of one Common Share purchase warrant (a "Second Tranche Warrant"). Each whole Second Tranche Warrant entitles the holder thereof to acquire one Common Share at a price of $0.09 per Common Share until October 19, 2021. Provided that the average trading price of the Common Shares is equal to or exceeds $0.14 for any consecutive 20-day trading period following October 19, 2019, the Company will be entitled to accelerate the expiry date of the Second Tranche Warrants.

Concurrent with the second tranche of the Private Placement, the Company completed the second tranche of the Insider Private Placement of 22,054,811 Insider Units at a price of $0.05 per Insider Unit for gross proceeds of $1,102,741. Each Insider Unit is comprised of one Common Share and one Common Share purchase warrant (a "Second Tranche Insider Warrant", and together with the Second Tranche Warrants, First Tranche Warrants and First Tranche Insider Warrants, the "Warrants"). Each whole Second Tranche Insider Warrant entitles the holder thereof to acquire one Common Share at a price of $0.06 per Common Share until October 19, 2023. Provided that if the Common Shares are either: (i) listed on the facilities of a stock exchange other than the CSE; or (ii) acquired for cash or for the securities of a public company not listed on the facilities of the CSE, then each Second Tranche Insider Warrant will be exercisable for two Common Shares at a price of $0.06 per Common Share.

Pursuant to the second tranches of the Private Placements, 195,992 broker warrants were issued on the same terms as the Second Tranche Warrants.

All Common Shares and Warrants (including broker warrants) issued pursuant to the second tranches of the Private Placements were subject to a four-month hold period, in accordance with applicable securities laws and regulations, which expired on February 20, 2019.

On January 16, 2019, 3,104,319 broker warrants were issued to finders in connection with the first and second tranches of the Private Placements. According to the arrangements made with the finders under the Private Placements, certain finders were entitled to more brokers warrants then were issued prior to the filing of the Company's Q2 2019 interim financial statements. As such, the Company was obligated to issue 3,104,319 brokers warrants during Q3 2019 to reflect the terms of the arrangements. These broker warrants were issued on the same terms as the Second Tranche Warrants (except for the expiry and acceleration date, which are January 16, 2022 and 2021, respectively), and are subject to a four-month hold period, in accordance with applicable securities laws and regulations, which expires on May 17, 2019.

(Expressed in Canadian Dollars)

10. Share capital (continued)

The Warrants issued as part of the Units and Insider Units were valued using the Black-Scholes option pricing model. The value assigned to the Warrants was $5,072,045. The issuance costs of the Units and Insider Units ($1,180,612) were allocated between Common Shares and Warrants based on their respective fair value.

(c) Warrants

	Number of warrants		Amount
Balance at May 1, 2018 and 2017	-	$	-
Issued by private placement	117,711,059		5,072,045
Warrant issue costs	-		(514,223)
Exercise of warrants	(10,000)		(900)
Balance at April 30, 2019	117,701,059	$	4,556,922

Each whole Warrant entitled the holder to acquire one Common Share as follows:

Number of warrants	Purchase price	Expiry date
49,546,913	$0.09	September 24, 2021
31,497,766	$0.06	September 24, 2023
11,497,248	$0.09	October 19, 2021
22,054,811	$0.06	October 19, 2023
3,104,319	$0.09	January 16, 2022
117,701,057		

The fair value of the Warrants was determined using a Black-Scholes option pricing model using the following assumptions:

Risk-free rate (%)	1.91 – 2.40 %
Expected life (years)	3 – 5 years
Contractual life (years)	3 – 5 years
Expected volatility (%)	100%
Expected dividend yield	-

11. Share-based compensation

The Company has a share option plan for directors, officers, employees and consultants of the Company whereby share options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Share options are granted for a term of five years and vest 1/3 immediately and then 1/3 on each of the next two anniversaries. The exercise price of each option equals no less than the market price of the Company’s common shares on the date of the grant.

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at grant date. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus.

(Expressed in Canadian Dollars)

11. Share-based compensation (continued)

A summary of stock options outstanding as at April 30, 2019 and 2018 is as follows:

	Options	Weighted average exercise price
Balance, April 30, 2018	900,000	$0.10
Exercised	(200,000)	$0.10
Expired	(700,000)	$0.10
Granted	12,466,740	$0.06
Balance, April 30, 2019	12,466,740	$0.06

As at April 30, 2019, 4,155,580 options are exercisable at $0.06 with a weighted average life remaining of 4.4 years.

Total share-based compensation recorded during the year ended April 30, 2019 was $1,532,178. The Company values share-based compensation by using the Black-Scholes option pricing model. Stock options granted during the year are valued using the following inputs.

Year ended April 30	2019	2018
Volatility	100%	-%
Life	5 years	- years
Risk-free interest rate	2.2%	-%
Exercise price	$0.06	$-
Dividend yield	nil	-

12. Per share amounts

Basic loss per share is calculated based on net loss and the weighted-average number of common shares outstanding. The Company has recorded a loss in each of the years presented and therefore any addition to basic shares is anti-dilutive.

Year ended April 30	2019	2018
Loss for the year	$ (1,913,306)	$ (20,269)
Weighted average number of common shares (basic and diluted)	114,577,565	16,431,428
Basic and diluted loss per share	$ (0.02)	$ (0.00)

At April 30, 2019, there were 12,466,740 (2018 – 900,000) stock options considered anti-dilutive.

(Expressed in Canadian Dollars)

13. Compensation of key management personnel

The Company considers its directors and executives to be key management personnel. The key management personnel compensation is comprised of the following:

Year ended April 30		2019		2018
Share-based compensation	$	1,458,364	$	-
Consulting and professional fees (including director's fees)		225,802		4,388
	$	1,684,166	$	4,388

As at April 30, 2019, amounts payable to directors and executives was $nil (2018 - $nil).

14. Related party transactions

During the year ended April 30, 2019, the Company paid or accrued accounting fees of $15,013 (2018 - $4,388) to a company controlled by a former officer of the Company.

During the year ended April 30, 2019, the Company paid advisory fees and finders fees of $150,000 and $114,924 respectively to three members of the management team of the Company or their related companies pursuant to the Private Placements. In addition, on January 16, 2019, they were issued 1,915,401 warrants of the Company at an exercise price of $0.09 and an expiry date of January 16, 2022.

As at April 30, 2019, accounts payable and accrued liabilities included amounts payable to related parties totaling $6,000 (2018 - $2,700) for accounting fees.

15. Management of capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its activities as a merchant capital firm. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash balances and components of shareholders' equity (deficiency). The Company 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 Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, in order to maximize on-going development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended April 30, 2019. The Company is not subject to externally imposed capital requirements.

16. Financial risk management

As at April 30, 2019, the carrying values of cash and cash equivalents, subscriptions receivable, note receivable, trade and other receivables and trade and other payables approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, subscription receivable, note receivable and trade and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of a chequing account at a reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in subscriptions receivable consist of an amount due from the Company's legal firm. Financial instruments included in trade and other receivables consist of amounts due from the note receivable and government agencies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for receivables by standard credit checks. At April 30, 2019, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company endeavours to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

As at April 30, 2019, the Company had cash and cash equivalents of $4,856,455 (2018 - $71,791) to settle current liabilities of $58,370 (2018 - $9,143).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

(a) Interest risk

The Company is exposed to interest rate risk to the extent that the cash maintained at its banking institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant.

As of April 30, 2019, the Company had a note receivable of $3,250,000 from an American participant in the cannabis industry. The interest rate on the loan is fixed, and as such, the Company is not exposed to significant interest rate risk.

(b) Foreign currency risk

The Company does not have any balances denominated in a foreign currency and believes it has no significant foreign currency risk.

(Expressed in Canadian Dollars)

17. Income taxes

(a) Income tax reconciliation

The Company's income tax provision differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 27.0% (2018 – 27.0%) to the net loss before income taxes as follows:

		2019		2018
Loss before taxes	$	1,913,306	$	20,269
Expected income tax recovery		516,593		5,467
Share-based compensation		(413,688)		-
Non-deductible expenses		(4,751)		-
Share issuance cost		179,925		-
Change in unrecognized deferred tax asset		(278,079)		(5,467)
Income tax recovery	$	-	$	-

(b) Temporary differences

The following provides the details of unrecognized deductible temporary differences and unused losses for which no deferred tax asset has been recognized:

		2019		2018
Exploration and development expenditures and PPE	$	3,386,119	$	3,384,950
Share issue expense		533,112		-
Non-capital losses carried forward		3,386,458		2,890,815
Capital losses carried forward		864,777		864,777

A valuation allowance to eliminate the recognition of the benefits of the temporary differences has been recorded as management believes it is more likely than not that the benefits will never be utilized.

17. Income taxes (continued)

(c) Non-capital losses

The Company's non-capital losses expire as follows:

		($000s)
2026	$	802
2027		788
2028		432
2029		235
2030		203
2031		14
2032		81
2033		89
2034		105
2035		21
2036		24
2037		76
2038		20
2039		495
	$	3,386

(d) Capital losses

The Company has capital losses which can be carried forward indefinitely to offset future capital gains.

18. Subsequent event

Subsequent to year-end, the Company announced a strategic investment with Vertical Companies ("Vertical"), whereby the Company loaned Vertical $4,000,000.