

TOP STRIKE RESOURCES CORP.
Operating as “Vencanna Ventures”
Condensed Interim Financial Statements (unaudited)
Three and Six months ended October 31, 2022 and 2021
(Expressed in Canadian dollars)

Notice

Top Strike Resources’ auditor, MNP LLP, has not reviewed the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(unaudited)

As at		October 31, 2022	April 30, 2022
	Notes		
ASSETS			
Current Assets			
Cash and cash equivalents	4	\$ 6,126,497	\$ 6,644,223
Note receivable	5	3,473,357	3,073,013
Trade and other receivables		7,159	11,078
Prepays		2,812	16,932
Due from related parties	10	64,610	-
		9,674,435	9,745,246
Non-Current Assets			
Deposits		2,500	2,500
Equipment		3,493	3,997
TOTAL ASSETS		\$ 9,680,428	\$ 9,751,743
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		412,659	333,100
		412,659	333,100
Non-Current liabilities			
Loan	6	26,549	27,986
Convertible debenture – debt component	7	137,432	110,167
Convertible debenture – derivative component	7	1,920,704	2,002,142
TOTAL LIABILITIES		2,497,344	2,473,395
SHAREHOLDERS' EQUITY			
Share capital	8	21,967,258	21,968,258
Warrants		4,556,922	4,556,922
Contributed surplus		1,885,317	1,885,317
Deficit		(21,226,413)	(21,131,149)
Treasury stock		-	(1,000)
TOTAL SHAREHOLDERS' EQUITY		7,183,084	7,278,348
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 9,680,428	\$ 9,751,743

Subsequent event (Note 12)

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(unaudited)

		Three months ended October 31		Six months ended October 31	
		2022	2021	2022	2021
Notes					
Revenues					
Interest income		\$ 120,346	\$ 118,168	\$ 218,288	\$ 355,520
Change in fair market value of investments and financial instruments:					
Unrealized gain/loss on investments, and derivative instruments	6,7	(38,411)	195,709	56,972	380,043
Unrealized gain/(loss) on foreign exch.		290,922	(19,655)	283,498	68,188
		372,857	294,222	558,758	803,751
Expenses					
Office and miscellaneous		4,531	2,453	6,647	4,767
Depreciation		243	258	504	534
Professional fees		28,961	76,695	74,472	103,490
Consulting fees		124,617	-	144,030	-
Corporate communication		18,290	16,003	34,472	32,968
Rent and parking		9,606	7,264	18,032	13,996
Travel		4,672	6,916	12,694	7,299
Salaries and benefits		130,429	135,274	264,569	265,449
Meals and entertainment		4,238	3,764	5,343	8,779
Interest and bank charges		50,441	37,002	93,259	72,500
Share-based compensation		-	4,720	-	9,440
		376,028	290,349	654,022	519,222
Income (loss) and comprehensive income (loss) for the period					
		\$ (3,171)	\$ 3,873	\$ (95,264)	\$ 284,529
Earnings (loss) per share					
Basic and diluted	9	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding					
Basic and diluted		181,283,390	181,411,390	181,283,390	181,411,390

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(unaudited)

	Shares outstanding	Share capital	Warrants	Contributed surplus	Deficit	Treasury stock	Total shareholders' equity
Balance at May 1, 2022	181,283,390	\$21,968,258	\$4,556,922	\$1,885,317	\$(21,131,149)	(1,000)	\$7,278,348
Shares cancelled-NCIB	-	(1,000)	-	-	-	1,000	-
Loss and comprehensive loss for the period	-	-	-	-	(95,264)	-	(95,264)
Balance at October 31, 2022	181,283,390	\$21,967,258	\$4,556,922	\$1,885,317	\$(21,226,413)	-	\$7,183,084
Balance at May 1, 2021	181,411,390	\$21,976,797	\$4,556,922	\$1,879,211	\$(20,485,420)	(5,356)	\$7,922,154
Share base compensation	-	-	-	9,440	-	-	9,440
Shares cancelled-NCIB	-	(5,356)	-	-	-	5,356	-
Income and comprehensive income for the period	-	-	-	-	284,529	-	284,529
Balance at October 31, 2021	181,991,390	\$21,971,441	\$4,556,922	\$1,888,651	\$(20,200,891)	-	\$8,216,123

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(unaudited)

		Three months Ended October 31		Six months Ended October 31	
		2022	2021	2022	2021
	Notes				
Operating activities					
Net income (loss) for the period		\$ (3,171)	\$ 3,873	\$ (95,264)	\$ 284,529
Adjustments for:					
Interest income		(104,563)	-	(202,505)	(126,712)
Depreciation		244	257	504	533
Share-based compensation		-	4,719	-	9,440
Unrealized loss (gain) on investments and financial instruments		41,209	(195,709)	(54,173)	(380,043)
Unrealized foreign exchange loss (gain)		(290,922)	19,655	(283,498)	(68,187)
Gain on CEBA loan	6	(2,798)	-	(2,798)	-
Loan accretion	6	605	681	1,361	1,362
Prepays		7,059	(2,799)	14,120	4,026
Due to from related parties	10	(64,610)	-	(64,610)	-
Trade and other receivables		(3,600)	(5,221)	3,918	2,461
Unearned interest		-	-	-	(12,787)
Accounts payable and accrued liabilities		46,874	75,102	59,756	103,934
		(373,673)	(99,442)	(623,189)	(181,444)
Changes in non-cash working capital items:					
Settlement of convertible promissory notes		-	-	-	6,838,699
Interest received		-	(118,169)	-	(228,809)
Net cash from (used) in operating activities		(373,673)	(217,611)	(623,189)	6,428,446
Net change in cash for the period		(373,673)	(217,611)	(623,189)	6,428,446
Exchange differences on cash and cash equivalents		105,463	-	105,463	-
Cash and cash equivalents, beginning of period		6,394,707	7,370,000	6,644,223	723,943
Cash and cash equivalents, end of period		\$ 6,126,497	\$ 7,152,389	\$ 6,126,497	\$ 7,152,389

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements

For the three and six months ended October 31, 2021 and 2020

(Expressed in Canadian dollars)

(unaudited)

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", 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 and under the symbol TPPRF on the OTCQB Venture Market ("OTCQB"), a US trading platform operated by the OTC Market Group in New York. 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 presentation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These condensed interim financial statements do not include all the information required for full annual financial statements.

These condensed interim financial statements are stated in Canadian dollars and have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended April 30, 2022 except as specified in Note 3 below. These condensed interim financial statements should be read in conjunction with the financial statements and notes thereto in the Company's annual filings for the year ended April 30, 2022. The condensed interim financial statements were approved and authorized for issuance by the board of directors of Top Strike on December 30, 2022.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for share-based payment transactions, investments, convertible notes, convertible debentures and derivative instruments which have been recorded at fair market value.

(b) Functional currency

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

3. Summary of significant accounting policies

Cash and Cash equivalents

Cash and cash equivalents include cash on hand, bank and demand deposits, and treasury bills with an initial maturity of less than 90 days from the date of initial acquisition.

Other than the above the accounting policies used are consistent with those of the previous financial year as described in Note 3 of the Company's financial statements for the year ended April 30, 2022.

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Notes to Condensed Interim Financial Statements

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4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank and demand deposits together with short-term treasury bills with an initial maturity of less than 90 days. They are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Cash at bank and in hand:	October 31, 2022	April 30, 2022
Bank and demand deposits	\$ 3,118,089	\$ 6,664,223
Short-term treasury bills	3,008,408	-
	\$ 6,126,497	\$ 6,644,223

Bank and demand deposits include \$1,308,750 (April 30, 2022 - \$1,489,287) held in US denominated accounts.

5. Note receivable

On March 11, 2021, the Company entered into a US\$2,000,000 facility loan agreement with the Cannavative Group LLC ("Cannavative") to facilitate planned capital expansion initiatives or other uses as agreed by the Company (the "Cannavative Note"). The commencement date of the Cannavative Note was March 19, 2021.

On April 25, 2022, the Company entered into a definitive unit exchange agreement ("Definitive Agreement") with Cannavative, pursuant to which the Company will require all the issued and outstanding membership units of Cannavative in an all-share exchange (the "Transaction"). The Transaction is expected to constitute a "Fundamental Change" pursuant to the policies of the Canadian Securities Exchange (the "CSE") and will be subject to acceptance of the CSE and shareholder approval; the loan is expected to be settled upon closing of the Transaction.

The maturity date of the Cannavative Note has been extended to January 9, 2023, or at anytime prior to the maturity date at the borrower's discretion. Interest on the Cannavative Note is 12.5% per annum. Prior to the execution of the Definitive Agreement, the interest rate was 17.5% per annum.

During the period, the Company accrued \$104,563 (2021 - \$118,168) in interest. As at October 31, 2022, the principal and interest balance of the Cannavative Note is \$3,473,357.

6. Loan

On June 6, 2020, the Company received a \$40,000 Canada Emergency Response interest free loan to cover operating costs. The loan was offered by the Government of Canada through the Company's bank and is related to the Covid-19 pandemic. The balance of the loan was originally due December 31, 2022, and was extended by one year. The loan maturity date is currently December 31, 2023. Full payment of the loan by the deadline will result in a loan forgiveness benefit of \$10,000.

On December 31, 2023, the Corporation has the option to extend the loan for an additional 2 years at an annual interest rate of 5%. In determining the fair value of the loan, the Company used an effective interest rate of 10% and considered the interest free and forgiveness features of the loan.

The fair value of this loan on the initial recognition date of June 6, 2020 was \$22,915. The fair value of the loan as at October 31, 2022 is \$26,549. During the period, the Company recorded an unrealized gain related to the extension benefit of \$2,798, and loan accretion of \$604 on the Statement of Income (Loss) and Comprehensive Income (Loss).

7. Convertible debenture

On July 3, 2020, the Company issued a US\$1,300,000 convertible debenture maturing July 3, 2022 (the "Debenture"). The Company subsequently extended the maturity of the Debenture to July 3, 2024. The Debenture is currently convertible at the holder's option at a conversion rate of US\$0.0435 per common share totaling 29,900,000 common shares of the Company. The Debenture carries an interest rate of 9.6% and is accrued and payable on January 31, April 30, July 31, and October 31 of each year; interest is paid in cash, common stock, a combination thereof, or accrued. The Company may elect to force conversion if the Company's 10-day weighted average closing price of its

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7. Convertible debenture (continued)

common shares traded through the facilities of the Canadian Stock Exchange prior to that date equals or exceeds US\$0.075 per common share.

The conversion and debt feature of the Debenture is presented separately on the Condensed Statement of Financial position due to the variability of foreign currency of the settlement feature. The Black Scholes option pricing model is used to value the derivative component up to a maximum value of the Company's forced conversion option. The derivative component is valued upon the initial issuance date July 3, 2020 and at each period end date. The Debenture carries an implied interest rate of 17%.

Convertible debenture	October 31, 2022	July 3, 2020
Debt component (US)	\$ 100,993	\$ 1,174,622
Foreign exchange rate	~1.36	~1.36
Debt component	137,432	1,593,375
Derivative component	1,920,704	170,075
	\$ 2,058,136	\$ 1,763,450

8. Share capital

a) Authorized:

Unlimited number of common shares with no par value.

b) Issued

	Number of shares	Amount
Balance May 1, 2021	181,491,390	\$ 21,976,797
Cancelled	(183,000)	(8,539)
Balance at April 30, 2022	181,308,390	21,968,258
Cancelled	(25,000)	(1,000)
Balance at October 31, 2022	181,283,390	\$ 21,967,258

During the year, the Company cancelled 25,000 common shares held in treasury at a cost of \$1,000.

c) Warrants

	Number of warrants	Amount
Balance May 1, 2021	117,711,057	\$ 4,556,922
Expired	(64,148,482)	-
Balance at April 20, 2022	53,552,577	4,556,922
Balance October 31, 2022	53,552,577	\$ 4,556,922

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

Number of warrants	Purchase price	Expiry date
31,497,766	\$0.06	September 24, 2023
22,054,811	\$0.06	October 19, 2023
53,552,577		

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8. Share capital (continued)

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	-

9. Per share amounts

Basic and diluted earnings per share is calculated based on net loss and the weighted-average number of common shares outstanding.

	Three months ended October 31		Six months ended October 31	
	2022	2021	2022	2021
Income (loss) for the period	\$ (3,171)	\$ 3,873	\$ (95,264)	\$ 284,529
Weighted average number of common shares:				
Basic and diluted	181,283,390	181,411,390	181,283,390	181,411,390
Earnings per share:				
Basic and diluted	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00

As at October 31, 2022, there were Nil (2021 – Nil) stock options considered anti-dilutive.

10. Related party transactions

During the period ended October 31, 2022, \$63,444 (2021 - \$17,028) in legal fees were incurred from a law firm at which an officer of the Company is a Partner. As at October 31, 2022, accounts payable and accrued liabilities included amounts payable to the law firm totaling \$15,023 (2021 - \$3,296).

Convertible Debenture

On July 3, 2020, the Company issued a debenture for US\$1,300,000 to Jon Sharun, a director of the Company. During the period the Company elected to accrue US\$37,139 in interest related to the debenture (Note 7). As at the end of the period, the Company has accrued \$371,221 (US\$271,976) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

New Jersey Entities

The New Jersey Entities include TGC New Jersey LLC (“TGC”), CGT New Jersey LLC (“CGT”), and October Gold LCC (“October Gold”, collectively with TGC and CGT, the “NJ Entities”). The New Jersey Cannabis Regulatory Commission (“CRC”) has awarded TGC a Conditional Class 3 Cultivation and Manufacturing License, and each of CGT and October Gold a Conditional Retail License. A Conditional cannabis license allows the holder 165 days, subject to extension, to secure a site for operations, obtain municipal approval for the cannabis business, and for the license holder to submit its Conversion application to the CRC for their review and final approval for an Annual license. Insiders of the Company, including the CEO; VP Originations; and an independent director, are equity holders of TGC, CGT, and October Gold respectively. Due to the combination of insider ownership interest, the occurrence of transaction activity during the period, and the subsequent signing of an operating agreement with the NJ Entities (Note 12) these insiders of the Company are deemed to exert significant influence over the entities.

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Notes to Condensed Interim Financial Statements

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10. Related party transactions (continued)

On August 1, 2022, the Company advanced a US\$50,000 (\$64,610) refundable deposit, and signed a contingent guarantee for an operating lease on a premises on behalf of TGC to cultivate cannabis (the "TGC Advance"). Commencement of the guarantee and non-refundable status of the TGC Advance is dependent upon the issuance of TGC's final cultivation conversion license; however, there is no assurance the conversion application will be accepted by the CRC.

During the period, the Company incurred costs related to consulting fees, licensing fees, legal and professional fees, incidental costs, and the TGC Advance of \$195,844 related to the NJ Entities. Below is the breakdown of incurred costs by entity:

	TGC New Jersey LLC (TGC)	CGT New Jersey LLC (CGT)	October Gold LLC (October Gold)	Total
Professional and other	3,980	2,637	-	6,617
Consulting	109,136	-	15,481	124,617
	113,116	2,637	15,481	131,234
Due from related parties	64,610	-	-	64,610
	\$ 177,756	\$ 2,637	\$ 15,481	\$ 195,844

In the event of a successful Annual license TGC, CGT and October Gold will reimburse the Company for their respective costs incurred. There is no assurance TGC, CGT, or October Gold will receive their respective Annual license and as a result the company expensed the costs as they incur and classified the TGC Advance as due from related parties. As at October 31, 2022, the Company has a due from related parties balance of \$64,610 from TGC.

11. Financial risk management

As at October 31, 2022, the carrying values of cash and cash equivalents, trade and other receivables, prepaids and accounts payable and accrued liabilities approximate their 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

Credit risk represents the risk associated with the inability of a counterparty to fulfil its financial obligations. The Company is exposed to credit risk through cash, trade and other receivables. The cash balance is primarily held in accounts at reputable financial institutions. Trade and other receivables consist of government receivables. The Company does not have significant concentration credit risk from cash, trade and other receivables.

As at October 31, 2022, the Company is exposed to credit risk of \$3,473,357 related to its note receivable balance. The note is non-revolving and the maturity date is connected to the non-binding letter signed with Cannavative of March 12, 2021 and matures no later than January 9, 2023. Additionally, on August 1, 2022, the Company signed a contingent guarantee for an operating lease on behalf of TGC. The guarantee is contingent upon TGC obtaining a cultivation license from the state of Nevada and there is no assurance TGC will successfully obtain the license.

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For the three and six months ended October 31, 2021 and 2020

(Expressed in Canadian dollars)

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11. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at October 31, 2022, the Company had a cash and cash equivalent balance of \$6,126,497 (April 30, 2022 - \$6,644,223) to settle current liabilities of \$412,659 (April 30, 2022 - \$333,100). Historically, the Company's sole source of funding has been the issuance of equity securities for cash, 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 commodity and equity prices.

a) *Interest risk*

The Company is exposed to interest rate risk to the extent that the cash and short-term treasury bills held at its banking institution is subject to floating and fluctuating rates of interest.

As of October 31, 2022, the Company had a note receivable balance of \$3,473,357 (2021 - \$2,717,750) 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*

As at October 31, 2022, the Company holds a note receivable and has issued a convertible debenture in American Dollars. The Company's objective in managing its foreign currency is to minimize its net exposure to foreign currency cash flows by transacting with third parties in the functional currency when possible. The Company is exposed to currency rate risk from fluctuations in the value of cash, investments, and convertible debentures. The Company currently does not use foreign exchange contracts to hedge its exposure to foreign currency risk.

As at October 31, 2022, a 1% foreign exchange differential in the American Dollar, with all other factors remaining constant, would result in \$28,000 change in income (loss).

12. Subsequent event

On April 20, 2022, the Company announced that it was assisting community groups in New Jersey in joint submissions of cannabis business applications. The joint applications included TGC, CGT, and October Gold, collectively the NJ Entities. In April 2022, the New Jersey Cannabis Regulatory Commission ("CRC") awarded TGC a Conditional Standard Tier III Cultivation License and a Conditional Standard Manufacturing License, and in July 2022 the CRC awarded CGT a Conditional Standard Retail License, and in September 2022, the CRC awarded October Gold a Conditional Standard Retail License (collectively the "Conditional Licenses"). A Conditional license allows the holder, for a 165-day period subject to extension, to secure a site for operations, and obtain municipal approval for the cannabis business at that site. Upon securing the site and municipal approval, the applicant must submit a detailed Conversion Application to the CRC for their review and final approval for an Annual license. It is the Company's intent, but not its obligation, to assist in the development and the operations of the NJ Entities. Amounts spent by the Company to support the NJ Entities will be under financial arrangements typical for businesses of this nature, such terms subject to CRC regulations. During November 2022, the NJ Entities signed their respective shareholder operating agreements. The Company has executed purchase options, at the option of the Company, with the shareholders of the NJ Entities, subject to regulatory approvals.