Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

The following Management's Discussion & Analysis ("MD&A") as provided by the management of Top Strike Resources Corp. ("Top Strike" or the "Company") should be read in conjunction with the Company's audited financial statements and accompanying notes for the years ended April 30, 2023 and 2022. All financial measures are expressed in Canadian dollars unless otherwise indicated. Top Strike's MD&A and financial statements were prepared under International Financial Reporting Standards ("IFRS"). The reader should be aware that historical results are not necessarily indicative of future performance. The effective date of this MD&A is August 28, 2023.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward Looking Statements" on page 10 of this report.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company trades under the symbol "VENI" on the Canadian Securities Exchange (the "CSE") and "TPPRF" on the OTCQB Venture Market ("OTCQB"), a US trading platform operated by the OTC Markets 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 200, 622 5th Avenue SW, Calgary, Alberta, T2P 0M6.

Prior to September 24, 2018, Top Strike Resources Corp. (dba Vencanna Ventures, "Vencanna" or the "Company") had no activity and had not earned significant revenues and was listed on the TSX Venture Exchange. 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, rebranded as "Vencanna Ventures", providing capital to early-stage global cannabis initiatives including state compliant opportunities in the United States.

Since the World Health Organization (the "**WHO**") declared COVID-19 as a pandemic in March of 2020, the impact of the COVID-19 pandemic and jurisdictional policies put into effect to counter the virus has for the most part dissipated (on May 5, 2023 the WHO ended Covid-19 as a public health emergency). It is important to point out, that while restrictions were in place, all U.S. states deemed access to medical cannabis an "essential" service, and most U.S. states deemed access to recreational cannabis an "essential" service. Government stimuluses and supply chain bottle necks due to pent up demand and world economies staggard reopening led to worldwide high inflation, which in turn required the world's reserves banks to raise their base interest rates. July 2023, the U.S. Federal Reserve raised interest rates for the 11th time in 17 months in its ongoing drive to curb inflation. It needs to be stressed that the full economic impact from the pandemic, and associated government responses, continues to be unknown at this time.

The U.S. cannabis industry continues to expand with demand increasing due to patient and customer growth, as well as new jurisdictions expanding their access to cannabis for both medical and recreational purposes. According to cannabis researcher Brightfield Group, seven new U.S. states began sales in 2022 (six adult use, one medical), with total U.S. sales in 2022 reaching US$27 billion. The Brightfield Group expects 2023 sales to exceed US$31 billion, and are forecasting over US$50 billion by 2028 with the overall economic impact being two to three times actual sales. There are currently 38 states, four out of five permanently inhabited USA territories, as well as the District of Columbia, that have legalized medical cannabis, and 23 of those states, including the District of Columbia, allow for recreational use.

The Secure and Fair Enforcement (SAFE) of Banking Act was initially passed by Congress on September 25, 2019 and has since passed 5 additional times. Thirty-nine (39) senators have co-sponsored the SAFE Banking Act, including 7 Republicans and 1 independent. There has been numerous additional bills being put forth; the Marijuana Opportunity Reinvestment and Expungement (MORE) Act which was passed by the House Judiciary Committee on Nov 20, 2019, the Strengthening the Tenth Amendment Through Entrusting States (STATES) Act, the Cannabis Administration and Opportunity Act (CAOA) which is supported by Majority Senate Leader Schumer (D-NY), and Senators Wyden (D-OR) and Booker (D-NJ), and the States Reform Act, sponsored by Rep. Nancy Mace (R-S.C.),a proposal to remove cannabis from the auspices of the federal Controlled Substances Act, and regulate cannabis similarly to alcohol. These, and other bills, are pieces of legislation seeking to reform cannabis laws in the United States, though SAFE continues to be the primary cannabis reform bill being considered. In a recent hearing in the Senate Banking, Housing and Urban Development Committee, Sen. Jack Reed (D-RI) raised concerns about the language of Section 10 of SAFE being too broad and wants it narrowed to only address cannabis. A spokesperson for Steve Daines (D-OH) said there are enough Republican votes to get SAFE passed subject to a satisfactory resolution of Section 10.

On October 6 2022, President Biden pardoned all Federal offences of simple possession of cannabis. In addition, the President instructed the Attorney General along with the US Department of Health and Human Services (HHS) to initiate an administrative process to review the scheduling of cannabis, which is currently classified as a Schedule I of the Controlled Substance Act. Scheduled I is reserved for the most dangerous of substances. In May 2023, the secretary of the HHS, Xavier Becerra, said, "Stay tuned. We hope to be able to get there pretty soon – hopefully this year." On December 22, 2022, President Biden signed into law the "Medical Marijuana and Cannabidiol Research Expansion Act, H.R. 8454," (the Cannabis Research Bill). This bipartisan legislation is the first standalone cannabis reform bill to pass both the House and Senate, marking a significant milestone in the evolution of federal cannabis policy. While the new law does not change marijuana's status as a Schedule I substance, the legislation is intended to: 1) advance research on the potential risks and medical benefits of cannabis, cannabis products, and their synthetic equivalents by streamlining and clarifying the role of the Drug Enforcement Administration (DEA in research); 2) expand sources of research-grade marijuana; 3) promote the commercial development of FDA-approved drugs derived from marijuana and CBD; and 4) ensure that physicians may discuss the potential risks and benefits of marijuana and CBD with their patients. While these developments would indicate the possibility of cannabis reform in the United States, there is no definitive timeline to such reform.

The Company derives 92% of its income from the cannabis industry in certain states in the United States which is illegal under the federal laws of the United States. However, the Company is not aware of any non-compliance by the Company or its investees that would be contrary, or illegal, under applicable state laws. While Management believes that the Company is on track to accomplish its stated business objectives, continued reform and global legalization of cannabis will create both greater opportunities, and potentially a more competitive environment for cannabis-based companies and its service providers thereby potentially affecting market conditions and hence affecting our foregoing milestones.

HIGHLIGHTS AND RECENT DEVELOPMENTS

On August 16, 2023, the Company and Cannavative Group LLC ("**Cannavative**") amended and restated the definitive unit exchange agreement (the "**A&R Definitive Agreement**" or the "**Transaction**"). Pursuant to the agreement, the Company will acquire all the membership units of Cannavative through the issuance of 29.4 million common shares and the issuance of 14.7 million share purchase warrants, each exercisable for one common share at an exercise price of US$0.10 for a period of 18 months following the date of issuance ("**B Warrants**"). Additionally, subject to the achievement of certain 2024 milestones and the receipt of certain cash receivables, holders of membership units of Cannavative will receive up to 75 earn-out units ("**Earn-out Units**") in respect of each membership unit. Earn-out units consist of one common share plus one-half B Warrant.

Further, Cannavative's US$6.8 million debt will convert into 90.4 million shares and 18.1 million share purchase warrants, exercisable for one common share at an exercise price of US$0.075 for a period of 9 months ("**A Warrants**"), and 18.1 million B Warrants. Additionally, the Company's unsecured convertible debenture with a principal amount of US$1.3 million plus accrued interest will convert to approximately 38.1 million common shares.

Upon closing of the Transaction, the Company will have approximately 345 million common shares, 107.3 million share purchase warrants, 66.7 million Earn-out Units, and 17.2 million options outstanding. The Company will be debt free with approximately US$5.0 million in cash and net working capital. The Transaction combines a dynamic and integrated team with the capability and capacity to deepen its penetration in the Nevada market and the opportunity to expand vertically in the New Jersey market.

The transaction is expected to constitute a "Change in Control" and a "Fundamental Change" pursuant to the policies of the CSE and customary shareholder and regulatory approvals. The transaction is expected to close on or before October 31, 2023. Please see below for further details on the proposed transaction.

On March 11, 2021, the Company entered into a US$2,000,000 facility loan agreement with Cannavative (the "Cannavative Note"). On March 31, 2023, the parties signed an Amended Restated Letter Loan Agreement, where the Cannavative note is due within 90 days upon demand with interest payable monthly.

On November 14, 2022, the Company executed a $75,000 facility loan agreement with CanX CBD processing Corp. ("CanX"). The loan is for general operating purposes and carries a non-compounded interest rate of 18%. The principal and interest balance are payable upon demand.

On October 11, 2022, The Company's normal course issuer bid ("NCIB", the "Bid") expired. The board of directors has approved the renewal of the Bid, commencing after the Company's shares renew trading. Under the Bid, the Company may purchase up to 5% of the Company's common shares.

On June 24, 2022, the Company exercised its option to extend the convertible debenture from July 3, 2022 to July 3, 2024. The interest rate on the note increased from 8% to 9.2% for the remainder of the term. The conversion rate changed from 26,000,000 to 29,900,000 common shares.

The Company has made significant progress to advance its community partnerships including TGC New Jersey LLC. ("TGC"), CGT New Jersey LLC ("CGT"), and October Gold LLC ("October Gold", collectively with TGC and CGT, the "NJ Entities"). To date, 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. TGC has secured a site through signing a lease with Vencanna as guarantor, subject to TCG obtaining its annuals licenses, and has received municipal support from the township of Cinnaminson, NJ. The site is a 15,500-sf facility, allowing for cultivation, manufacturing and retail sales of cannabis and related products. TGC has submitted its conversion application for cultivation and manufacturing, and concurrently has submitted its retail application (in February 2023, the state of New Jersey allowed cultivators and manufacturers to also be licenced retailers). The Company and its community partners continue to review attractive sites for CGT and October Gold, collaborating closely with local municipalities. During the year the NJ Entities incurred $729,896 in consulting, professional fees, and advances to related parties.

SELECTED ANNUAL INFORMATION

Year ended April 30th (000's)	2023 ($)	2022 ($)	2021 ($)
Revenue	356	457	(351)
Expenses	1,183	1,103	1,000
Share-based compensation	-	6	69
Gain (Loss) for the year	(827)	(646)	(1,351)
Gain (Loss) per share	(0.00)	(0.00)	(0.01)
Total assets	9,265	9,752	10,009
Total liabilities	2,323	2,474	2,088

Financial results for the years ended April 30, 2023 and 2022

The Company recorded net loss of $826,963, $0.00 per common share for the year ended April 30, 2023 as compared to a net loss of $645,729, $0.00 per share for the year ended April 30, 2022.

Revenues for the year ended April 30, 2023, were $356,325 (2022 - $456,992). The Company generated $494,822 (2022 - $603,662) in interest income from its short-term treasury deposits and two receivable notes. Changes in fair value included; an unrealized loss of $258,255 related to a fair value adjustment of the due to related parties balance, an unrealized loss on investments and derivative instruments of $137,097 (2022 - $355,195) related to the change in fair value of the Company's convertible debenture, and an unrealized foreign exchange gain of $256,855 (2022 - $208,525) related to currency fluctuations on the Company's US denominated balances.

Expenses for the year ended April 30, 2023, were $1,183,288 (2022 - $1,102,721). General and administrative expense included, salaries and benefits of $552,233 (2022 - $559,410), professional fees of $148,848 (2022 - $164,101), consulting fees of $144,030 (2022 - $95,384), interest and bank charges of $197,734 (2022 – $148,781), corporate communication expenses of $53,209 (2022 – 62,918), share-based compensation of $- (2022 - $6,105) and other expenses of $87,234 (2022 - $66,022).

SUMMARY OF QUARTERLY RESULTS

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

Quarter ended (000's)	**Apr 30, 2023 ($)**	**Jan 31, 2023 ($)**	**Oct 31, 2022 ($)**	**Jul 31, 2022 ($)**	**Apr 30, 2022 ($)**	**Jan 31, 2022 ($)**	**Oct 31, 2021 ($)**	**Jul 30, 2021 ($)**
Revenue	(366)	178	373	181	151	294	510	1
Income (Loss) for the period	(629)	(98)	(3)	(97)	(124)	3	281	(301)
Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	0.00	(0.00)
Total assets	9,266	9,490	9,680	9,572	9,801	9,957	10,130	10,009
Total liabilities	2,323	2,409	2,497	2,391	1,712	1,741	1,718	2,088

As of the date hereof, a major portion of the Company's business was derived from material ancillary involvement in US cannabis-related activities. As at April 30, 2023, 53% of the Company's assets and 92% of income was directly related to US cannabis activities.

RESULTS OF OPERATIONS

Financial results for the three months ended April 30, 2023 and 2022

The Company recorded a net loss of $629,433, $0.00 per common share for the three months ended April 30, 2023 as compared to a net loss of $806,212, $0.00 per share for the three months ended April 30, 2022.

Revenues for the three months ended April 30, 2023, were $(365,835) (2022 - $(498,029)). The Company generated $132,753 (2022 - $123,309) in interest income from its short-term treasury deposits and two receivable notes. Changes in fair value included; an unrealized loss of $258,255 (2022 – Nil) related to a fair value adjustment of the due to related parties balance, an unrealized (loss) on investments and derivative instruments of $318,488 (2022 - $(672,168)) related to the change in fair value of the Company's convertible debenture, and an unrealized foreign exchange gain of $78,156 (2022 - $50,829) related to currency fluctuations on the Company's US denominated balances.

Expenses for the three months ended April 30, 2023, were $263,598 (2022 - $308,184). General and administrative expense included, salaries and benefits of $138,033 (2022 - $135,538), professional fees of $45,373 (2022 - $51,845), consulting fees of Nil (2022 - $50,602), interest and bank charges of $52,009 (2022 – $37,598), and other expenses of $28,183 (2022 - $32,601).

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

As at April 30, 2023, the Company had a cash balance of $5,179,631 (2021 - $6,644,223) to settle current liabilities of $534,037 (2022 - $333,100). As at April 30, 2023, the Company's cash decreased by $1,464,862 from April 30, 2022 primarily related to operating activates.

The Company has no commitments for property and equipment expenditures for fiscal 2023. The Company anticipates that any property and equipment expenditures based on future needs, will be funded from cash on hand and the issuance of equity securities.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The timely preparation of the financial statements requires management to make judgments, 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.

Critical judgments in applying accounting policies

The following are the critical judgments, 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.

Fair value of financial instruments

For Level 3 investments and complex instruments where quoted prices are not readily available the Company values its investments using recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. In determining fair value for these types of instruments: the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; comparable trading and transaction multiples, where applicable; and other pertinent considerations are taken into consideration. Adjustments to the carrying value of the investments may also be determined when there is pervasive and objective evidence of a decline in the value of the investment, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments since acquisition.

Although the Company believes that its estimates of fair value for Level 3 investments are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

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.

ACCOUNTING POLICIES

The accounting policies used are consistent with those as described in Note 3 of the Company's financial statements for the year ended April 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTION – CANNAVATIVE

About Cannavative

Cannavative is a leading premium cannabis brand in the state of Nevada, producing a wide variety of flower extracted products, including its award-winning infused pre-roll, The Motivator, and one of Neveda's top selling vapes, Resin8. Cannavative has deep penetration in the Nevada market and is a multi-cup winner, including a gold and silver medalist at the 2020 Las Vegas Cannabis Awards, a Jack Herer Cup in 2019 for their vape pen, and in 2018, Leafy named them the Best Flower Products Brand. Based in Reno, Nevada, they operate out of a 40,000 s.f. facility, which houses a +10,000-sf state-of-the-art pharmaceutical-grade extraction lab and kitchen. In addition, there is a 2,800 s.f. greenhouse on the property with significant ability to expand to meet demand.

Amended and Restated Definitive Agreement

On March 12, 2021, the Company announced that it had entered into an exclusive non-binding letter of intent with Cannavative. On April 25, 2022, the Company entered into a definitive unit exchange agreement with, pursuant to which the Company would acquire all the issued and outstanding membership units of Cannavative in an all-share exchange (the "**Transaction**"). On August 16, 2023, the Company amended and restated the definitive agreement. Details of the A&R Definitive Agreement are as follows:

The Company will acquire all the membership units of Cannavative through:
    - The issuance of 29.4 million common shares.
    - The issuance of 14.7 million B Warrants with each warrant being exercisable for one common share at an exercise price of US$0.10 for a period of 18 months following the date of issuance.
- Subject to the achievement of certain 2024 financial milestones and receipt of certain receivables, holders of Cannavative membership units will also receive up to 75 Earn-Out Units per membership unit. Each Earn-Out Unit will consist of:
    - One common share.
    - A half B Warrant
- Cannavative's approximate US$6.8 million in debt is to convert into:
    - 90.4 million common shares.
    - 18.1 million warrants with an exercise price of US$0.075 per common share exercisable for a period of 9 months from the date of issuance ("A Warrants").
    - 18.1 million B Warrants, with an exercise price of US$0.10 per common share exercisable for a period of 18 months from the date of issuance.
- Additionally, the Company's unsecured convertible debenture with a principal balance of US$1.3 million plus accrued interest will convert into approximately 38.1 million common shares.

Post-Transaction

Management and the board of directors will be comprised of professionals from both parties, creating a dynamic, integrated team including further market penetration in the state of Nevada and vertical opportunities in the New Jersey market. The Transaction will be truly transformative converting the Company from an investment entity into a U.S. based cannabis operating company.

The post-transition management team will consist of David McGorman, CEO & Director and Jason Crum, Chief Revenue Officer. The post-transition board of directors will consist of David McGorman, Jon

Sharun, Executive Chairman and Interim CFO, Scott McGregor, Independent Director from Vencanna and two members from Cannavative including Scott Wrye, an Independent Director, and Jason Crum.

Upon closing the Company is expected to have approximately 345 million common shares and 107.3 million purchase warrants, 17.3 million options, no debt, and over US$5 million in cash. The Transaction is expected to close on or before October 31, 2023.

RELATED PARTY TRANSACTIONS

During the year ended April 30, 2023, the Company paid a law firm $72,490 (2021 - $76,165) of which the corporate secretary of the Company is a partner. As at April 30, 2023, accounts payable and accrued liabilities included amounts payable to the law firm of $Nil (2022 - $12,145).

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 year, the Company elected to accrue US$193,339 in interest related to the debenture. As April 30, 2023, the Company has accrued $472,109 (US$347,702) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

New Jersey Entities

On April 20, 2022, the Company announced that it was assisting community groups in New Jersey in joint submissions of cannabis business applications; TGC New Jersey LLC ("TGC"), CGT New Jersey LLC ("CGT"), and October Gold ("October Gold", collectively with TGC and CGT, the "NJ Entities").

The New Jersey Cannabis Regulatory Commission ("CRC") 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. 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.

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 year, and the signing of an operating agreement with the NJ Entities the insiders of the Company are deemed to exert significant influence over the NJ Entities.

During November 2022, the NJ Entities signed their respective shareholder operating agreements. At this time the Company also executed purchase options, at the option of the Company, with the shareholders of the NJ Entities, subject to regulatory approvals and final issuance of a license.

During the year, the Company incurred costs on behalf of the NJ entities for deposits, consulting fees, professional fees, and license application milestone bonus awards and option agreements. Below is the breakdown of incurred costs by entity:

	TGC	CGT	October Gold	Total
Consulting fees	$ 115,607	$ 12,942	15,481	$ 144,030
Professional fees and other	15,227	2,036	25	17,288
Due from related parties	366,844	100,868	100,868	568,580
	$ 497,678	**$ 115,846**	**$ 116,374**	**$ 729,898**

As at April 30, 2023, the due from related parties balance was $310,323; comprised of a $277,948 receivable from TGC, $32,375 from CGT, and $Nil from October Gold. The due from related parties balance included a fair value write-down of $258,255 to account for the probability of recovery.

SHARE CAPITAL

The Company has an unlimited number of common shares authorized for issuance. At April 30, 2023, there were 181,308,390 common shares outstanding, 53,552,577 warrants and 17,466,740 stock options outstanding.

Warrants

As at April 30, 2023, the Company has 53,552,577 warrants outstanding with a average strike price of $0.06 per common share and expected remaining life of 0.43 years.

Stock options

As at April 30, 2023, the Company has 17,466,740 options outstanding with a weighted average strike price of $0.05 per common share and expected remaining life of 0.7 years.

RISKS AND UNCERTAINTIES

The Company's financial success will be dependent upon the Company's ability to raise equity. There is no assurance that the Company will be able to raise the equity required to meet the obligations of the Company and the Company has no source of financing other than those identified in the previous section. Additionally, given the illegality of cannabis under U.S. federal law (discussed below), the Company's ability to raise equity in the U.S. may be limited. However, these barriers to participation in U.S. capital markets also serve as the Company's competitive advantage when supplying alternative sources of capital to state compliant U.S. cannabis businesses.

Marijuana is illegal under U.S. federal law and the enforcement of such laws poses significant risk to the Company.

As at the date hereof, 39 states of the United States plus the District of Columbia, Puerto Rico and Guam have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment and nineteen states of the United States have legalized recreational cannabis. Other states are considering similar legislation.

However, the position of the federal government and its agencies is that cannabis has no medical benefit and, accordingly, a range of activities including cultivation and the personal use of cannabis are prohibited. Unless and until Congress amends the U.S. Controlled Substances Act of 1970 with respect to medical and recreational cannabis, there is a risk that federal authorities may enforce current federal law and the Company may be deemed to be producing, cultivating or dispensing cannabis in violation of federal law or facilitating the selling or distribution of drug paraphernalia in violation of federal law. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect the Company's future cash flows, earnings, results of operations and financial condition. As of the date hereof, the Company has not obtained legal advice, either in the form of a legal opinion or otherwise, regarding compliance with applicable state regulatory frameworks and potential exposure and implications arising from U.S. federal law. See the AIF for more information, including a discussion of U.S. federal cannabis laws, guidance given by federal authorities or prosecutors regarding the risk of enforcement action and risks associated with providing financing to U.S. state compliant cannabis businesses.

Impacts of the COVID-19 coronavirus outbreak

The Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company and its US cannabis related investments remain unknown, a rapid re-spread of the COVID-19 virus may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people, consumer spending and the financial markets, which could in turn affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations for the Company's current and future investments and other factors relevant to the Company.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, conclusions of economic assessments of projects, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include, but are not limited to risks related to: regulatory and third party approvals being obtained in the manner or timing anticipated by the Company; enforcement of U.S. federal law governing cannabis; changes in how the developing U.S. legal regime will impact the cannabis industry; changes in the global cannabis market, potential negative impacts from the global COVID-19 outbreak; increases in competition from industry participants; the ability to implement the corporate strategy of the Company; the Company's investment strategy; the success and timely payment of current and future investments; the state of United States and Canadian capital markets; the ability to obtain financing; changes in general market conditions; and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion & Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.