

TOP STRIKE RESOURCES CORP.

**Condensed Interim Financial Statements (unaudited)
Three and six months ended October 31, 2018 and 2017**

(Expressed in Canadian dollars)

Notice

Top Strike Resources' auditor, K.R. Margetson Ltd., 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 2018	April 30 2018
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		\$ 49,282	\$ 71,791
Subscriptions receivable		9,157,631	-
Other receivables		10,836	927
Deposits		2,500	-
Prepays		2,500	833
		9,222,749	73,551
Property and equipment		9,151	-
TOTAL ASSETS		\$ 9,231,900	\$ 73,551
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 449,524	\$ 9,143
		449,524	9,143
SHAREHOLDERS' EQUITY			
Share capital	3	21,004,653	17,757,383
Warrants	3	5,594,006	-
Contributed surplus	4	200,032	33,256
Deficit		(18,016,315)	(17,726,231)
TOTAL SHAREHOLDERS' EQUITY		8,782,376	64,408
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 9,231,900	\$ 73,551

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(unaudited)

		Three Months Ended October 31		Six Months Ended October 31	
		2018	2017	2018	2017
	Notes				
Expenses					
Office and miscellaneous	\$	5,406	\$ 54	\$ 5,459	\$ 167
Professional fees		9,820	904	11,156	1,279
Corporate communication		33,251	1,909	35,270	5,515
Rent		1,774	-	1,774	-
Travel		24,626	-	24,626	-
Salaries and benefits		17,665	-	17,665	-
Meals and entertainment		23,607	-	23,607	-
Marketing		1,230	-	1,230	-
Conferences		1,701	-	1,701	-
Loss on redemption of GIC		1,038	-	1,038	-
Share-based compensation		166,776	-	166,776	-
		286,894	2,867	290,302	6,961
Other income					
Finance income		95	147	218	301
		95	147	218	301
Loss and comprehensive loss for the period	\$	286,799	\$ 2,720	\$ 290,084	\$ 6,660
Loss per share					
- Basic and diluted	5	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00
Weighted average number of shares outstanding					
- Basic and diluted		72,394,277	16,431,428	44,412,852	16,431,428

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

(unaudited)

	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	169,324,740	3,247,270	5,594,006	-	-	8,841,276
Grant of options	-	-	-	166,776	-	166,776
Loss and comprehensive loss for the period	-	-	-	-	(290,084)	(290,084)
Balance at October 31, 2018	185,756,168	\$ 21,004,653	\$ 5,594,006	\$ 200,032	\$ (18,016,315)	\$ 8,782,376
Balance at May 1, 2017	16,431,428	\$ 17,757,383	\$ -	\$ 33,256	\$ (17,705,962)	\$ 84,677
Loss and comprehensive loss for the period	-	-	-	-	(6,660)	(6,660)
Balance at October 31, 2017	16,431,428	\$ 17,757,383	\$ -	\$ 33,256	\$ (17,712,622)	\$ 78,017

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	
		2018	2017	2018	2017
Notes					
Operating activities					
Loss for the period	\$	(286,799)	\$ (2,720)	\$ (290,084)	\$ (6,660)
Non-cash items:					
Share-based compensation.	4	166,776	-	166,776	-
		(120,023)	(2,720)	(123,308)	(6,660)
Changes in non-cash working capital items:					
Other receivables		(9,393)	(134)	(9,909)	(381)
Prepays		(1,667)	-	(1,667)	-
Deposits		(2,500)	-	(2,500)	-
Accounts payable and accrued liabilities		427,285	(11,989)	431,230	(24,487)
Net cash used in operating activities		293,702	(14,843)	293,486	(31,528)
Financing activities					
Issue of common shares, net of issuance costs	3	3,247,270	-	3,247,270	-
Issue of warrants, net of issuance costs	3	5,594,006	-	5,594,006	-
		8,841,276	-	8,841,276	-
Change in non-cash working capital		(9,157,631)	-	(9,157,631)	-
Net cash provided by financing activities		(316,355)	-	(316,355)	-
Investing activities					
Property and equipment expenditures		(9,151)	-	(9,151)	-
		(9,151)	-	(9,151)	-
Change in non-cash working capital		9,151	-	9,151	-
Net cash used in investing activities		-	-	-	-
Change in cash and cash equivalents for the period		(22,653)	(14,843)	(22,509)	(31,528)
Cash and cash equivalents, beginning of period		71,935	92,125	71,791	108,810
Cash and cash equivalents, end of period	\$	49,282	\$ 151,317	\$ 49,282	\$ 77,282

See accompanying notes to the condensed interim financial statements.

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Notes to Condensed Interim Financial Statements

For the three and six months ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(unaudited)

1. Nature of operations

Prior to September 24, 2018, Top Strike Resources Corp. (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 positioned the Company from an oil and gas issuer to a merchant capital firm, rebranded as "Vencanna Ventures Inc."

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 registered office is Suite 1000, Livingston Place West, 250 2nd Street SW, Calgary, Alberta, T2P 0C1.

2. Basis of presentation

a. Statement of compliance

These condensed interim consolidated 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, 2018.

The disclosures provided below are incremental to those included with the annual financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted. 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, 2018.

The condensed interim consolidated financial statements were approved by the board of directors of Top Strike on December 28, 2018.

b. Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis.

c. Functional currency

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

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Notes to Condensed Interim Financial Statements
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3. 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		3,534,515
Share issue costs	-		(287,245)
Balance at October 31, 2018	185,756,168	\$	21,004,653

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. Each whole 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 warrants. Pursuant to the Private Placement, 2,946,903 finder warrants were issued to brokers on the same terms.

Concurrent with the Private Placement, the Company issued to a new management team and additional subscribers identified by the new management team (the “Insider Private Placement”) 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. Each whole 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 warrant will be exercisable for two common shares at a price of \$0.06 per common share.

On October 19, 2018, the Company completed the second tranche of the Private Placement of 22,602,521 units (“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. Each whole 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 warrants. Pursuant to the second tranche, 195,992 broker warrants were issued on the same terms.

Concurrent with the second tranche of the Insider Private Placement, the Company issued 22,054,811 insider units (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. Each whole 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 warrant will be exercisable for two common shares at a price of \$0.06 per common share.

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All shares and warrants issued pursuant to the private placements are subject to a four-month hold period, in accordance with applicable securities laws and regulations, and expire on January 25, 2019 or February 20, 2019, respectively.

The warrants issued as part of the units were valued using the Black-Scholes option pricing model. The value assigned to the warrants was \$6,089,444. The issuance costs of the units and insider units (\$782,683) were allocated between shares and warrants based on their respective fair value.

3. Share capital (continued)

c) Warrants

	Number of warrants		Amount
Balance at May 1, 2018 and 2017	-	\$	-
Issued by private placement	114,581,538		6,089,444
Warrant issue costs	-		(495,438)
<u>Balance at October 31, 2018</u>	<u>114,581,538</u>	<u>\$</u>	<u>5,594,006</u>

Each whole warrant entitled the holder to acquire one common share as follows:

Number of warrants	Purchase price	Expiry date
49,531,713	\$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
<u>114,581,538</u>		

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

Risk-free rate (%)	2.22 – 2.40 %
Expected life (years)	3 – 5 years
Contractual life (years)	3 – 5 years
Expected volatility (%)	70%
Expected dividend yield	-

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4. Share-based compensation – stock options

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. Commencing September 2018, share options are granted for a term of five years and vest 1/3 immediately, 1/3 on the first anniversary and 1/3 on the second anniversary. 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.

The fair value of options granted were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

Risk free interest rate (%)	2.34%
Expected life (years)	5 years
Expected volatility (%)	70%
Estimated forfeiture rate (%)	0%
Weighted average fair value of options granted	\$0.0355
Weighted average share price on date of grant	\$0.06

The fair value of the 12,466,740 stock options granted September 24, 2018 was \$442,405 and they expire September 24, 2023. The 900,000 options outstanding at May 1, 2018, expire December 24, 2018.

	Options	Weighted average exercise price
Balance, May 1, 2018	900,000	\$0.100
Granted	12,466,740	\$0.060
Balance, October 31, 2018	13,366,740	\$0.063

5. 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 periods presented and therefore any addition to basic shares is anti-dilutive.

	Three months ended October 31		Six months ended October 31	
	2018	2017	2018	2017
Loss for the period	\$ 286,799	\$ 2,720	\$ 290,084	\$ 6,660
Weighted average number of common shares (basic and diluted)	72,394,277	16,431,428	44,412,852	16,431,428
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00

At October 31, 2018, there were 13,366,740 (April 30, 2018 – 900,000) stock options considered anti-dilutive.

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6. Related party transactions

The Company paid or accrued accounting fees of \$3,038 (October 31, 2017 - \$1,125) to a company controlled by a former officer of the Company. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at October 31, 2018, accounts payable and accrued liabilities included amounts payable to the former officer totaling \$3,709 (October 31, 2017 - \$675) for accounting fees.

7. Financial risk management

As at October 31, 2018, the carrying values of cash, other receivables and accounts payable and accrued liabilities 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 other receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of a chequing account and guaranteed investment certificates 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 other receivables consist of amounts due from government agencies and a chartered bank. 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 October 31, 2018, 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. As at October 31, 2018, the Company had a cash and cash equivalents balance of \$49,282 (April 30, 2018 - \$71,791) and subscriptions receivable of \$9,157,631 (April 30, 2018 - \$nil) to settle current liabilities of \$449,524 (April 30, 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 commodity and equity prices.

a) Interest risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. As of October 31, 2018, the Company had \$40,810 in investment-grade short-term deposit certificates plus accrued interest of \$890.

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7. Financial risk management (continued)

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.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.