

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Nine Months Ended January 31, 2019 and 2018

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 unaudited condensed interim financial statements and accompanying notes for the three and nine months ended January 31, 2019 and 2018 and audited financial statements and accompanying notes for the years ended April 30, 2018 and 2017. 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 March 29, 2019.

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 (the "Board") 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 9 of this report.

The reader is encouraged to review the Company's statutory filings, including the Company's Revised Annual Information Form dated January 21, 2019 (the "AIF"), on www.sedar.com.

DESCRIPTION OF BUSINESS AND OVERVIEW

Common shares of the Company trade under the symbol "VENI" on the Canadian Securities Exchange.

The Company had previously focused on international and domestic oil and gas projects but expanded its scope to consider other industries and opportunities as well.

On July 3, 2018, the Company announced a proposed private placement together with appointment of a new management team and board of directors (the "Recapitalization Transaction"). As part of the Recapitalization Transaction, the Company announced a private placement (the "Private Placement") of units for aggregate gross proceeds between \$5 million and \$25 million. In addition to the Private Placement, the new management team, together with additional subscribers identified by the new management team, would subscribe for insider units of the Company (the "Insider Private Placement", and together with the Private Placement, the "Private Placements").

On September 24, 2018, the Company announced, among other things, the completion of the Recapitalization Transaction, delisting of the Company from the NEX board of the TSX Venture Exchange and commencement of trading on the Canadian Securities Exchange. Pursuant to the initial tranches of the Private Placements, the Company raised aggregate gross proceeds of \$7.2 million.

On October 19, 2018, the Company raised further aggregate gross proceeds of 2.4 million through second tranches of the Private Placements, for aggregate gross proceeds of \$9.6 million.

The Recapitalization Transaction has transitioned the Company from an oil and gas issuer to a merchant capital firm, rebranded as "Vencanna Ventures Inc.". The recapitalized Company aims to be a go-to capital provider for early-stage global cannabis initiatives, including state compliant opportunities in the

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United States. The Company looks to provide investors with a diversified, high-growth, cannabis investment strategy through strategic investments focused through-out the value chain (cultivation, processing and distribution, and including ancillary businesses).

During this most recent quarter, we've seen the global cannabis market continue to expand which further opens up our investment potential. On November 6, 2018 Michigan voters legalized recreational cannabis, and Utah and Missouri voters legalized cannabis for medical use.

However, the volatility over the quarter made it difficult to appropriately assess the value of potential investments. Over the quarter, the Global Cannabis Stock Index, as prepared by New Cannabis Ventures, peaked at approximately 120 on or about October 15, 2018, only to fall to 50% by December 24, 2018. The market has since recovered from those lows, stabilizing values.

HIGHLIGHTS AND RECENT DEVELOPMENTS

On November 15, 2018, the Board elected Jon Sharun as Chairman of the Board.

Effective December 15, 2018, Michael Tanasichuk resigned as Chief Financial Officer from the Company to pursue another business opportunity. We'd like to thank Michael for his contribution during the Recapitalization Transaction. Jon Sharun, in addition to being the Company's Executive Chairman, has assumed the role of Chief Financial Officer on an interim basis. Jon Sharun is a CPA and has a MBA from the UBC Sauder School of Business.

On January 30, 2019, the Company entered into a loan of \$3,250,000 to Blacklist Holdings, Inc. ("Blacklist") for inventory expansion into its markets and general working capital purposes (the "Loan"). The Loan matures on May 15, 2019, at which time Blacklist will repay the Loan in its entirety along with an additional payment of \$260,000, for aggregate gross proceeds of \$3,510,000. In addition, Top Strike and Blacklist have also entered into a non-binding letter of intent ("LOI") pursuant to which Blacklist proposes, through a public company listed on the facilities of the Canadian Securities Exchange, to acquire all of the common shares of Top Strike and complete a business combination with Top Strike. To the knowledge of Top Strike's management, Blacklist is not in any material non-compliance with applicable licensing requirements and the regulatory framework enacted by the states in which Blacklist operates.

The following table outlines our initial milestones that were set out to accomplish our business objectives:

Milestones	Target Date	Estimate Cost (\$)
Make First Strategic Investment	December 2018	\$3,000,000
Build Strategic Investment Portfolio	August 2019	\$9,000,000

To date, the Company's actual milestones include:

Actual Milestones	Investment Date	Actual Cost (\$)
First Strategic Investment	January 2019	\$3,250,000

The Company's first strategic investment was the Loan, which is due and payable on May 15, 2019. In the event that the proposed business combination of Top Strike and Blacklist is not completed, Top Strike will continue to pursue its business objectives, including building out a strategic investment portfolio by August 2019.

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The global cannabis industry continues to rapidly expand with increasing demand for cannabis as various jurisdictions are increasing access to cannabis for both medical and recreational purposes. The Secure and Fair Enforcement (SAFE) of Banking Act and The Strengthening the Tenth Amendment Through Entrusting States (STATES) Act are two of a number of pieces of legislation seeking to reform cannabis laws in the United States. Management believes that the Company is on track to accomplish its stated business objectives, though continued reform and global legalization of cannabis will create a more competitive environment for cannabis-based companies and its service providers thereby potentially affecting market conditions and hence affecting our foregoing milestones.

Additional details on the Recapitalization Transaction, Private Placement, Insider Private Placement, Loan and LOI can be found on SEDAR at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

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

(\$)	Jan 31, 2019	Oct 31, 2018	July 31, 2018	Apr 30, 2018	Jan 31, 2018	Oct 31, 2017	July 31, 2017	Apr 30, 2017
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	232,744	286,799	3,285	10,488	3,121	2,720	3,940	15,739
Loss per share - basic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	8,633,369	9,231,900	74,211	73,551	76,028	79,091	93,800	110,238
Total liabilities	14,829	449,524	13,088	9,143	1,132	1,074	13,363	25,561

As of the date hereof, a portion of the Company's business was derived from material ancillary involvement in U.S. cannabis-related activities, based on the Loan. As such, the Company's balance sheet and operating statement exposure to U.S. cannabis-related activities is approximately 38%.

RESULTS OF OPERATIONS

Financial results for the three months ended January 31, 2019 and 2018

Overall, the Company recorded a net loss of \$232,744 (\$0.00 loss per share) for the three months ended January 31, 2019 as compared to a net loss of \$3,121 (\$0.00 loss per share) for the three months ended January 31, 2018.

The Company had no operating revenue for the three months ended January 31, 2019 and 2018. The net loss is comprised of general and administrative expenses of \$233,644 (January 31, 2018 - \$3,237) less finance income of \$900 (January 31, 2018 - \$116).

Significant expenses during the three months ended January 31, 2019 were professional fees of \$5,662 (audit and accounting of \$5,662 (January 31, 2018 - \$600) and legal of \$nil (January 31, 2018 - \$501)), corporate communication expenses of \$8,792 (January 31, 2018 - \$2,118), rent and parking of \$10,857 (January 31, 2018 - \$nil), travel of \$11,159 (January 31, 2018 - \$nil), salaries and benefits of \$132,212 (January 31, 2018 - \$nil), marketing of \$7,975 (January 31, 2018 - \$nil), and share-based compensation of \$48,008 (January 31, 2018 - \$nil). Corporate communication expenses consist of transfer agent fees, listing and filing fees and press release costs.

General and administrative expenses ramped up as the Company was recapitalized and repositioned as a merchant capital firm beginning the three months ended October 31, 2018.

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Financial results for the nine months ended January 31, 2019 and 2018

Overall, the Company recorded a net loss of \$522,828 (\$0.01 loss per share) for the nine months ended January 31, 2019 as compared to a net loss of \$9,781 (\$0.00 loss per share) for the nine months ended January 31, 2018.

The Company had no operating revenue for the nine months ended January 31, 2019 and 2018. The net loss is comprised of general and administrative expenses of \$523,946 (January 31, 2018 - \$10,198) less finance income of \$1,118 (January 31, 2018 - \$417).

Significant expenses during the nine months ended January 31, 2019 were professional fees of \$16,818 (audit and accounting of \$8,700 (January 31, 2018 - \$1,725) and legal of \$8,118 (January 31, 2018 - \$655)), corporate communication expenses of \$44,062 (January 31, 2018 - \$7,633), rent and parking of \$12,631 (January 31, 2018 - \$nil), travel of \$35,785 (January 31, 2018 - \$nil), salaries and benefits of \$149,877 (January 31, 2018 - \$nil), meals and entertainment of \$27,752 (January 31, 2018 - \$nil), and share-based compensation of \$214,784 (January 31, 2018 - \$nil). Corporate communication expenses consist of transfer agent fees, listing and filing fees and press release costs.

General and administrative expenses again ramped up as the company was recapitalized and repositioned as a merchant capital firm beginning the three months ended October 31, 2018.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

At January 31, 2019, the Company had a cash and cash equivalent balance of \$5,040,878 (April 30, 2018 - \$71,791) to settle current liabilities of \$14,829 (April 30, 2018 - \$9,143).

As at January 31, 2019, the Company's cash and cash equivalents increased by \$4,969,087 from April 30, 2018 due to the Recapitalization (less the Loan).

CAPITAL COMMITMENTS

The Company has no commitments for property and equipment expenditures for fiscal 2019. 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 JUDGEMENTS

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.

Areas requiring a significant degree of estimation and judgement relate to fair value measurements for financial instruments and share-based payments and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgements.

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ACCOUNTING POLICIES

The accounting policies of Top Strike used in the determination of the results for the three and nine months ended January 31, 2019 are described in detail in Note 3 of the Company's audited financial statements for the year ended April 30, 2018. These policies have been applied in preparing the financial statements for the three and nine months ended January 31, 2019 and the comparative information presented in the financial statements for the three and nine months ended January 31, 2018.

New standards and interpretations adopted

Revenue from contracts with customers

In April 2016, the International Accounting Standards Board ("IASB") issued its final amendments to IFRS 15 Revenue from Contracts with Customers, which replaces International Accounting Standard ("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. The new standard was adopted retrospectively effective May 1, 2018. There was no material impact on the Company.

Financial instruments: recognition and measurement

In July 2014, the IASB issued the complete IFRS 9 Financial Instruments to replace IAS 9 Financial Instruments: Recognition and Measurement. IFRS 9 includes a principle-based approach for the classification and measurement of financial assets, a single 'expected credit loss' impairment model and a new hedge accounting standard which aligns hedge accounting more closely with risk management. The new standard is to be adopted retrospectively with some exemptions for annual periods on or after January 1, 2018, with early adoption permitted. Top Strike adopted IFRS 9 on a retrospective basis on May 1, 2018. There was no material impact on the Company. Top Strike does not currently apply hedge accounting to its financial instrument contracts.

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. 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 Revenue from Contracts with Customers 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 extent of the impact of adoption of the standard has not yet been determined.

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FINANCIAL INSTRUMENTS

Fair Value

Financial instruments comprise cash and cash equivalents, subscriptions receivable, note receivable, other receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturities.

Financial assets and liabilities are classified as either financial assets or liabilities at fair value through profit and loss ("FVTPL"), loans and receivables, held to maturity investments, available for sale financial assets, or other liabilities, as appropriate. Financial assets and liabilities are recognized initially at fair value.

Subsequent measurement of financial instruments is based on their initial classification. FVTPL financial assets and liabilities are measured at fair value and changes in fair value are recognized in profit or loss. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive loss until the instrument is derecognized or impaired. The remaining categories of financial instruments are recognized at amortized cost using the effective interest rate method.

The transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability classified as FVTPL are expensed immediately. For a financial asset or financial liability carried at amortized cost, transaction costs directly attributable to acquiring or issuing the asset or liability are added to or deducted from the fair value on initial recognition and amortized through profit or loss income over the term of the financial instrument.

Cash and cash equivalents are classified as FVTPL. Subscriptions receivable, note receivable and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and 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

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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 note receivable consist of an amount due from an American participant in the cannabis industry. Financial instruments included in other receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with a high-quality financial institution and for receivables by standard credit checks. At January 31, 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 holdings of cash.

As at January 31, 2019, the Company had cash and cash equivalents of \$5,040,878 (April 30, 2018 - \$71,791) to settle current liabilities of \$14,829 (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 equity prices.

a) Interest rate 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 January 31, 2019, the Company had a note receivable of \$3,250,000 from an American participant in the cannabis industry. The interest rate earned 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.

c) Price risk

The Company is exposed to price risk with respect to 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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

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OFF- BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

As at the date of this MD&A, there are no proposed transactions that the board of directors or senior management have decided to proceed with and that have not been publicly disclosed.

RELATED PARTY TRANSACTIONS

The Company paid or accrued accounting fees of \$8,700 (January 31, 2018 - \$1,725) 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 January 31, 2019, accounts payable and accrued liabilities included amounts payable to the former officer totaling \$4,500 (January 31, 2018 - \$638) for accounting fees.

SHARE CAPITAL

The Company has an unlimited number of common shares authorized for issuance. At March 29, 2019, there were 185,966,168 common shares issued and outstanding, 117,701,057 warrants outstanding and 12,466,740 stock options outstanding.

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, 33 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 ten states of the United States have legalized recreational cannabis. Many 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.

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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.

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; 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 success and completion of the transactions contemplated in the LOI; 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

Additional information relating to the Company can be found on SEDAR at www.sedar.com.