

Top Strike Provides Corporate Update and COVID-19's impact on the Medical Cannabis Market

CALGARY, May 6, 2020 /CNW/ - Top Strike Resources Corp. d.b.a. "Vencanna Ventures" (the "**Corporation**" or "**Vencanna**") (CSE: VENI; OTCQB: TPPRF) provides the below corporate activity and market update.

Corporate Update

Vencanna's balance sheet currently consists of cash (\$4.15 million as of January 31, 2020), a majority ownership in New Jersey cultivation and dispensary applications (60% ownership in the cultivation application and 54% ownership in the dispensary application, the "**New Jersey Applications**") and a US\$3.3 million convertible note (approximately US\$3.8 million outstanding including accrued interest, the "**Galenas Note**") in Galenas LLC ("**Galenas**"). The Galenas Note is convertible at the Corporation's option at any time, subject to regulatory approvals, into a 35% equity interest in Galenas, one of only 32 licensed Ohio medical cultivation companies (and one of only 20 currently operating). The senior position of the Galenas Note greatly positions Vencanna through improved security while maintaining the equity upside. The Galenas Note matures July 1, 2021.

Management estimates that the current net asset value per common share ("**Common Share**") of the Corporation is over \$0.06 assuming the face value of its assets and a reasonable value for a clean fully compliant publicly traded company. Further, the Galenas Note is denominated in USD, therefore providing the Corporation a natural hedge against USD and CDN currency fluctuations. Management and insiders continue to support the Corporation; since the beginning of March to the end of April they have purchased 10,661,180 Common Shares, and the Corporation has purchased another 3,258,000 Common Shares under its NCIB. Since commencing the NCIB, the Corporation has purchased a total of 6,197,000 Common Shares at an average price of just under \$0.02 per Common Share.

Ohio Market Update

The full impact of the COVID-19 pandemic and the jurisdictional policies put into effect to counter the virus (including social distancing and the closure of non-essential services) are unknown at this time. While most US states have deemed access to medical cannabis an "essential" service, as has Ohio, it is unknown if this will be continued or how future policies may impact US cannabis businesses. However, many state jurisdictions have been working with their local cannabis associations in designing safe strategies to maintain the delivery of cannabis to their respective patients and customers.

Ohio has granted 32 provisional cultivation licenses (currently only 20 have received their Certificates of Operation), 44 provisional processor licenses (17 have received Certificates of Operation) and 57 provisional dispensary licenses (of which 51 have received Certificates of Operation). With close to 12 million people, Ohio is the seventh most populous state in the United States. Recently, a group of petitioners were soliciting signatures to put recreational cannabis legalization on the November 2020 ballot, though in part due to its late start and in part due to the challenge of obtaining signatures during the social distancing measures from COVID-19, the ballot initiative has been put off for at least another year. However, in light of COVID-19, Ohio's Medical Marijuana Control Program recently changed a number of rules for buying cannabis; patients can make orders over the phone, curbside delivery is allowed, and most importantly Ohio's 90-day limit has been split into two 45-day purchasing windows (patients no longer have to buy their 90-day supply all at once). Further, like most states, Ohio has seen a steady growth this year. March state sales were approximately \$13 million, the highest sales month in its history and as of March 31, 2020, there were 94,356 registered patients, according to the Ohio Medical Marijuana Control. Further positive trends include that 74% of the registered patients purchase cannabis; this is up from 50% midway through 2019 and only 25% when the program began a little over a year ago. Given these positive trends, New Cannabis Ventures recently stated that cannabis sales in Ohio could approach \$200 million in 2020 (which is a significant jump from \$56 million in 2019).

New Jersey Market Update

The New Jersey Applications were submitted on August 22, 2019. It was expected that New Jersey was going to announce the successful applicants sometime in Q2 2020. However, given the regulatory delays being experienced in a number of jurisdictions due to COVID-19, it is unknown at this time as to when the successful applicants will be announced. The licenses to be awarded include 15 dispensary, 5 cultivation, and 4 full vertical licenses. If an applicant applied for a full vertical license, that applicant was excluded from applying for the dispensary or cultivation licenses. There are currently 12 license holders in New Jersey (each consisting of cultivation, processing and 3 dispensaries). These license holders were excluded from applying in the aforementioned application process. Our New Jersey Application consisted of a dispensary license application and a cultivation license application. In December 2019, the New Jersey lawmakers approved an adult use referendum on their 2020 ballot. A recent poll conducted between April 16 to April 19, 2020 by Monmouth University found that over 61% of New Jersey residents are in favor of ending cannabis prohibition. New Jersey has just under 9 million residents, making it the 11th largest state in the U.S. and if the ballot is successful, they would be the 4th largest adult use state.

About Galenas

Galenas is a vertical three-tier-grow, patient-focused, craft medical cannabis cultivator located in Akron, Ohio. It is also the only organic licensed cultivator in the state. Galenas' 10,000 square foot facility won Architect Newspaper's 2019 Best Green Building Award, describing the facility as a "pharmaceutical-grade environment that meets highly technical specifications ... providing a better-quality product with greater yields while using 90 percent less water and 35 percent less energy than other cannabis facilities." The facility currently has over 4,000 square feet of cultivation and Galenas is in the midst of adding another 1,500 square feet, with potential expansion on the site beyond the current facility. Galenas received its Certificate of Operation in April 2019 and its product is in 44 of Ohio's 51 operating dispensaries. The Galenas leadership team is comprised of professionals from several fields including horticulture, manufacturing, law, sales and marketing, supply chain management, quality control, and product development.

About Vencanna

On September 24, 2018, the Corporation announced the completion of a recapitalization financing, the appointment of a new management team and board of directors and commencement of trading on the CSE. The transactions have transitioned the Corporation from an oil and gas issuer to a merchant capital firm, rebranded as "Vencanna Ventures". The recapitalized Corporation aims to be a go-to capital provider for early-stage global cannabis initiatives with an emphasis on strong management operating in state compliant jurisdictions with barriers to entry. While the cannabis markets have been challenging, valuations are becoming more attractive and there's been a number of US operators showing quarter over quarter growth in both revenues and cash flows. Further positive developments in the US include the passing in Congress last year of the SAFE Banking Act, with nearly half the GOP caucus voting in support of the bill. In light of this, the Corporation continues to review opportunities in state compliant jurisdictions and is confident that it will successfully build shareholder value.

Forward-Looking Statements

This news release may include forward-looking statements including opinions, assumptions, estimates, the Corporation's assessment of future plans and investment strategy, and, more particularly, statements concerning the business plan of the Corporation including future global cannabis investments, the New Jersey Applications, the effects of the COVID-19 pandemic and current market fundamentals in Ohio and New Jersey. When

used in this press release, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Corporation, including the impact of increasing competition; timing and amount of capital expenditures; the legislative and regulatory environments of the jurisdictions where the Corporation will carry on business, has operations or plans to have operations; the ability of the Corporation to enter into contracts with companies to provide financing on acceptable terms; conditions in general economic and financial markets; and the Corporation's ability to obtain additional financing on satisfactory terms or at all. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Corporation believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized.

Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, changes to global cannabis laws, how the developing U.S. legal regime will impact the cannabis industry, potential negative impacts from the COVID-19 pandemic, the ability of the Corporation to implement its corporate strategies, the state of domestic and international 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 Corporation with securities regulatory authorities. Except as required by applicable laws, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements."

Non-IFRS Measures

Net asset value ("**NAV**") is not a recognized measure under IFRS. Management uses NAV in managing the Corporation, including performance measurement, and believes that providing such performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Corporation's assets. The Corporation calculates NAV by dividing shareholders' equity by the total number of Common Shares outstanding at a point in time. Vencanna's method of calculating NAV may differ from other companies and accordingly, NAV may not be comparable to similar measures used by other companies.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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