

Vencanna Announces Corporate Update Regarding the Transaction with The Cannavative Group LLC and Recent Developments in New Jersey

CALGARY, AB, April 20, 2022 /CNW/ - Top Strike Resources Corp. d.b.a. "Vencanna Ventures" (the "**Corporation**" or "**Vencanna**") (CSE: VENI) (OTCQB: TPPRF) is pleased to provide an update in respect of the previously announced business combination transaction with Cannavative Group LLC ("**Cannavative**"). On March 12, 2021, the Vencanna and Cannavative announced the execution of an exclusive non-binding letter of intent (the "**LOI**"), pursuant to which Vencanna would acquire all of the issued and outstanding membership units of Cannavative in an all-share exchange through the issuance of an aggregate of 360,000,000 common shares of Vencanna ("**Shares**") at a deemed issuance price of US\$0.05 per Share (the "**Transaction**"). The parties have now agreed, on a non-binding basis, to modify the Transaction, such that Vencanna will acquire all the common shares in the capital of Cannavative through the issuance of 240,000,000 Shares and the issuance of 120,000,000 Share purchase warrants ("**Warrants**"), each such Warrant being exercisable for one Share at an exercise price of US\$0.075 for a period of 18 months following the date of issuance. Further, pursuant to the Transaction, approximately US\$4.0 million of Cannavative's debt will convert into 80,000,000 Shares and 32,000,000 Warrants, of which 16,000,000 will be exercisable for one Share at an exercise price of US\$0.05 for a period of 9 months following the date of issuance and 16,000,000 will be exercisable for one Share at an exercise price of US\$0.075 for a period of 18 months following the date of issuance. The remaining Cannavative debt of approximately US\$2.1 million will be paid out at closing.

The Transaction is expected to be completed pursuant to a definitive unit exchange agreement (the "**Definitive Agreement**"), or other similar structure or statutory procedure under the laws of Nevada. The Transaction is subject to, among other things, the execution of the Definitive Agreement between Vencanna and Cannavative and customary closing conditions. The Transaction is expected to constitute a "Fundamental Change" pursuant to the policies of the Canadian Securities Exchange (the "**CSE**") and will be subject to the acceptance of the CSE and the approval of shareholders of Vencanna. Vencanna intends to seek approval of the Transaction by way of written resolution from shareholders holding not less than 50% plus one of the Shares.

It is anticipated that the Definitive Agreement will be executed as expeditiously as possible, and the Transaction is expected to be completed by late Q2 2022, subject to regulatory approvals. Final details regarding the Transaction shall be disclosed upon the execution of the Definitive Agreement.

Transaction Attributes

- Purchase price equaling the estimated forward twelve-month revenue;
- Vencanna's deemed share price of US\$0.05 reflective of its net asset value per share;
- An all-share exchange;
- Two-thirds of Cannavative's debt converting to Vencanna shares;
- Debt free on closing; and
- Combining the skill set of both companies.

David McGorman, Vencanna's CEO, commented "*this is truly a transformative transaction for Vencanna and our shareholders, as we convert from an investment company to a well-established cannabis operating company with deep roots in one of the most dynamic states in the U.S. The talent we are inheriting is second to none, led by Jason Crum who brings nearly 20 years of diversified CPG background with MillerCoors and Treasury Wine Estates. The timing of our merger perfectly aligns with our recent developments in New Jersey, which is initiating adult sales tomorrow.*" See New Jersey developments discussed further below.

New Jersey Developments

As part of the Corporation's expansion strategy, Vencanna has been working alongside community leaders and social equity-owned organizations to develop grassroots partnership initiatives. These initiatives include the joint submission of cannabis business applications in newly opened jurisdictions. Vencanna is very pleased to announce that the New Jersey Cannabis Regulatory Commission ("**CRC**") awarded one of our community groups (the "**Community Group**") a Conditional Standard Tier III Cultivation License (canopy grow area up to 50,000 sf) and a Conditional Standard Manufacturing License. A conditional license allows the holder, for a period of up to 165 days including the extension period, to secure and obtain municipal approval of a site for the cannabis business. Upon securing the site, the holder submits a Conversion Application for an Annual License. The cultivation and manufacturing operations shall be co-located.

According to the CRC, the state recently awarded 42 Standard Cultivation Licenses and 20 Standard Manufacturing Licenses (along with 28 Micro Cultivation Licenses and 12 Micro Manufacturing Licenses). Our group was one of only 16 to obtain both a Standard Cultivation License and a Standard Manufacturing License.

In November 2020, the state of New Jersey overwhelmingly voted in favour of adult-use cannabis for those 21 years and older, and on February 22, 2021, Governor Phil Murphy signed the adult-use cannabis reform bills into law. On April 10, 2022, the CRC approved personal used cannabis sales in the state, taking effect April 21, 2021, making New Jersey one of only 18 states that has legalized recreational cannabis. With a population of approximately 9.3 million, New Jersey is the 5th largest U.S. adult legal state by population. It is estimated that cannabis sales in New Jersey will reach \$2.6 billion by 2026.¹

About Cannavative

Cannavative is a multiple award winning cultivator and processor in Nevada, including winning Leaflink's Best Brand in Nevada in 2021, a gold and silver medal at the 2020 Las Vegas Cannabis Awards, the 2019 Jack Herer Cup for their vape pen, and Leafly's Best Flower Products brand in 2018. Cannavative has been operational since 2016 (they were the first in Nevada to hold both a cultivation and processing license), and are now selling in over 85% of the state's retail outlets. Cannavative produces a wide variety of flower and extracted products, including its award-winning infused pre-roll, the Motivator, one of Nevada's top selling vapes, Resin8, and their high-quality flower, Cannavative Private Reserve. In addition, Cannavative has recently launched a partnership with WynkTM THC & Seltzer through which they have the exclusive sales and distribution rights for the state of Nevada. WynkTM is the most widely distributed THC and Seltzer in the US.

Cannavative operates out of a 40,000-sf facility, situated on 8.5 acres. The facility includes a 10,000 square foot state-of-the-art, pharmaceutical-grade extraction lab and kitchen. In addition, there is a 2,800 square foot high-tech light deprivation greenhouse on site, with significant ability to expand on the property.

Travel restrictions due to Covid-19 adversely effected Nevada's tourism in 2020 and 2021. However, tourism did rebound in 2021 and that looks to be continuing in 2022. According to the Las Vegas Convention and Visitors Authority, tourism in 2021 was 69% higher than 2020, and January through February 2022 tourist numbers were 80% higher than the same period the previous year. In spite of lower-than-average tourist numbers, cannabis sales in 2021, as published by the State of Nevada Department of Taxation, exceeded \$1 billion for the first time.

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

¹ <https://mjbizdaily.com/new-jersey-prepares-to-launch-2-billion-recreational-cannabis-market/>

Reader Advisories

Completion of the Transaction is subject to a number of conditions, including, but not limited to, the execution of the Definitive Agreement, acceptance of the CSE and shareholder approval. The Transaction cannot close until the required CSE acceptance and shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Vencanna should be considered highly speculative.

The CSE has in no way passed upon the merits of the Transaction and has neither approved nor disapproved of the contents of this news release.

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

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. *More particularly, and without limitation, this news release contains forward-looking statements and information concerning the signing of a Definitive Agreement in respect of the Transaction, including the terms thereof; timing for completion of the Transaction; required approvals for the completion of the Transaction and the expected receipt thereof; the business plan of the Corporation and Cannavative, including the business plan of the go-forward entity after completion of the Transaction; the anticipated benefits of the Transaction; the market for adult-use cannabis in the United States; the state of the adult-use cannabis market and U.S. regulatory changes in respect thereof; the evolving effects of COVID-19 on the operations of Cannavative and the Nevada cannabis industry, generally. The forward-looking statements are founded on the basis of expectations and assumptions made by the Corporation, including expectations and assumptions concerning: the Transaction, including CSE acceptance and shareholder approvals, the execution of the Definitive Agreement in respect thereof and the satisfaction of customary closing conditions in accordance with the terms of the Definitive Agreement; the future operations of, and transactions contemplated by, the Corporation and Cannavative; 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, have operations or plan 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; the ability of the Corporation's investments to execute on their business plan; 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. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.*

Although Vencanna believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Vencanna can give no assurance that they will provide to be correct. By its nature, such forward-looking information is subject to inherent risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. Without limitation, these risks and uncertainties include: the parties being unable to obtain CSE acceptance or shareholder approval; risks inherent in manufacturing and product development; actions and initiatives of federal, state and local governments and changes to government policies and the execution and impact of these actions, initiatives and policies; uncertainty caused by potential changes to regulatory framework; regulatory approval and permits; environmental, health and safety laws; risks associated with the cannabis industry in general; the ability of the Corporation to implement its corporate strategy; the state of domestic and international capital markets; the ability to obtain financing; and changes in general market conditions and current global uncertainty with respect to the evolution and spread of the COVID-19 virus and its effect on the broader global economy and other factors more fully described from time to time in the reports and filings made by the Corporation with securities regulatory authorities.

Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly there can be no assurance that such expectations will be realized. Vencanna undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained herein is expressly qualified by this cautionary statement.

Certain information contained herein has been obtained from published sources prepared by independent industry analysts and third-party sources (including industry publications, surveys and forecasts). While such information is believed to be reliable for the purposes used herein, Vencanna does not assume any responsibility for the accuracy of such information. Some of the sources cited in this news release have not consented to the inclusion of any data from their reports, nor has Vencanna sought their consent.

To the knowledge of Vencanna's management, Vencanna's investments, including its loan to Cannavative, are not in any material non-compliance with applicable licensing requirements and the regulatory framework enacted by the states in which such investments operate.

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<https://www.prnewswire.com/news-releases/vencanna-announces-corporate-update-regarding-the-transaction-with-the-cannavative-group-llc-and-recent-developm>

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