

TOP STRIKE RESOURCES CORP.

Condensed Interim Financial Statements (unaudited)

Three and nine months ended January 31, 2019 and 2018

(Expressed in Canadian dollars)

Notice

Top Strike Resources Corp.'s auditor, MNP LLP, 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		January 31 2019	April 30 2018
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		\$ 5,040,878	\$ 71,791
Subscriptions receivable		253,241	-
Note receivable	3	3,250,000	-
Other receivables		22,649	927
Deposits		2,500	-
Prepays		55,555	833
		8,624,823	73,551
Property and equipment		8,546	-
TOTAL ASSETS		\$ 8,633,369	\$ 73,551
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 14,829	\$ 9,143
		14,829	9,143
SHAREHOLDERS' EQUITY			
Share capital	4	20,813,798	17,757,383
Warrants	4	5,804,861	-
Contributed surplus	5	248,940	33,256
Deficit		(18,249,059)	(17,726,231)
TOTAL SHAREHOLDERS' EQUITY		8,618,540	64,408
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		\$ 8,633,369	\$ 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 January 31		Nine Months Ended January 31	
		2019	2018	2019	2018
	Notes				
Expenses					
Office and miscellaneous	\$	4,259	\$ 18	\$ 9,718	\$ 185
Depreciation		605		605	
Professional fees		5,662	1,101	16,818	2,380
Corporate communication		8,792	2,118	44,062	7,633
Rent and parking		10,857	-	12,631	-
Travel		11,159	-	35,785	-
Salaries and benefits		132,212	-	149,877	-
Meals and entertainment		4,145	-	27,752	-
Marketing		7,975	-	9,175	-
Conferences		-	-	1,701	-
Loss on redemption of GIC		-	-	1,038	-
Share-based compensation		48,008	-	214,784	-
		233,644	3,237	523,946	10,198
Other income					
Finance income		900	116	1,118	417
		900	116	1,118	417
Loss and comprehensive loss for the period	\$	232,744	\$ 3,121	\$ 522,828	\$ 9,781
Loss per share					
- Basic and diluted	6	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00
Weighted average number of shares outstanding					
- Basic and diluted		185,846,277	16,431,428	91,557,327	16,431,428

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity

(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	3,035,515	5,805,761	-	-	8,841,276
Exercise of options	200,000	20,000	-	-	-	20,000
Exercise of warrants	10,000	900	(900)	900	-	900
Grant of options	-	-	-	214,784	-	214,784
Loss and comprehensive loss for the period	-	-	-	-	(522,828)	(522,828)
Balance at January 31, 2019	185,966,168	\$ 20,813,798	\$ 5,804,861	\$ 248,940	\$ (18,249,059)	\$ 8,618,540
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 January 31, 2018	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 January 31		Nine months Ended January 31	
	2019	2018	2019	2018	
Notes					
Operating activities					
Loss for the period	\$ (232,744)	\$ (3,121)	\$ (522,828)	\$ (9,781)	
Non-cash items:					
Depreciation	605		605		
Share-based compensation	5 48,008	-	214,784	-	
	(184,131)	(3,121)	(307,439)	(9,781)	
Changes in non-cash working capital items:					
Other receivables	(11,813)	(278)	(21,722)	(659)	
Prepays	(53,055)	-	(54,722)	-	
Deposits	-	-	(2,500)	-	
Accounts payable and accrued liabilities	(425,544)	58	5,688	(24,429)	
Net cash used in operating activities	(674,543)	(3,341)	(380,697)	(34,869)	
Financing activities					
Issue of common shares, net of issuance costs	4 20,900	-	3,268,170	-	
Issue of warrants, net of issuance costs	4 -	-	5,594,006	-	
	20,900	-	8,862,176	-	
Change in non-cash working capital	8,904,390	-	(253,241)	-	
Net cash provided by financing activities	8,925,290	-	8,608,935	-	
Investing activities					
Property and equipment expenditures	-	-	(9,151)	-	
Issuance of note receivable	3 (3,250,000)	-	(3,250,000)	-	
	(3,250,000)	-	(3,259,151)	-	
Change in non-cash working capital	(9,151)	-	-	-	
Net cash used in investing activities	(3,259,151)	-	(3,259,151)	-	
Change in cash and cash equivalents for the period	4,991,596	(3,341)	4,969,087	(34,869)	
Cash and cash equivalents, beginning of period	49,282	77,282	71,791	108,810	
Cash and cash equivalents, end of period	\$ 5,040,878	\$ 73,941	\$ 5,040,878	\$ 73,941	

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the nine months ended January 31, 2019 and 2018
(Expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Prior to September 24, 2018, Top Strike Resources Corp. ("Top Strike", 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.", providing capital to early-stage global cannabis initiatives including state compliant opportunities in the United States.

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 head office is Suite 310, 250 6th Avenue SW, Calgary, Alberta, T2P 3H7.

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 March 29, 2019.

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.

3. Note receivable

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.

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the nine months ended January 31, 2019 and 2018
(Expressed in Canadian dollars)
(unaudited)

4. Share capital

a) Authorized

Unlimited number of common shares (“Common Shares”) and preferred 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		3,303,975
Share issue costs	-		(268,460)
Issued on exercise of options	200,000		20,000
Issued on exercise of warrants	10,000		900
Balance at January 31, 2019	185,966,168	\$	20,813,798

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 (a “First Tranche Warrant”). Each whole First Tranche 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 First Tranche Warrants.

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”, and together with the Private Placement, the “Private Placements”) 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 (a “First Tranche Insider Warrant”). Each whole First Tranche Insider 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 First Tranche Insider Warrant will be exercisable for two Common Shares at a price of \$0.06 per Common Share.

Pursuant to the first tranches of the Private Placements, 2,972,103 finder warrants were issued to brokers on the same terms as the First Tranche Warrants.

On October 19, 2018, the Company completed the second tranche of the Private Placement of 22,602,521 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 (a “Second Tranche Warrant”). Each whole Second Tranche 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 Second Tranche Warrants.

Concurrent with the second tranche of the Private Placement, the Company completed the second tranche of the Insider Private Placement of 22,054,811 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 (a “Second Tranche Insider Warrant”, and together with the Second Tranche Warrants, First Tranche Warrants and First Tranche Insider Warrants, the “Warrants”). Each whole Second Tranche Insider 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

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the nine months ended January 31, 2019 and 2018
(Expressed in Canadian dollars)
(unaudited)

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 Second Tranche Insider Warrant will be exercisable for two Common Shares at a price of \$0.06 per Common Share.

Pursuant to the second tranches of the Private Placements, 195,992 broker warrants were issued on the same terms as the Second Tranche Warrants.

All Common Shares and Warrants (including broker warrants) issued pursuant to the second tranches of the Private Placements were subject to a four-month hold period, in accordance with applicable securities laws and regulations, which expired on February 20, 2019.

On January 16, 2019, 3,104,319 broker warrants were issued to finders in connection with the first and second tranches of the Private Placements. According to the arrangements made with the finders under the Private Placements, certain finders were entitled to more brokers warrants than were issued prior to the filing of the Company's Q2 2019 interim financial statements. As such, the Company was obligated to issue 3,104,319 brokers warrants during Q3 2019 to reflect the terms of the arrangements. These broker warrants were issued on the same terms as the Second Tranche Warrants (except for the expiry and acceleration date, which are January 16, 2022 and 2021, respectively), and are subject to a four-month hold period, in accordance with applicable securities laws and regulations, which expires on May 17, 2019.

The Warrants issued as part of the Units and Insider 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 Common Shares and Warrants based on their respective fair value.

c) Warrants

	Number of warrants		Amount
Balance at May 1, 2018 and 2017	-	\$	-
Issued by private placement	117,711,057		6,319,984
Warrant issue costs	-		(514,223)
Exercise of warrants	(10,000)		(900)
Balance at January 31, 2019	117,701,057	\$.	5,804,861

Each whole Warrant entitled the holder to acquire one Common Share as follows:

Number of warrants	Purchase price	Expiry date
49,546,913	\$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
3,104,319	\$0.09	January 16, 2022
117,701,057		

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
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The fair value of the Warrants was determined using a Black-Scholes option pricing model using the following assumptions:

Risk-free rate (%)	1.91 – 2.40 %
Expected life (years)	3 – 5 years
Contractual life (years)	3 – 5 years
Expected volatility (%)	70%
Expected dividend yield	-

5. 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 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.

	Options	Weighted average exercise price
Balance, May 1, 2018	900,000	\$0.10
Exercised	(200,000)	\$0.10
Expired	(700,000)	\$0.10
Granted	12,466,740	\$0.06
Balance, January 31, 2019	12,466,740	\$0.06

6. 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.

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
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	Three months ended January 31		Nine months ended January 31	
	2019	2018	2019	2018
Loss for the period	\$ 232,744	\$ 3,121	\$ 522,828	\$ 9,781
Weighted average number of common shares (basic and diluted)	185,846,277	16,431,428	91,557,327	16,431,428
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00

At January 31, 2019, there were 12,466,740 (April 30, 2018 – 900,000) stock options considered anti-dilutive.

7. 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.

8. Financial risk management

As at January 31, 2019, the carrying values of cash, subscriptions receivable, note receivable, 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 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 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).

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the nine months ended January 31, 2019 and 2018
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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 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.