

# Top Strike Announces Cannavative's Q1 2021 Performance and Record monthly sales for April 2021, and Nevada rescinding all Covid-19 mitigation protocols

CALGARY, AB, June 1, 2021 /CNW/ - Top Strike Resources Corp. d.b.a. "Vencanna Ventures" (the "Corporation" or "Vencanna") (CSE: VENI) (OTCQB: TPPRF) announced on March 12, 2021 that it entered into a US\$2 million loan agreement with Cannavative Group LLC ("Cannavative") and that the parties entered into an exclusive non-binding letter of intent pursuant to which Vencanna will acquire Cannavative through the issuance of 360 million common shares of Vencanna (the "Transaction"). The parties are currently finalizing the definitive agreement in respect of the Transaction and are working with regulators and auditors in the anticipation of closing the transaction in the summer of 2021.

Cannavative cultivates and manufactures leading premium cannabis flower and products in the state of Nevada. Their products are currently sold in over 90% of Nevada's cannabis retail stores. According to the Las Vegas Convention and Visitors Authority ("LVCVA"), Las Vegas had over 42 million visitors in 2019. This gives Cannavative, and their award-winning brands, a natural gateway to international exposure. In spite of the dramatic downturn in tourist visits due to the pandemic, BDS Analytics estimated March 2021's cannabis sales were \$84 million, a record month for Nevada. Capacity restrictions have steadily been lessening since early 2021, and as of today (June 1) all restrictions have been eliminated. LVCVA estimated that Las Vegas had 2.2 million visitors in March, a big increase over February's 1.5 million visitors. A return to 3.5 million monthly visitors can be expected as travel and indoor operations return to normal.

Cannavative's first quarter 2021 sales were \$3.2 million, an increase of 48% compared to the same period last year and in April they set a new monthly sales record of \$1.6 million with a gross margin of 49% and an adjusted EBITDA margin of 31%. This is effectively a 10-fold increase over April 2020 sales when the Nevada market was at its low due to the impact from the pandemic. In fact, Cannavative took advantage of the slow down last year to further refine, retool and optimize their operations. This has had a significant impact on Cannavative's performance with the most recent harvests showing yield improvements of 50% while still maintaining its high quality and potency. Going forward, Cannavative will continue to penetrate the Nevada retail market, gain added shelf space, and expand its award-winning products. With its ability to scale as demand grows, Cannavative is poised to continue its growth as one of the state's leading brands.

"Our staff's dedication and their continuance to strive for excellence has, and will continue to, positively impact the company's bottom line," stated Ross Kline, Cannavative's CEO.

"We couldn't be happier with the performance of Cannavative. We look forward to joining forces with such a dedicated and experienced team. Our collective future is quite bright indeed." stated David McGorman, Vencanna's CEO.

## About Cannavative

Cannavative is a leading premium cannabis brand in the state of Nevada, producing a wide variety of flower and extracted products, including its award-winning infused pre-roll, the Motivator. Cannavative's products are sold in over 90% of the state's dispensaries and retail outlets. Cannavative is a multi-cup winner, most recently a gold and silver medalist at the 2020 Las Vegas Cannabis Awards. Based in Reno, Nevada, they have 14,500 square feet of canopy, which includes a 2,800-sf light deprivation greenhouse. The company has the ability to materially expand both its indoor and greenhouse operations as demand grows. In addition, the facility houses a 10,000-sf state-of-the-art pharmaceutical-grade extraction lab and kitchen.

## 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 to a merchant capital firm, rebranded as "Vencanna Ventures". The recapitalized Corporation focuses on early-stage global cannabis investment opportunities with an emphasis on strong managements that operate in state compliant jurisdictions with barriers to entry. The Corporation looks to provide its investors access to high-growth cannabis opportunities through strategic investments or acquisitions that are focused through-out the value chain (cultivation, processing, retail, distribution, and including ancillary businesses).

## Forward-Looking Statements

*This news release may include "forward-looking statements" which reflect the Corporation's and Cannavative's current expectations regarding the future results of operations, performance and achievements of the Corporation and Cannavative, respectively, including but not limited to: 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; reopening plans and expected tourist volumes in Las Vegas, and their effect on cannabis sales in the city; the market for medical cannabis in the United States; the effects of COVID-19 on the operations of Cannavative and the Nevada cannabis industry, generally; and expectations regarding the business plans of such companies. When used in this news 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 and Cannavative, including expectations and assumptions concerning: the Transaction, including CSE and shareholder approvals, the execution of a definitive agreement in respect thereof and the satisfaction of other closing conditions in accordance with the terms of such 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.*

*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, the ability of the Corporation to implement its corporate strategy, 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.*

## Third Party Data

*Unless otherwise indicated, the market and industry data contained or incorporated by reference in this news release is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although Vencanna believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Corporation has not independently verified any of the data from third party sources referred to or incorporated by reference herein and accordingly, the accuracy and completeness of such data is not guaranteed.*

## Non-GAAP Measures

*Adjusted earnings before income, taxes, depreciation and amortization (EBITDA) is not a recognized measure under IFRS. Management believes that adjusted EBITDA is a useful financial metric to assess operating performance prior to consideration of how operations are financed, how results are taxed, and how*

results are impacted by non-cash charges and charges that are irregular in nature or not reflective of a company's core operations. Investors are cautioned, however, that this measure should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Cannavative's performance. Cannavative's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Adjusted EBITDA is calculated as net earnings before income tax expense, depreciation and amortization of intangibles as well as transaction expense.

**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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