

TOP STRIKE RESOURCES CORP.

Condensed Interim Financial Statements (unaudited)

Three months ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

Notice

Top Strike Resources' 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		July 31, 2021	April 30, 2020
	Notes		
ASSETS			
Current Assets			
Cash		\$ 7,370,000	\$ 729,943
Note receivable	4	2,620,847	2,469,958
Trade and other receivables		2,696	6,911
Prepays		9,792	16,617
		10,003,335	3,217,429
Non-Current Assets			
Deposits		2,500	2,500
Equipment		4,967	5,243
Investments	5	118,900	6,784,547
TOTAL ASSETS		\$ 10,129,702	\$ 10,009,719
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		204,623	173,576
Unearned interest		-	12,787
		204,623	186,363
Non-Current liabilities			
Loan	6	25,868	25,187
Convertible debenture – debt component	7	1,586,407	1,552,350
Convertible debenture – derivative component	7	105,273	323,664
TOTAL LIABILITIES		1,717,548	2,087,564
SHAREHOLDERS' EQUITY			
Share capital	8	21,971,441	21,976,797
Warrants		4,556,922	4,556,922
Contributed surplus		1,883,931	1,879,212
Deficit		(20,204,763)	(20,485,420)
Treasury stock		-	(5,356)
TOTAL SHAREHOLDERS' EQUITY		8,207,531	7,922,155
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 10,129,702	\$ 10,009,719

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(unaudited)

For the three months ended July 31		2021	2020
	Notes		
Revenues			
Interest income		\$ 237,351	\$ 116,400
Change in fair value of investments and financial instruments:			
Unrealized gain on convertible debt and derivatives instruments 7		184,334	10,400
Realized gain on foreign exchange		49,805	-
Unrealized gain/(loss) on foreign exchange		38,038	(204,616)
		509,528	(77,816)
Expenses			
Office and miscellaneous		2,313	5,282
Depreciation		276	291
Professional fees		26,795	17,830
Corporate communication		16,965	3,464
Rent and parking		6,735	5,976
Travel		382	-
Salaries and benefits		130,175	84,091
Meals and entertainment		5,013	1,009
Interest and bank charges		35,498	19,572
Conferences		-	207
Share-based compensation		4,719	37,727
		228,871	175,449
Income (loss) and comprehensive income (loss) for the period		\$ 280,657	\$ (253,263)
Earnings (loss) per share:			
Basic	9	\$ 0.00	\$ (0.00)
Diluted	9	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding:			
Basic	9	181,411,390	181,991,390
Diluted	9	184,744,723	181,991,390

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	Treasury stock	Total shareholders' equity
Balance at May 1, 2021	181,411,390	\$21,976,797	\$4,556,922	\$1,879,212	\$(20,485,420)	(5,356)	\$7,922,155
Share base compensation	-	-	-	4,719	-	-	4,719
Shares cancelled-NCIB	-	(5,356)	-	-	-	5,356	-
Income and comprehensive income for the period	-	-	-	-	280,657	-	280,657
Balance at July 31, 2021	181,411,390	\$21,971,441	\$4,556,922	\$1,883,931	\$(20,204,763)	-	\$8,207,531
Balance at May 1, 2020	181,991,390	\$21,984,522	\$4,556,922	\$1,810,617	\$(19,134,232)	-	\$9,217,829
Share base compensation	-	-	-	37,727	-	-	37,727
Loss and comprehensive loss for the period	-	-	-	-	(253,263)	-	(253,263)
Balance at July 31, 2020	181,991,390	\$21,984,522	\$4,556,922	\$1,848,344	\$(19,387,495)	-	\$9,002,293

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(unaudited)

For the three months ended July 31		2021	2020
	Notes		
Operating activities			
Net income (loss) for the period		\$ 280,657	\$ (253,263)
Adjustments for:			
Interest income		(110,640)	(116,400)
Depreciation		276	291
Share-based compensation		4,719	37,727
Unrealized gain on convertible debt and derivative instruments	7	(184,334)	(10,400)
Realized foreign exchange gain		(49,805)	
Unrealized foreign exchange loss (gain)		(38,038)	204,616
Loan accretion	6	681	19,254
Government grants		-	(1,002)
Prepays		6,825	-
Trade and other receivables		7,679	(1,055)
Unearned interest		(12,787)	-
Accounts payable and accrued liabilities		28,837	(6,654)
		(65,930)	(126,886)
Settlement of convertible promissory notes	5	6,838,699	-
Interest received		(126,712)	-
Net cash from (used) in operating activities		6,646,057	(126,886)
Financing activities			
Loan proceeds	6	-	40,000
Net cash proceeds from financing activities		-	40,000
Change in cash and cash equivalents for the period		6,646,057	(86,886)
Cash and cash equivalents, beginning of period		723,943	3,745,922
Cash and cash equivalents, end of period		\$ 7,370,000	\$ 3,659,036

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the three months ended July 31, 2021 and 2020
(Expressed in Canadian dollars)
(unaudited)

1. Nature and continuance 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 transitioned the Company from an oil and gas issuer to a merchant capital firm, operating as "Vencanna Ventures", and aims to provide 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 and under the symbol "TPPRF" on the OTCQB Venture Market ("OTCQB"), a US trading platform operated by the OTC Market Group in New York. 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 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, 2021 except as specified in Note 3 below. 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, 2021. The condensed interim financial statements were approved and authorized for issuance by the board of directors of Top Strike on September 27, 2021.

(b) Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for share-based payment transactions, investments, convertible notes, convertible debentures and derivative instruments which have been recorded at fair market value.

(c) Functional currency

The Company's presentation currency is Canadian dollars. The functional currency of the Company is Canadian dollars.

3. Summary of significant accounting policies

The accounting policies used are consistent with those of the previous financial year as described in Note 3 of the Company's financial statements for the year ended April 30, 2021.

TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements
For the three months ended July 31, 2021 and 2020
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4. Note receivable

On March 11, 2021, the Company entered into a US\$2,000,000 facility loan agreement with the Cannavative Group LLC (“Cannavative”) to facilitate planned capital expansion initiatives or other uses as agreed by the Company (the “Cannavative Note”). The commencement date of the Cannavative Note was March 19, 2021.

On March 12, 2021, the Company announced that it had entered into an exclusive non-binding letter of intent with Cannavative, pursuant to which the Company will acquire all of the common shares in the capital of Cannavative in an all-share exchange through the issuance of an aggregate of 360,000,000 common shares of the Company at a deemed issuance price of US\$0.05 per common share. The proposed transaction is subject to, among other things, the execution of a definitive agreement between the Company and Cannavative (the “Definitive Agreement”) and customary closing conditions. The proposed transaction is subject to the acceptance of the Canadian Securities Exchange (the “CSE”) and the approval of the shareholders of the Company.

The maturity date of the Cannavative Note is March 19, 2022, or at any time prior to the maturity date at the borrower’s discretion. Interest on the Cannavative Note is 17.5% per annum. Upon execution of the Definitive Agreement interest will be reduced to 12.5% per annum. As at July 31, 2021, the principal and interest balance of the Cannavative Note is \$2,620,847.

5. Investments

Galenas New Jersey LLC (“Galenas NJ”)

On August 8, 2019, the Company purchased an approximate 15% interest in Galenas NJ for \$90,000. On December 18, 2019, the Company acquired an additional 22.5% interest in Galenas NJ from Medical Investor Holdings LLC (d.b.a. Vertical Companies) (“Vertical”) with a settlement of accrued interest of \$127,950 on the Vertical loan. On January 24, 2020 the Company issued 2,222,222 common shares at a share price of \$0.02 to Medical Investment Fund LLC (“MIF”) for exchange of additional 22.5% interest in Galenas NJ. The Company owns approximately 60% of Galenas NJ.

The investment in Galenas NJ is measured at FVTPL, and considered to be under Level 3 hierarchy. The fair value of this investment as at July 31, 2021, is \$118,900 (2020 - \$118,900). The fair value was determined based on comparable arm’s length transactions.

Convertible promissory notes

GOH Note

On February 20, 2020, the Company was assigned a convertible promissory note (“GOH Note”) as settlement for the note receivable issued to Vertical on July 19, 2019. The GOH Note was originally issued by Galenas LLC for the principal sum of US\$3,300,000 on July 12, 2018 with interest accruing at a rate of 8.0% per annum. The holder of the GOH Note has the option to convert the note into a 35% non-dilutive interest in Galenas LLC anytime prior to the maturity date on July 1, 2021. Upon maturity the entire unpaid principal balance and all accrued interest on the note shall become due and payable.

On July 7, 2021, the GOH Note was settled for cash proceeds of US\$4,189,993.

GOH Note 2

On July 3, 2020, the Company was assigned a convertible promissory note (“GOH Note 2”) which was settled with the issuance of a convertible debenture (Note 11). The GOH Note 2 was originally issued by Galenas LLC for the principal sum of US\$1,300,000. The note has an interest rate of 9.6% and is paid in monthly installments of US\$10,400. The holder of the GOH Note 2 has the option to convert the note into 223 membership units (approximately 10.3% equity interest) of Galenas LLC on or prior to the maturity date of August 1, 2021.

On July 30, 2021, the GOH Note 2 was settled for cash proceeds of US\$1,300,000.

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6. Loan

On June 6, 2020, the Company received a \$40,000 Canada Emergency Response interest free loan to cover operating costs. The loan was offered by the Government of Canada through the Company's bank and is related to the Covid-19 pandemic. The balance of the loan is due on or before December 31, 2022. Full payment of the loan by December 31, 2022 will result in a loan forgiveness benefit of \$10,000.

On December 31, 2022, the Corporation has the option to extend the loan for an additional 3 years at an annual interest rate of 5%. In determining the fair value of the loan, the Company used an effective interest rate of 10% and considered the interest free and forgiveness features of the loan.

The fair value of this loan on the initial recognition date of June 6, 2020 was \$22,915. The fair value of this loan as at July 31, 2021 is \$25,868. During the period the Company recorded loan accretion of \$681 on the Statement of Income (Loss) and Comprehensive Income (Loss).

7. Convertible debenture

On July 3, 2020, the Company issued a US\$1,300,000 convertible debenture maturing July 3, 2022 (the "Debenture"). The Debenture is convertible at the holder's option at a conversion rate of US\$0.05 per common share totaling 26,000,000 common shares of the Company. The Debenture carries an interest rate of 8.0% and is accrued and payable on January 31, April 30, July 31, and October 31 of each year; interest is paid in cash, common stock, a combination thereof, or accrued. The Company also holds an option to extend the maturity of the Debenture to July 3, 2024 at an interest rate of 9.6% and common share conversion rate of 29,900,000 common shares. The Company may elect to force conversion if the Company's 10-day weighted average closing price of its common shares traded through the facilities of the Canadian Stock Exchange prior to that date equals or exceeds US\$0.075 per common share. Additionally, if the GOH Note 2 is repaid or sold at less than the outstanding principal amount plus accrued interest remaining, the percentage discount received will be applied to the principal amount of this debenture.

The conversion and debt feature of the Debenture is presented separately on the condensed statement of financial position due to the variability of foreign currency of the settlement feature. The Black Scholes option pricing model is used to value the derivative component up to a maximum value of the Company's forced conversion option. The derivative component is valued upon the initial issuance date July 3, 2020 and at each period end date. The Debenture carries an implied interest rate of 11.81%.

Convertible debenture	July 31, 2021	July 3, 2020
Debt component (US)	\$ 1,272,995	\$ 1,174,622
Foreign exchange rate	~1.25	~1.36
Debt component	1,586,407	1,593,375
Derivative component	105,273	170,075
	\$ 1,691,680	\$ 1,763,450

8. Share capital

- a) Authorized:
Unlimited number of common shares with no par value.
- b) Issued

	Number of shares	Amount
Balance May 1, 2020	181,991,390	\$ 21,984,522
Cancelled	(500,000)	(7,725)
Balance at April 30, 2021	181,491,390	21,976,797
Cancelled	(80,000)	(5,356)
Balance at July 31, 2021	181,411,390	\$ 21,971,441

On May 4, 2021, the Company cancelled 80,000 shares held in treasury.

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9. Per share amounts

Basic and diluted earnings per share is calculated based on net loss and the weighted-average number of common shares outstanding.

Three months ended July 31,	2021	2020
Income (Loss) for the period	\$ 280,657	\$ (253,263)
Weighted average number of common shares:		
Basic	181,411,390	181,991,390
Diluted	184,744,723	181,991,390
Earnings per share:		
Basic	\$ 0.00	\$ (0.00)
Diluted	\$ 0.00	\$ (0.00)

As at July 31, 2021, there were 14,133,407 (July 31, 2020 – 17,466,740) stock options considered anti-dilutive.

10. Related party transactions

During the period ended July 31, 2021, \$6,152 (2020 - \$7,485) in legal fees were incurred from a law firm at which an officer of the Company is a Partner. As at July 31, 2021, accounts payable and accrued liabilities included amounts payable to related parties totaling \$20,261 (2020 - \$25,290).

On July 3, 2020, the Company issued the Debenture to Medical Investment Fund A Limited Partnership (“MIFF A”). Jon Sharun, a director of the Company, is the Managing Partner of MIFF A. During the period the Company elected to accrue US\$27,991 in interest related to the debenture (Note 7). As at July 31, 2021, the Company has accrued \$144,865 (US\$116,106) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

11. Financial risk management

As at July 31, 2021, the carrying values of cash, trade and other receivables, prepaids and other trade payables approximate their 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

Credit risk represents the risk associated with the inability of a counterparty to fulfil its financial obligations. The Company is exposed to credit risk through cash, trade and other receivables and investments. The cash balance is primarily held in a chequing account at a reputable financial institution. Trade and other receivables consist of government receivables. The Company does not have significant concentration credit risk from cash, trade and other receivables.

As at July 31, 2021, the Company is exposed to credit risk of \$2,620,847 related to its note receivable balance. The note is non-revolving and the maturity date is connected to the non-binding letter signed with Cannavative of March 12, 2021 and matures no later than March 19, 2022.

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11. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at July 31, 2021, the Company had a cash balance of \$7,370,000 (April 30, 2021 - \$729,943) to settle current liabilities of \$204,623 (April 30, 2021 - \$186,363). Historically, the Company's sole source of funding has been the issuance of equity securities for cash, 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 commodity 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 of cash is not considered significant.

As of July 31, 2021, the Company had a note receivable balance of \$2,620,847 from an American participant in the cannabis industry. The interest rate on the loan is fixed, and as such, the Company is not exposed to significant interest rate risk.

b) *Foreign currency risk*

As of July 31, 2021, the Company holds a note receivable, investment in a convertible promissory note in American Dollars. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting with third parties in the functional currency when possible. The Company is exposed to currency rate risk from fluctuations in the value of its investments which are denominated in \$US. The Company does not currently use foreign exchange contracts to hedge its exposure to foreign currency risk.

As at July 31, 2021, a 1% foreign exchange differential in the American Dollar, with all other factors remaining constant, would result in \$21,000 change in income (loss).