

Vencanna Ventures Announces the Signing of the Definitive Agreement with The Cannavative Group LLC

CALGARY, AB, April 25, 2022 /CNW/ - Top Strike Resources Corp. d.b.a. "Vencanna Ventures" (the "**Company**" or "**Vencanna**") (CSE: VENI) (OTCQB: TPPRF) is pleased to announce that it entered into a definitive unit exchange agreement ("**Definitive Agreement**") with Cannavative Group LLC ("**Cannavative**") on April 25th, 2022, pursuant to which Vencanna would acquire all of the issued and outstanding membership units of Cannavative in an all-share exchange (the "**Transaction**"). 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 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 Share. It is anticipated that the Transaction will be completed the summer of 2022.

Management and the board of directors will be comprised of professionals from both parties, creating a dynamic, integrated team, with the full capability to execute the go-forward business plan, which includes further market penetration in the state of Nevada, acquisition opportunities both in-state and out-of-state, and applying for licenses in new markets. The Transaction is truly transformative to Vencanna, converting the company from an investment company into a U.S. based cannabis operating company.

Transaction Attributes

- An attractive transaction price equal to the estimated twelve-month forward revenue;
- Vencanna's deemed share price of US\$0.05 equal to its estimated net asset value per share;
- The all-share exchange closely aligning the shareholders of both parties;
- A significant portion of Cannavative's debt converting to Vencanna shares being a testament to Cannavative's stakeholders' commitment and belief in the Company's continued success; and
- Relative to its peer group, the merged company's balance sheet will be one of strongest in the industry.

Post Transaction, it is expected that the Company will have 536 million common shares and 209 million warrants outstanding, no debt, and over \$5 million in cash. The estimated common shares outstanding assumes the Company elects its Forced Conversion Right upon a change of control, at a conversion price of US\$0.05, regarding its US\$1.3 million Convertible Debenture issued July 3, 2020. It is anticipated that at closing of the Transaction, the board and senior management of the merged company will hold 33% of the common shares and 36% on a fully diluted basis.

David McGorman, Vencanna's CEO, commented "*It's been our goal to convert from an investment company to a well-established cannabis operating company, and Cannavative is the transformative transaction that Vencanna has been looking for. Being one of the first companies in Nevada to be awarded both a cultivation and manufacturing license, they've developed deep roots in one of the most dynamic recreational states in the U.S. Their product development and talent pool will be easily exportable into new markets as cannabis reform in the U.S. continues to expand. We look forward to onboarding the Cannavative team.*"

Jason Crum, Cannavative's President and Chief Revenue Officer, commented "*Cannavative is thrilled to join forces with Vencanna, a partner that brings capital to fuel our continued growth and industry expertise to expand our footprint beyond Nevada. Vencanna's relationships, such as their recently announced opportunity in New Jersey, the newest state to initiate recreational sales, is a perfect example of how together we can exploit new frontiers. Combined, we'll be able to push the boundaries of innovation in cannabis, with a continued focus on delivering the highest quality products to consumers.*"

Post-Transaction Management

David McGorman, CEO & Director.

Mr. McGorman is a co-founder, and current CEO and director of Vencanna. He has over 25 years of experience in the financial industry providing M&A and corporate structuring advice to his clients, as well as leading their equity issues and debt placements. Prior to Vencanna, Mr. McGorman held senior positions at The Chase Manhattan Bank, and numerous Canadian investment banking firms including CEO of Jennings Capital Inc., and Vice-Chairman of Research Capital Corp. Mr. McGorman holds a Hon's B.Sc. in Theoretical Physics from the University of Guelph, and an M.B.A. from the DeGroote School of Business.

Jason Crum, Chief Revenue Officer

Mr. Crum is the current President and Chief Revenue Officer of Cannavative. He has over 20 years of diversified CPG/FMCG background in alcohol sales management, including beer and wine with MillerCoors and Treasury Wine Estates, where he was directly responsible for supply, distribution, and brand building. His skill set includes developing high performing teams, maximizing strategic analytics, and streamlining efficiencies. Since joining Cannavative in 2019, Jason has been instrumental in increasing Cannavative's Nevada dispensary penetration and sales growth. Mr. Crum is a graduate of UT Austin.

Post-Transaction Board of Directors

Ross Kline

Ross Kline is a co-founder of Cannavative and is currently the business's CEO and Chairman. Prior to establishing the business in 2013, Ross was the founder & CEO of Logistics & Distribution Services, a freight brokerage and trucking business serving blue chip clients including Nestle, PetSmart and Amazon. In 2016, Logistics & Distribution Services was sold to Arcbest Company, a \$1.75 billion freight and premium logistics company. Mr. Kline holds a B.S. in Logistics from Penn State University.

Jon Sharun

Mr. Sharun is the current Executive Chairman and interim CFO of Vencanna. He has over 20 diverse years of international investment, real estate, branding and business development experience. He is the founder and Managing Partner of Venexo Capital, a boutique private equity firm that has raised in excess of \$100 million with investments in healthcare, hospitality and real estate. Venexo has been an early investor into the cannabis sector with over 50 international placements. Jon sits on many private, public and NFP boards, and is both a Top Forty Under 40 and a Top 100 in Finance award winner. Mr. Sharun holds an MBA, CPA, CSA, LEED AP, and ICD.D

W. Scott McGregor, Independent Director

Mr. McGregor is currently a director of Vencanna and the Managing Director at Invest Alberta Corp., a Crown corporation dedicated to attracting investment and supporting trade to the province of Alberta. He's a seasoned corporate finance professional with over 20 years of investment banking and corporate development experience. Mr. McGregor holds a B.A. from Queens University and a M.B.A. from the Rotman School of Management.

Dr. Scott Wrye MD, Independent Director

Dr. Wrye is a private practicing physician and co-founder and director of Cannavative. Scott was an early supporter of medical cannabis, educating and working directly with many patients in northern Nevada for their legal access of medical cannabis. In addition to his community support, Scott has been instrumental in helping Cannavative develop their products and brands. Dr. Wrye is a Cosmetic, Plastic & Reconstructive Surgery Specialist based in Reno Nevada. He's a graduate of New York State University, College of Medicine.

Cannavative will also nominate one additional independent director, acceptable to the parties, for consideration.

About Cannavative

Cannavative is a multiple award-winning cultivator and processor in Nevada, including winning Leaflink's Top 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 Wynk™ THC & Seltzer, through which they have the exclusive sales and distribution rights for the state of Nevada. Wynk™ is the most widely distributed THC 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 aimed 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 looked 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). In addition, the Corporation worked alongside community leaders and social equity-owned organizations to develop grassroots partnership initiatives. These initiatives include the joint submission of cannabis business applications to be considered for jurisdiction compliant cannabis licenses.

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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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CNW 14:36e 25-APR-22