

TOP STRIKE RESOURCES CORP.
Operating as “Vencanna Ventures”
Condensed Interim Financial Statements (unaudited)
Three months ended July 31, 2022 and 2021
(Expressed in Canadian dollars)

Notice

Top Strike Resources’ auditor, MNP LLP, has not reviewed the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.
Operating as “Vencanna Ventures”
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(unaudited)

As at		July 31, 2022	April 30, 2021
	Notes		
ASSETS			
Current Assets			
Cash		\$ 6,389,947	\$ 6,644,223
Note receivable	4	3,162,716	3,073,013
Trade and other receivables		3,560	11,078
Prepays		9,871	16,932
		9,566,094	9,745,246
Non-Current Assets			
Deposits		2,500	2,500
Equipment		3,737	3,997
TOTAL ASSETS		\$ 9,572,331	\$ 9,751,743
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		345,167	333,100
		345,167	186,363
Non-Current liabilities			
Loan	5	28,742	27,986
Convertible debenture – debt component	6	138,099	110,167
Convertible debenture – derivative component	6	1,878,828	2,002,142
TOTAL LIABILITIES		2,390,836	2,473,395
SHAREHOLDERS' EQUITY			
Share capital	7	21,967,258	21,968,258
Warrants		4,556,922	4,556,922
Contributed surplus		1,885,317	1,885,317
Deficit		(21,228,002)	(21,131,149)
Treasury stock		-	(1,000)
TOTAL SHAREHOLDERS' EQUITY		7,181,495	7,278,348
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 9,572,331	\$ 9,751,743

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.**Operating as “Vencanna Ventures”**

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

(Expressed in Canadian dollars)

(unaudited)

For the three months ended July 31		2022	2021
	Notes		
Revenues			
Interest income		\$ 97,942	\$ 237,351
Change in fair value of investments and financial instruments:			
Unrealized gain on convertible debt and derivatives instruments 6		95,382	10,400
Realized gain on foreign exchange		-	49,805
Unrealized gain/(loss) on foreign exchange		(12,185)	38,038
		181,139	509,528
Expenses			
Office and miscellaneous		2,115	2,313
Depreciation		261	276
Professional fees		45,511	26,795
Consulting fees		19,413	-
Corporate communication		16,182	16,965
Rent and parking		8,425	6,735
Travel		8,020	382
Salaries and benefits		134,141	130,175
Meals and entertainment		1,105	5,013
Interest and bank charges		42,819	35,498
Share-based compensation		-	4,719
		277,992	228,871
Income (loss) and comprehensive income (loss) for the period		\$ (96,853)	\$ 280,657
Earnings (loss) per share:			
Basic	8	\$ 0.00	\$ 0.00
Diluted	8	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding:			
Basic	8	181,283,390	181,411,390
Diluted	8	181,283,390	184,744,723

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.**Operating as “Vencanna Ventures”**

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, 2022	181,283,390	\$21,968,258	\$4,556,922	\$1,885,317	\$(21,131,149)	(1,000)	\$7,278,348
Shares cancelled-NCIB	-	(1,000)	-	-	-	1,000	-
Income and comprehensive income for the period	-	-	-	-	(96,853)	-	(96,853)
Balance at July 31, 2022	181,283,390	\$21,967,258	\$4,556,922	\$1,885,317	\$(21,228,002)	-	\$7,181,495
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

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.**Operating as “Vencanna Ventures”**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(unaudited)

For the three months ended July 31		2022	2021
	Notes		
Operating activities			
Net income (loss) for the period		\$ (96,853)	\$ 280,657
Adjustments for:			
Interest income		(97,942)	(110,640)
Depreciation		260	276
Share-based compensation		-	4,719
Unrealized gain on convertible debt and derivative instruments	6	(95,382)	(184,334)
Realized foreign exchange gain		-	(49,805)
Unrealized foreign exchange loss (gain)		12,185	(38,038)
Loan accretion	5	756	681
Government grants		-	-
Prepays		7,060	6,825
Trade and other receivables		7,518	7,679
Unearned interest		-	(12,787)
Accounts payable and accrued liabilities		12,882	28,837
		(249,516)	(65,930)
Settlement of convertible promissory notes		-	6,838,699
Interest received		-	(126,712)
Net cash from (used) in operating activities		(249,516)	6,646,057
Change in cash for the period		(249,516)	6,646,057
Effect of exchange rates on cash		(4,760)	-
Cash, beginning of period		6,644,223	723,943
Cash, end of period		\$ 6,389,947	\$ 7,370,000

See accompanying notes to the condensed interim financial statements.

TOP STRIKE RESOURCES CORP.

Operating as “Vencanna Ventures”

Notes to Condensed Interim Financial Statements

For the three months ended July 31, 2022 and 2021

(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 Inc.”, 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 TTPRF 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 28, 2022.

(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, 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, 2022.

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.

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Notes to Condensed Interim Financial Statements

For the three months ended July 31, 2022 and 2021

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4. Note receivable (continued)

On April 25, 2022, the Company entered into a definitive unit exchange agreement (“Definitive Agreement”) with Cannavative, pursuant to which the Company will require all the issued and outstanding membership units of Cannavative in an all-share exchange (the “transaction”). 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 acceptance of the CSE and shareholder approval; the loan is expected to be settled upon closing of the Transaction.

The maturity date of the Cannavative Note has been extended to October 9, 2022, or at anytime prior to the maturity date at the borrower’s discretion. Interest on the Cannavative Note is 12.5% per annum. Prior to the execution of the Definitive Agreement the interest rate was 17.5% per annum.

During the period the Company accrued \$97,942 (2021 - \$110,640) in interest. As at July 31, 2022, the principal and interest balance of the Cannavative Note is \$3,162,716.

5. 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, 2022 is \$28,742. During the period the Company recorded loan accretion of \$756 on the Statement of Income (Loss) and Comprehensive Income (Loss).

6. Convertible debenture

On July 3, 2020, the Company issued a US\$1,300,000 convertible debenture maturing July 3, 2022 (the “Debenture”). During the period the Company extended the maturity of the Debenture to July 3, 2024. The Debenture is currently convertible at the holder’s option at a conversion rate of US\$0.0435 per common share totaling 29,900,000 common shares of the Company. The Debenture carries an interest rate of 9.6% 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 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.

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 15.65%.

Convertible debenture	July 31, 2022	July 3, 2020
Debt component (US)	\$ 107,688	\$ 1,174,622
Foreign exchange rate	~1.28	~1.36
Debt component	138,099	1,593,375
Derivative component	1,878,828	170,075
	\$ 2,016,927	\$ 1,763,450

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Notes to Condensed Interim Financial Statements

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7. Share capital

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

b) Issued

	Number of shares	Amount
Balance May 1, 2021	181,491,390	\$ 21,976,797
Cancelled	(183,000)	(8,539)
Balance at April 30, 2022	181,308,390	21,968,258
Cancelled	(25,000)	(1000)
Balance at July 31, 2022	181,283,390	\$ 21,967,258

During the period the Company cancelled 25,000 common shares held in treasury at a cost of \$1,000.

8. 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,	2022	2021
Income (Loss) for the period	\$ (96,853)	\$ 280,657
Weighted average number of common shares:		
Basic	181,283,390	181,411,390
Diluted	181,283,390	184,744,723
Earnings per share:		
Basic	\$ 0.00	\$ 0.00
Diluted	\$ 0.00	\$ 0.00

As at July 31, 2022, there were 17,466,740 (2021 – 14,133,407) stock options considered anti-dilutive.

9. Related party transactions

During the period ended July 31, 2022, \$27,056 (2021 - \$6,152) in legal fees were incurred from a law firm at which an officer of the Company is a Partner. As at July 31, 2022, accounts payable and accrued liabilities included amounts payable to related parties totaling \$3,296 (2021 - \$20,261).

On July 3, 2020, the Company issued a debenture. Jon Sharun, a director of the Company is the holder of the US\$1,300,000 debenture. During the period the Company elected to accrue US\$32,297 in interest related to the debenture (Note 6). As at July 31, 2022, the Company has accrued \$301,156 (US\$234,838) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

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10. Financial risk management

As at July 31, 2022, 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, 2022, the Company is exposed to credit risk of \$3,162,716 related to its note receivable balance. The note is non-revolving with a maturity date of October 9, 2022.

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, 2022, the Company had a cash balance of \$6,389,947 (April 30, 2021 - \$6,664,223) to settle current liabilities of \$345,167 (April 30, 2021 - \$333,100). 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, 2022, the Company had a note receivable balance of \$3,162,716 (2021 – \$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, 2022, the Company holds cash and a note receivable in American Dollars. The Company is exposed to currency rate risk from fluctuations in the value of cash and notes receivable 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, 2022, a 1% foreign exchange differential in the American Dollar, with all other factors remaining constant, would result in \$24,000 change in income (loss).