

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Twelve Months Ended April 30, 2022 and 2021**

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The following Management's Discussion & Analysis ("MD&A") as provided by the management of Top Strike Resources Corp. ("Top Strike" or the "Company") should be read in conjunction with the Company's audited financial statements and accompanying notes for the years ended April 30, 2022 and 2021. All financial measures are expressed in Canadian dollars unless otherwise indicated. Top Strike's MD&A and financial statements were prepared under International Financial Reporting Standards ("IFRS"). The reader should be aware that historical results are not necessarily indicative of future performance. The effective date of this MD&A is August 24, 2022.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward Looking Statements" on page 9 of this report.

The reader is encouraged to review the Company's statutory filings on [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF BUSINESS AND OVERVIEW**

The Company trades under the symbol "VENI" on the Canadian Securities Exchange (the "CSE") and "TPPRF" on the OTCQB Venture Market ("OTCQB"), a US trading platform operated by the OTC Markets 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.

Prior to September 24, 2018, Top Strike Resources Corp. (dba Vencanna Ventures, "Vencanna" or the "Company") had no activity and had not earned significant revenues and was listed on the TSX Venture Exchange. 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, rebranded as "Vencanna Ventures", providing capital to early-stage global cannabis initiatives including state compliant opportunities in the United States.

Since the World Health Organization declared COVID-19 as a pandemic in March of 2020, the full impact of the COVID-19 pandemic and jurisdictional policies put into effect to counter the virus continues to be unknown at this time. In 2022, essentially all US states reduced their restrictions, however surges in new variants have appeared, and localized restrictions have been reimplemented. While these surges have subsided, most states have opened up to their pre-pandemic

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**DESCRIPTION OF BUSINESS AND OVERVIEW (CONTINUED)**

levels, there is the potential that new restrictions will be re-introduced in the event of future COVID-19 variants. It is important to point out, that while restrictions were in place, all U.S. states deemed access to medical cannabis an “essential” service, and most U.S. states deemed access to recreational cannabis an “essential” service.

The global cannabis industry continues to expand with demand increasing due to patient and customer growth, as well as new jurisdictions expanding their access to cannabis for both medical and recreational purposes. According to MJBiz Factbook, cannabis sales in the U.S. reached \$27 billion in 2021, with an overall economic impact of \$81 billion. They estimate 2022 sales of \$33 billion with an overall economic impact of \$100 billion. There are currently 37 states, and the District of Columbia, that have legalized medical cannabis, 19 of which (including the District of Columbia), allow for recreational use.

The Secure and Fair Enforcement (SAFE) of Banking Act was initially passed by Congress on September 25, 2019 and has since passed 5 additional times. There has been numerous additional bills being put forth’ Marijuana Opportunity Reinvestment and Expungement (MORE) Act which was passed by the House Judiciary Committee on Nov 20, 2019, The Strengthening the Tenth Amendment Through Entrusting States (STATES) Act, the Cannabis Administration and Opportunity Act (CAOA) which is supported by Majority Senate Leader Schumer (D-NY), and Senators Wyden (D-OR) and Booker (D-NJ), and the States Reform Act, sponsored by Rep. Nancy Mace (R-S.C.), a proposal to remove cannabis from the auspices of the federal Controlled Substances Act, and regulate cannabis similarly to alcohol. These, and other bills, are pieces of legislation seeking to reform cannabis laws in the United States. However, even though thirty-nine (39) senators have co-sponsored the SAFE Banking Act, including 8 Republicans, it and the other pieces of legislation continue to stall, in part due to procedural timelines, lack of political support, and/or competing bills. While there are a number of cannabis reform bills circulating, and cannabis acceptance in the U.S. continues to grow, the actual timing of any U.S. federal cannabis reform is unknown at this time.

The Company derives 100% of its income from the cannabis industry in certain states in the United States which is illegal under the federal laws of the United States. However, the Company is not aware of any non-compliance by the Company or its investees that would be contrary, or illegal, under applicable state laws. While Management believes that the Company is on track to accomplish its stated business objectives, continued reform and global legalization of cannabis will create both greater opportunities, and potentially a more competitive environment for cannabis-based companies and its service providers thereby potentially affecting market conditions and hence affecting our foregoing milestones.

**HIGHLIGHTS AND RECENT DEVELOPMENTS**

On April 25, 2022, the Company entered into a definitive unit exchange agreement (“**Definitive Agreement**”) with Cannavative Group LLC (“**Cannavative**”), pursuant to which the Company would acquire all the issued and outstanding membership units of Cannavative in an all-share exchange. (the “**Transaction**”). The Company will issue 240,000,000 common shares and 120,000,000 warrants with an exercise price of US\$0.05 per common share for a period of 18 months. Additionally, US\$4.0 in Cannavative debt will convert into 80,000,000 common shares and 32,000,000 warrants, 16,000,000 with an exercise price of US\$0.05 per common share for a period of 9 months and US\$0.075 per common share for a period of 18 months. The Transaction is expected to close in the summer of 2022 and will 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 shareholders of the Company. The Transaction is truly transformative converting the Company from an investment Company into a US based cannabis operating company. More details regarding the proposed transaction with Cannavative can be found below.

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**HIGHLIGHTS AND RECENT DEVELOPMENTS (CONTINUED)**

During July 2021, the Company settled both of its Galenas NJ ("GOH") notes. GOH Note 1 carrying a principal balance of US\$3.3 million was settled on July 7, 2021, for net proceeds of US\$4,189,993. GOH Note 2 carrying a principal balance of US\$1,300,000 was subsequently settled on July 30, 2021. The combined cash proceeds upon settlement of the GOH note series totalled \$6,838,699 leaving the Company in a strong cash position as at April 30, 2022.

On October 12, 2021, the Company renewed its normal course issuer bid ("NCIB"). The NCIB will terminate upon the earlier of: (i) October 11, 2022, and (ii) the date which the maximum number of common shares are purchased pursuant to the NCIB. Under the NCIB, the Company may purchase up to 5% of the Company's common shares. During the year, the Company purchased 128,000 of the 9,070,570 common shares under the NCIB at a cost of \$0.033 per common share.

During the year, the Company reduced the carrying value of its 60% interest in Galenas New Jersey LLC to \$Nil (2021 - \$118,900).

On June 24, 2022, the Company elected to extend the maturity date of its US\$1.3 million convertible debenture to July 3, 2024 at an interest rate of 9.6% and a common share conversion right of 29,900,000 common shares.

The Company continues to review cannabis acquisition and investment opportunities in new markets, including obtaining licenses through applications. As part of the Company's growth strategy, we have been working with community leaders and social equity owned organizations in their efforts to successfully enter the cannabis business. These grassroots initiatives have resulted in the parties submitting numerous joint and support applications ("Partnership Applications"). In fiscal Q4 2022, one of the Partnership Applications was successful in obtaining a Conditional Standard Tier III Cultivation License and a Conditional Standard Manufacturing Licences from the state of New Jersey. The Company and its partners has secured and obtained municipal approval of a site for the cannabis operations, and the Company and its partners are preparing their Conversion License Application for final approval. While the Company is confident the Conversion License Application will result in a Conversion License, there is no assurance that the Conversion License Application will be accepted by the state.

Subsequent to year end, another Partnership Application was successfully awarded a Conditional Retail License. The Company is working with its partners to secure and obtain municipal approval for a retail site, at which point they will submit a Conversion Application. A Conditional License holder has up to 165 days to submit their Conversion Application. The parties are confident they will successfully submit a Conversion Application, however, there is no assurance this in fact will take place, nor that the Conversion Application will be accepted by the state.

During the year, 64,148,482 (54%) of the Company's 117,711,057 outstanding warrants expired. As at April 30, 2022, the Company has 53,552,577 warrants outstanding with a strike price of \$0.06 per common share and expiring in September and October of 2023.

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**SELECTED ANNUAL INFORMATION**

<b>Year ended April 30<sup>th</sup></b> <b>(000's)</b>	<b>2022</b> <b>(\$)</b>	<b>2021</b> <b>(\$)</b>	<b>2020</b> <b>(\$)</b>
Revenue	457	(351)	1,653
Expenses	1,103	1,000	1,148
Share-based compensation	6	69	1,532
Gain (Loss) for the year	(646)	(1,351)	505
Gain (Loss) per share	0.00	(0.01)	0.00
Total assets	9,752	10,009	9,294
Total liabilities	2,474	2,088	76

***Financial results for the years ended April 30, 2022 and 2021***

The Company recorded net loss of \$645,729, \$0.00 per common share for the year ended April 30, 2022 as compared to a net loss of \$1,351,188, \$0.01 per share for the year ended April 30, 2021.

Revenues for the year ended April 30, 2022, were \$456,992 (2021 - \$(350,904)). Interest income was \$603,662 (2020 - \$596,719). The following changes in fair market value occurred in the quarter; unrealized loss on investments and derivative instruments \$355,195 (2021 - \$227,077) and unrealized gain (loss) on foreign exchange \$208,525 (2020 - \$(720,546)).

Expenses for the year ended April 30, 2022, were \$1,102,721 (2021 - \$1,000,284). General and administrative expense included, salaries and benefits of \$559,410 (2021 - \$625,714), professional fees of \$164,101 (2021 - \$105,856), consulting fees of \$95,384 (2021 - \$Nil), interest and bank charges of \$148,781 (2021 - \$113,642), corporate communication expenses of \$62,918 (2021 - 35,668), share-based compensation of \$6,105 (2021 - \$68,595) and other expenses of \$66,022 (2021 - \$50,809).

**SUMMARY OF QUARTERLY RESULTS**

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

<b>Quarter ended</b>	<b>Apr</b>	<b>Jan</b>	<b>Oct</b>	<b>Jul</b>	<b>Apr</b>	<b>Jan</b>	<b>Oct</b>	<b>Jul</b>
<b>(000's)</b>	<b>30,</b>	<b>31,</b>	<b>31,</b>	<b>30,</b>	<b>30,</b>	<b>31,</b>	<b>31,</b>	<b>31,</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Revenue	(498)	151	294	510	1	(412)	138	(78)
Income (Loss) for the period	(806)	(124)	3	281	(301)	(663)	(134)	(253)
Income (Loss) per share	(0.00)	(0.00)	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	9,752	9,801	9,957	10,130	10,009	10,464	10,790	10,873
Total liabilities	2,473	1,712	1,741	1,718	2,088	2,240	1,901	1,871

of the date hereof, a major portion of the Company's business was derived from material ancillary involvement in US cannabis-related activities. As at April 30, 2022, 32% of the Company's assets and 100% of income was directly related to US cannabis activities.

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## **RESULTS OF OPERATIONS**

### ***Financial results for the three months ended April 30, 2022 and 2021***

The Company recorded a net loss of \$806,213, \$0.00 per common share for the three months ended April 30, 2022 as compared to a net loss of \$300,818, \$0.00 per share for the three months ended April 30, 2021.

Revenues for the three months ended April 30, 2022, were \$(498,029) (2021 - \$632). Interest income was \$123,309 (2020 - \$192,843). The following changes in fair market value occurred in the quarter; unrealized foreign exchange gain (loss) \$50,829 (2021 - \$(305,734)) and unrealized loss on investments and derivative instruments of \$672,168 (2020 – \$113,523); from a change in fair market value of the convertible debenture.

Expenses for the three months ended April 30, 2022, were \$308,184 (2021 - \$301,450). General and administrative expense included, salaries and benefits of \$135,538 (2021 - \$273,284), professional fees of \$51,845 (2021 - \$34,609), consulting fees of \$50,602 (2021 - \$Nil), interest and bank charges of \$37,598 (2021 – \$(31,395)) and other expenses of \$32,583 (2021 - \$24,952).

## **LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES**

As at April 30, 2022, the Company had a cash balance of \$6,644,223 (2021 - \$723,943) to settle current liabilities of \$333,100 (2021 - \$186,363). As at April 30, 2022, the Company's cash increased by \$6,664,223 from April 30, 2021 primarily related to operating activities.

The Company has no commitments for property and equipment expenditures for fiscal 2022. The Company anticipates that any property and equipment expenditures based on future needs, will be funded from cash on hand and the issuance of equity securities.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### ***Critical judgments in applying accounting policies***

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

### ***Fair value of financial instruments***

For Level 3 investments and complex instruments where quoted prices are not readily available the Company values its investments using recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are

estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. In determining fair value for these types of instruments: the history and nature of the business; operating results and

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**CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; comparable trading and transaction multiples, where applicable; and other pertinent considerations are taken into consideration. Adjustments to the carrying value of the investments may also be determined when there is pervasive and objective evidence of a decline in the value of the investment, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments since acquisition.

Although the Company believes that its estimates of fair value for Level 3 investments are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

***Share-based payments***

The Company measures the cost of its share-based payments to directors, officers, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The assumptions used in determining fair value include share price, expected lives of the options, risk-free rates of return, share price volatility and the estimated forfeiture rate. Changes to assumptions may have a material impact on the amounts presented.

**ACCOUNTING POLICIES**

The accounting policies used are consistent with those as described in Note 3 of the Company's financial statements for the year ended April 30, 2022.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**PROPOSED TRANSACTION – CANNAVATIVE**

***About Cannavative***

Cannavative is a leading premium cannabis brand in the state of Nevada, producing a wide variety of flower extracted products, including its award-winning infused pre-roll, the motivator. Cannavative has deep penetration in the Nevada market as its products are sold in over 80% of the state's dispensaries and retail outlets. Cannavative is a multi-cup winner, including a gold and silver medalist at the 2020 Las Vegas Cannabis Awards, a Jack Herer Cup in 2019 for their vape pen, and in 2018, Leafy named them the Best Flower Products Brand. Based in Reno, Nevada, they operate out of a 40,000 s.f. facility, which houses a +10,000-sf state-of-the-art pharmaceutical-grade extraction lab and kitchen. In addition, there is a 2,800 s.f. greenhouse on the property with significantly ability to expand to meet growing demand.

***Definitive Agreement***

On March 12, 2021, the Company announced that it had entered into an exclusive non-binding letter of intent with Cannavative Group LLC ("**Cannavative**"). On April 25, 2022, the Company entered into a definitive unit exchange agreement ("**Definitive Agreement**") with ("**Cannavative**"), pursuant to which the Company would acquire all the issued and outstanding membership units of Cannavative in an all-share exchange (the "**Transaction**"):

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**PROPOSED TRANSACTION – CANNAVATIVE (CONTINUED)**

- The Company will issue 240,000,000 common shares and 120,000,000 warrants with an exercise price of US\$0.05 per common share for a period of 18 months from the date of issuance.
- Approximately US\$4.0 in Cannavative debt will convert into 80,000,000 common shares and 32,000,000 warrants.
  - 16,000,000 with an exercise price of US\$0.05 per common share exercisable for a period of 9 months from the date of issuance.
  - 16,000,000 with an exercise price of US\$0.075 per common share exercisable for a period of 18 months from the date of issuance.
- The remaining Cannavative note with a balance of approximately US\$2.4 million will be settled in upon closing. Upon signing of the Definitive Agreement interest was reduced to 12.5% per annum.

***Post-Transaction Management***

Management and the board of directors will be comprised of professionals from both parties, creating a dynamic, integrated team including further market penetration in the state of Nevada. The post-transition management team will consist of David McGorman, CEO & Director and Jason Crum, Chief Revenue Officer. The post-transition board of directors will consist of David McGorman, Jon Sharun, Scott McGregor from Vencanna and three members from Cannavative including Ross Kline and Scott Wrye.

***Transaction attributes***

The Transaction will transform the Company from an investment Company to a well-established cannabis operating company and one of the first companies in Nevada to be awarded both a cultivation and manufacturing license. With Cannavative's product development, talent pool and deep roots developed in one of the most dynamic recreational states in the US the Company will be well positioned to leverage opportunities in new markets as the cannabis reform in the U.S. continues to expand.

Upon closing the Company is expected to have 536 million common shares and 209 million warrants outstanding, no debt, and over US\$5 million in cash. The estimated common shares outstanding assumes the Company elects its forced conversion right upon change of control, at a conversion price of US\$0.0435 per common share, regarding its US\$1.3 million Convertible Debenture.

**RELATED PARTY TRANSACTIONS**

During the year ended April 30, 2022, the Company paid a law firm \$76,165 (2021 - \$94,103) of which a director of the Company is a partner. As at April 30, 2022, accounts payable and accrued liabilities included amounts payable to related parties totaling \$12,145 (2021 - \$13,367) for above professional fees.

On July 3, 2021, the Company announced the purchase of the GOH Note 2 and the issuance of the Debenture. A director of the Company is also a partner of the seller and purchaser of the GOH Note 2 and Debenture respectively. The director has abstained from voting at the director's meeting of the Company regarding the issuance of the Debenture and the purchase of the GOH Note 2 (collectively, the "**GOH Transaction**"). Due to the involvement of the director, who is a related party of the Company pursuant to

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**RELATED PARTY TRANSACTIONS (CONTINUED)**

Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (M<sup>2</sup>MI 61-101”), the GOH Transaction constitutes a “related party transaction” within the meaning of MI 61-101. In its consideration and approval of the GOH Transaction, the board of directors of the Company determined that the transaction was exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis that the fair market value of the GOH Transaction, as it relates to related parties, did not exceed 25% of the market capitalization of the Company, in accordance with Sections 5.5 and 5.7 of MI 61-101.

During the year the Company accrued all interest related to the Debenture. Accrued interest outstanding as at April 30, 2022 is \$260,406 (US\$202,540) (2021 - \$108,250 (US\$88,115)).

**SHARE CAPITAL**

The Company has an unlimited number of common shares authorized for issuance. At January 31, 2022, there were 181,308,390 common shares outstanding, 53,552,577 warrants and 17,466,740 stock options outstanding.

***Warrants***

At the beginning of the year the Company had 117,711,059 warrants outstanding. On September 24, 2021, 49,546,915 warrants expired. On October 19, 2021, 11,497,248 warrants expired. On January 16, 2022, 3,104,319 warrants expired for a total of 64,148,482 all with a purchase price of upon expiry of \$0.09 per common share. As at April 30, 2022, the Company has 53,552,577 warrants outstanding with a strike price of \$0.06 per common share and expected life of 1.43 years.

***Normal course issuer bid***

On October 5, 2021, the Company’s normal course issuer bid (“NCIB”, the “Bid”) expired. On September 10, 2021 the Company approved the renewal of the Bid, commencing on October 12, 2021 and terminating the earlier of: (i) October 11, 2022, and (ii) the date on which the maximum number of Shares are purchased pursuant to the Bid. Under the Bid, the Company may purchase up to 5% of the Company’s Shares.

All common shares will be purchased on the open market and through the facilities of the CSE and payment for the common shares will be made in accordance with CSE policies. The timing and extent of repurchases will depend upon several factors, including market and business conditions, valuation of Shares, regulatory requirements and other corporate considerations. The price paid for common shares will be the prevailing market price at the time of purchase and all Shares acquired by the Company will be cancelled. The Company had 181,411,390 Shares issued and outstanding as of the re-commencement date the BID.

During the year, the Company purchased 128,000 of the 9,070,570 common shares under the NCIB at a cost of \$0.033 per common share. As at April 30, 2022, 25,000 of the purchased common shares remaining outstanding and held in treasury until cancelled.

Purchases may be suspended at any time, and no purchases will be made other than by means of open market transactions during the term of the Bid. The Company has engaged Independent Trading Group (ITG) Inc. to act as the broker through which the Bid will be conducted.



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## **RISKS AND UNCERTAINTIES**

The Company's financial success will be dependent upon the Company's ability to raise equity. There is no assurance that the Company will be able to raise the equity required to meet the obligations of the Company and the Company has no source of financing other than those identified in the previous section. Additionally, given the illegality of cannabis under U.S. federal law (discussed below), the Company's ability to raise equity in the U.S. may be limited. However, these barriers to participation in U.S. capital markets also serve as the Company's competitive advantage when supplying alternative sources of capital to state compliant U.S. cannabis businesses.

### **Marijuana is illegal under U.S. federal law and the enforcement of such laws poses significant risk to the Company.**

As at the date hereof, 38 states of the United States plus the District of Columbia, Puerto Rico and Guam have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis

and consumer use of cannabis in connection with medical treatment and eleven states of the United States have legalized recreational cannabis. Many other states are considering similar legislation.

However, the position of the federal government and its agencies is that cannabis has no medical benefit and, accordingly, a range of activities including cultivation and the personal use of cannabis are prohibited. Unless and until Congress amends the U.S. Controlled Substances Act of 1970 with respect to medical and recreational cannabis, there is a risk that federal authorities may enforce current federal law and the

Company may be deemed to be producing, cultivating or dispensing cannabis in violation of federal law or facilitating the selling or distribution of drug paraphernalia in violation of federal law. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect the Company's future cash flows, earnings, results of operations and financial condition. As of the date hereof, the Company has not obtained legal advice, either in the form of a legal opinion or otherwise, regarding compliance with applicable state regulatory frameworks and potential exposure and implications arising from U.S. federal law. See the AIF for more information, including a discussion of U.S. federal cannabis laws, guidance given by federal authorities or prosecutors regarding the risk of enforcement action and risks associated with providing financing to U.S. state compliant cannabis businesses.

### ***Impacts of the COVID-19 coronavirus outbreak***

The Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company and its US cannabis related investments remain unknown, rapid spread of the COVID-19 virus may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people, consumer spending and the financial markets, which could in turn affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations for the Company's current and future investments and other factors relevant to the Company.

## **FORWARD-LOOKING STATEMENTS**

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, conclusions of economic assessments of projects, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

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**FORWARD-LOOKING STATEMENTS (CONTINUED)**

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect”, “budget”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include, but are not limited to risks related to: regulatory and third party approvals being obtained in the manner or timing anticipated by the Company; enforcement of U.S. federal law governing cannabis; changes in how the developing U.S. legal regime will impact the cannabis industry; changes in the global

cannabis market, potential negative impacts from the global COVID-19 outbreak; increases in competition from industry participants; the ability to implement the corporate strategy of the Company; the Company's investment strategy; the success and timely payment of current and future investments; the state of United States and Canadian 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 Company with securities regulatory authorities.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion & Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).