

FORM 5A

ANNUAL LISTING SUMMARY

Listed Issuer Name: Vencanna Ventures Inc. (the "Issuer")

Website: <https://vencanna.com/>

Listing Statement Date: February 23, 2024

Description(s) of listed securities(symbol/type): Common Shares (CSE: VENI)

Brief Description of the Issuer's Business:

The Issuer provides capital, liquidity and expertise to early-stage, jurisdictionally compliant cannabis initiatives, providing investors with a diversified, high-growth, cannabis investment strategy through strategic investments focused throughout the value chain (cultivation, processing and distribution, including ancillary businesses).

In alignment with the Issuer's evolving operations, brand and corporate vision and existing investment strategy, effective today the Issuer has officially rebranded as Vencanna Ventures Inc.

On February 23, 2024, the Issuer entered into a second amended and restated definitive unit exchange agreement (as amended, the "**Amended Agreement**") with The Cannavative Group LLC ("**Cannavative**") and Vencanna Acquisition Inc. ("**AcquisitionCo**") amending the agreement originally entered into on April 25, 2022, and subsequently amended and restated on August 16, 2023, pursuant to which the Issuer, indirectly through AcquisitionCo, will acquire all of the outstanding membership units of Cannavative (the "**Transaction**"). The Transaction was negotiated at arm's length and is expected to constitute a "Major Acquisition" pursuant to the policies of the Canadian Securities Exchange (the "**CSE**"). A copy of the Amending Agreement has been filed on the Issuer's SEDAR+ profile (www.sedarplus.ca).

Established in 2016 as the first in Nevada to hold both cultivation and processing licenses, Cannavative stands as a distinguished cultivator and processor garnering shelf space in over 80% of the state's retail outlets. They are a multiple award-winning cultivator and processor: 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 offers an extensive range of extracted items, including the Motivator infused pre-roll and the Resin8 vape.

The Issuer is making substantial strides in advancing its investments in New Jersey through three community partnerships: TGC New Jersey LLC. ("**TGC**"), CGT New Jersey LLC ("**CGT**") and October Gold LLC ("**October Gold**" and, collectively with TGC and CGT, the "**NJ Entities**"). The New Jersey Cannabis Regulatory Commission has awarded TGC an annual cultivation and manufacturing license, with the conditional retail license pending approval, and each of CGT and October Gold has received a conditional retail license.

New Jersey, with a population of 9.3 million (and another 35 million residing in its border states), ranks as the 11th most populous, and the most densely populated state in the United States. While adult cannabis was legalized in April 2020, its roll out has been slow. This has been in part due to a nascent

medical market before adult legalization, and the fact that less than 25% of state's municipalities has opted-in. Adding to the challenges, most opted-in municipalities limit the number of retail locations and generally pose restrictive zoning parameters.

TGC has secured a 15,500-square-foot facility in Cinnaminson, NJ. The site shall house cultivation, manufacturing and retail sales. This single-site vertical operation will enable direct product showcasing to customers. This strategically located site is just off the Hwy-130 corridor between Trenton and Camden, which effectively borders Pennsylvania. Retail sales in Cinnaminson are restricted, as they are only allowed if the establishment is co-located with cultivation. In addition, currently all the adjoining municipalities either do not allow retail operations or limit their number, making the TGC site positioned for success. TGC expects to become operational later in 2024.

CGT has also successfully secured a site; a 4,150 s.f. location in Bellmawr NJ, that is less than 10 miles from Philadelphia. The location has direct egress off HWY 24, the main artery from Philadelphia. The location is situated between the I-295 and the NJ Turnpike, on the southbound side of HWY 42 thereby capturing the afternoon traffic from Philadelphia. The south bound traffic on HWY 42 alone sees over 145,000 cars each day. CGT has received its joint land use approval from the municipality, and is now working with them in obtaining its retail support letter. Should CGT successfully obtain its retail operating licence, they would be only the second cannabis retailer in Bellmawr (Bellmawr currently allows only two retailers).

The Issuer continues to review potential sites for October Gold, collaborating closely with local municipalities, and working with additional community partners, in order to expand its New Jersey network. In addition to supporting the New Jersey entities through funding and managerial oversight, the Issuer will also bring its SOP's and top Nevada brands to this new market, further expanding our reach. The retail market in New Jersey is anticipated to remain very attractive, as the real estate and market challenges are anticipated to continue thereby limiting new entrants in the near term.

The acquisition of Cannavative, coupled with the Issuer's ongoing developments in New Jersey, will position the Issuer to offer its shareholders opportunities in the U.S. cannabis market. The landscape of U.S. cannabis reform is rapidly evolving. Notably, on October 6, 2022, President Biden directed the U.S. Department of Health and Human Services ("**HHS**") to undertake an administrative review of the scheduling of cannabis, presently categorized as a Schedule I substance under the Controlled Substance Act.

On August 29, 2023, the HHS forwarded a letter to the U.S. Drug Enforcement Agency (the "**DEA**") recommending the reclassification of cannabis from Schedule I to Schedule III. This proposed change would eliminate the application of IRC 280E, a tax provision currently applicable only to Schedule I & II substances. Such a move would substantially alleviate the tax burden on U.S. state-compliant cannabis businesses, including Cannavative, leading to increased cash flows for the sector. Senior officials have been quoted as stating they do not recall the DEA to have deviated from a scheduling recommendation from the HHS. Ongoing legislative reforms, such as the SAFE Banking Act, and the potential re-scheduling of cannabis, stand as near-term material catalysts currently under consideration, though the exact timing remains uncertain.

Description of additional (unlisted) securities outstanding:

- 5,000,000 stock options of the Issuer; and

- an unsecured convertible debenture issued by the Issuer on July 3, 2020, in the principal amount of US\$1,300,000 (the "**Debenture**"), which principal amount and accrued interest will, concurrent with the completion of the Transaction, be converted into a total of: (a) 40.9 million

common shares of the Company ("**Shares**"); and (b) 20.45 million Share purchase warrants, each warrant exercisable at C\$0.075 for 12 months from the date of issue.

In connection with the completion of the Transaction, the following additional (unlisted) securities will be issuable:

- 56.8 million common shares in the capital of AcquisitionCo, designated as exchangeable non-voting common stock, \$0.00010 par value ("**Exchangeable Shares**"), which will be exchangeable, on a one-for-one basis, into Shares of the Issuer, at the option of the holder and designed to be economically equivalent (without taking into account tax consequences) to the Shares;
- 10.6 million Exchangeable Share purchase warrants, each exercisable for one Exchangeable Share at an exercise price of C\$0.10 for 9 months, and
- 12.5 million Exchangeable Share purchase warrants, each exercisable for one Exchangeable Share at an exercise price of C\$0.13 for a period of 18 months following the date of issuance.

Following closing of the Transaction, and contingent upon the business of Cannavative achieving specific 2024 and 2025 financial milestones set forth in the Amending Agreement, holders of membership units will be eligible to receive up to an aggregate of 96.6 million additional earn-out units, each unit consisting of: (a) one Exchangeable Share and; and (b) 0.5 of one Exchangeable Share purchase warrant, each such full earn-out warrant exercisable for one Exchangeable Share for 12 months from the date of issuance at an exercise price of the greater of: (i) C\$0.10; and (ii) the market price at the time of issue.

Jurisdiction of Incorporation: Alberta

Fiscal Year End: April 30 (for the Issuer); December 31 (for Cannavative).

Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled): A meeting of the shareholders of the Issuer was held on January 17, 2023. A shareholder meeting has not yet been scheduled for 2024.

Financial Information as at: For the Issuer, most recent interim information is as at October 31, 2023. For Cannavative, most recent interim information is as at September 30, 2023.

The Issuer:

The following table provides a brief summary of the select financial information of the Issuer as at and for the six month period ended October 31, 2023, and as at and for the fiscal year ended April 30, 2023, which should be read in conjunction with the Issuer's audited annual financial statements attached hereto as Schedule A and related management's discussion and analysis attached as Schedule B, and the Issuer's unaudited interim financial statements attached hereto as Schedule C and related management's discussion and analysis attached as Schedule D.

	As at and for the six months ended October 31, 2023 (C\$)	As at and for the year ended April 30, 2023 (C\$)
Total revenue	\$338,877	\$494,833
Net loss from continuing operations	\$(156,599)	\$(826,963)
Loss per share from continuing operations – basic and diluted	\$(0.00)	\$(0.00)
Net loss	\$(156,599)	\$(826,963)
Net loss per share – basic and diluted	\$(0.00)	\$(0.00)
Total assets	\$9,255,899	\$9,265,612
Total long-term financial liabilities	\$2,961,113	\$2,814,227
Cash dividends declared per share	\$0.00	\$0.00

Cannavative:

The following table provides a brief summary of the select financial information of Cannavative as at and for the nine month period ended September 30, 2023, and as at and for the fiscal year ended December 31, 2022, which should be read in conjunction with Cannavative’s audited annual financial statements attached hereto as Schedule E and unaudited interim financial statements attached hereto as Schedule F.

	As at and for the nine- month period ended September 30, 2023 (US\$)	As at and for the year ended December 31, 2022 (US\$)
Total revenue	\$8,067,190	\$10,773,889
Net income	\$(1,453,808)	\$(3,128,650)
Net income per share – basic	\$(1.45)	\$(3.13)
Net income per share – diluted	\$(1.45)	\$(3.13)
Total assets	\$8,918,776	\$9,641,487
Total financial liabilities	\$16,062,343	\$15,278,863
Cash dividends declared per share	\$0.00	\$0.00

Total financial liabilities include current and long-term liabilities. Upon closing, \$13,690,614 of the total financial liabilities will be no longer be a financial liability.

1. Related party transactions

See the disclosure under the heading “*Related Party Transactions*” in pages 8 and 9 of the management’s discussion and analysis of the Issuer attached as Schedule D.

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer’s fiscal year:

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A	N/A	N/A	N/A	N/A	N/A	N/A

3. Summary of securities as at the end of the reporting period.

Common Shares

The Issuer is authorized to issue an unlimited number of Shares. The holders of the Shares are entitled to dividends if, as and when declared by the Board, subject to the prior rights of any other class of shares of the Issuer. They are also entitled to receive notice of, to attend and to one vote per Share at meetings of the shareholders and, upon liquidation, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Issuer, to receive the remaining property and assets of the Issuer. All Shares currently outstanding are fully paid and non-assessable and are not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions.

Preferred Shares

The Issuer is authorized to issue an unlimited number of preferred shares issuable in series, each series consisting of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by Board prior to the issuance thereof. With respect to the payment of dividends and the

distribution of assets in the event of liquidation, dissolution or winding up of the Issuer, whether voluntary or involuntary, the preferred shares are entitled to preference over the Shares and any other shares ranking junior to the preferred shares from time to time and may also be given such other preferences over the and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

Exchangeable Shares

The aggregate consideration for the Transaction payable by the Issuer will be satisfied through the issuance of exchangeable securities of AcquisitionCo (collectively, the “**Consideration Securities**”). The Exchangeable Shares are exchangeable, on a one-for-one basis, into Shares, at the option of the holder, and are designed to be economically equivalent (without taking into account tax consequences) to the Shares.

Escrowed Securities

All Consideration Securities, and any Shares issued upon the exchange of the Consideration Securities, shall be subject to a restricted period imposed by the CSE until ten trading days after the Business Acquisition Report in respect of the Transaction has been filed.

In addition:

- All Consideration Securities, and any Shares issued upon the exchange of the Consideration Securities, issued to non-insider sellers holding less than 2% of the outstanding Consideration Shares and Shares are subject to restricted periods, with such Consideration Securities released from restrictions as to: 10% at closing, 40% at 3 months from closing and the remaining 50% at 6 months from closing.
- All Consideration Securities, and any Shares issued upon the exchange of the Consideration Securities, issued to non-insider sellers holding more than 2% of the outstanding Consideration Shares and Shares are subject to restricted periods, with such Consideration Securities released from restrictions as to: 10% at closing, 15% at 3 months and 25% each 3 months thereafter.
- All Consideration Securities, and any Shares issued upon the exchange of the Consideration Securities, issued to insider sellers are subject to restricted periods imposed by the CSE, with such Consideration Securities released from restrictions as to: 10% at closing and 15% each 6 months thereafter.

During a restricted period, the holder is not permitted not sell, transfer, assign, mortgage, enter into a derivative transaction concerning that portion of the restricted securities that are subject to such restricted period.

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

As at the date hereof, the directors and officers of the Issuer are as follows:

Name	Positions Presently Held	Date of Appointment
David McGorman	Director and Chief Executive Officer	September 24, 2018
Jon Sharun	Executive Director, interim Chief Financial Officer and Chair	September 24, 2018
Matt Christopherson	Director	September 24, 2018
Alan Gertner	Director	September 24, 2018
W. Scott McGregor	Director	September 24, 2018
J. Smoke Wallin	Director	July 22, 2019

As of the completion of the Transaction, the directors and officers of the Issuer are anticipated to be as follows:

Name	Positions Presently Held	Date of Appointment
David McGorman	Director and Chief Executive Officer	September 24, 2018
Jon Sharun	Executive Director, interim Chief Financial Officer and Chair	September 24, 2018
Jason Crum	Chief Revenue Officer	Proposed
Alan Gertner	Director	September 24, 2018
W. Scott McGregor	Director	September 24, 2018
Dr. Scott Wrye MD	Director	Proposed

5. Financial Resources

Business Objectives

In the 12-month period following the completion of the Transaction, the Issuer intends to:

- a. expand product development in Nevada, such as its recently launched disposal vape which is currently the number 4 selling disposal in the state and its new concentrate, Tidal, a high THC terpene flavoured sugar, that became Nevada's number one selling sugar in its first month of sales;
- b. maintain its market share in Nevada for its best-selling brands such as the Motivator, Nevada's number one selling infused pre-roll and Resin8, one of Nevada's top selling vape;
- c. continue to improve gross and EBITDA margins with the goal of reaching 40% and 15%, respectively;
- d. assist in the build out of TGC's Cinnaminson facility, including funding and sourcing any additional funding required;
- e. bring operational oversight and product development expertise once TGC receives its operational license from the Cannabis Regulatory Commission of New Jersey; and

- f. assist in securing sites and municipal approvals for CGT and October Gold, each of whom hold a New Jersey conditional retail license.

Milestones

There is no particular significant event or milestone that must occur for the Issuer's business objectives to be accomplished; however, the Issuer expects to advance the above milestones by directing funds as follows:

Milestone	Target Date	Estimated Cost (\$)
Fund TGC's Cinnaminson's Facility (site and municipal approval has been secured). Stage I: Retail and Stage II: Cultivation and Manufacturing	Q1 2023 to Q4 2024	Stage I: \$1,500,000 Stage II: \$4,500,000
Fund CGT assuming it is successful securing its Bellmawr retail location. Funding will be contingent on available capital.	Q1 2024 to Q3 2024	\$1,500,000
Assist October Gold in securing an appropriate site and obtaining the requisite municipal approval, and subsequently potentially fund October Gold subject to available funding	H2 2024 to H1 2025	TBD

The Issuer intends to fund its milestones through cash on hand, excess cash flow, and debt. However, the Issuer is not obligated to fund the milestones and while the Issuer intends to pursue these milestone events, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

Total Funds Available

As of January 31, 2024, being the most recent month end prior to the date hereof, the estimated consolidated working capital of the Issuer (pro forma the completion of the Transaction) was \$4,000,000, thereby providing the Issuer a platform to execute the above-mentioned business objectives and milestones. The table below shows the breakdown of the estimated funds available:

Sources	Amount (\$)
Cash (Cdn)	\$3,400,000
Cash (USD)	\$450,000
Total (CDN):	\$4,000,000

In addition to the above, Cannavative is expected to receive approximately \$400,000 (US\$300,000) from the U.S. Employee Retention Credit program under the CARES Act ("ERC") and potential proceeds of approximately \$1,000,000 (US\$750,000) from an insurance claim directly attributable to a August 5, 2022 power outage.

Following completion of the Transaction, the Issuer intends to spend its available funds as described above, and general corporate purposes. The estimated use of funds following completion of the Transaction is set forth below.

Use of Available Funds	Estimated Expenditures (\$)
Cash	\$4,000,000
12-mo cash flow (Cannavative)	\$1,350,000 ⁽¹⁾
Recycle CGT's Investment (assume 100%)	\$1,500,000
Recycle TGC Investment (assume 50%)	\$750,000
ERC Funds	\$400,000
Less funds allocated toward the achievement of milestones	Up to \$7,500,000
Working Capital	\$500,000

Note:

(1) For the purposes of this forecast, Cannavative's 2024 revenues was assumed to equal to 2023 revenues from manufacturing only (USD\$9.42 million). The forecast also assumes: EBITDA margin of 12.5%; exchange rate US\$0.75 to C\$1.00 ; and taxes of 15% (assumes DEA reschedules by mid-year thereby mitigating the impact of 280e).

To achieve the Issuer's business goals and milestones, the Issuer will use its working capital on hand, in addition to using cash flow from operations, which will include the cash flow generated from the business of Cannavative and the recycling of its capital investments in TGC and CGT. The Issuer's spending on the achievement of milestones is discretionary and the Issuer is able to scale up and scale down its capital expenditure based on factors which include: (i) the achievement of operational efficiencies from the acquisition of Cannavative; (ii) the integration of the Cannavative vertical and ability to use free cash flow generated from the acquired business to fund the Issuer's business objectives; (iii) the recycling of its capital investments in TGC and CGT (the retail components of each being the nearer-term potential as the build time and operation date to free cash flow is much quicker); (iv) the ERC funds and potentially the insurance claim funds, and (v) the ability to raise additional capital as needed through debt and equity financings to fund future capital expenditures. The Issuer will generate additional cash flow using a number of methods, including, but not limited to: elimination of redundant positions; streamlining shared corporate costs, including professional fees; standardizing and streamlining processes and the implementation of other associated operational and administrative efficiencies in connection with the integration of Cannavative's business with the business of the Issuer.

The Issuer expects that it will have nominal capital expenditures as its business is not capital intensive and it has the necessary plant, property and equipment in place to execute its business objectives over the next 12 months. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Issuer to achieve its objectives. The Issuer's subsidiaries and affiliates may require additional funds in order to fulfill all of its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding required by the Issuer will be available, if required. However, it is anticipated that the available funds will be sufficient to satisfy the Issuer's objectives over the next 12 months.

6. Status of Operations

During the fiscal year, the Issuer did not:

- (a) reduce or impair its principal operating assets; or
- (b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement.

7. Business Activity

For a description of recent business activity of the Issuer, see the financial statements and MD&A attached as Schedules A – D.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this listing summary including information incorporated by reference, may contain "forward-looking statements" about the Issuer, its subsidiaries and controlled entities and Cannavative. In addition, the Issuer and Cannavative may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer and Cannavative that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer and Cannavative that address activities, events or developments that the Issuer and Cannavative expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of the Issuer, including but not limited to statements relating to the Issuer's:

- expectations regarding revenue, expenses and operations;
- anticipated cash needs;
- intention to grow its business and operations;
- expectations with respect to future production costs and capacity;
- expectations with respect to the approval and maintenance of licenses;
- expectations with respect to the future growth of cannabis operations;
- competitive position and the regulatory environment in which it operates;
- intention to exploit opportunities for cannabis operations in the United States, including in Nevada and New Jersey;
- expected business objectives for the next twelve months; and
- ability to obtain additional funds through revenue and the sale of equity or debt commitments.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, with respect to expectations and assumptions concerning:

- the realization of anticipated benefits of acquisitions, including the acquisition of Cannavative;
- the success of the operations of the Issuer;
- the timing and amount of capital expenditures;
- future exchange rates;
- the impact of increasing competition;
- conditions in general economic and financial markets;
- access to capital;
- future operating costs;
- the Issuer's ability to successfully execute plans and intentions;
- the Issuer's ability to attract and retain skilled staff;
- market competition;
- the products, services and technology offered by competitors;
- that current good relationships with suppliers, service providers and other third parties will be maintained;
- government regulations, including future legislative and regulatory developments involving medical and recreational marijuana and the timing thereto;

- obtaining the necessary regulatory approvals in a timely manner or at all;
- receipt and/or maintenance of required licenses and third-party consents in a timely manner or at all;
- the effects of regulation by governmental agencies;
- the anticipated changes to laws regarding the recreational use of cannabis;
- the demand for cannabis products and corresponding forecasted increase in revenues; and
- the size of the medical marijuana market and the recreational marijuana market.

Although the Issuer and Cannavative believe that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to:

- global or national health concerns, including the outbreak of pandemic or contagious diseases;
- the availability of sources of income to generate cash flow and revenue;
- the dependence on management and directors;
- risks relating to the receipt of the required licenses, risks relating to additional funding requirements;
- due diligence risks;
- exchange rate risks;
- potential transaction and legal risks;
- risks relating to laws and regulations applicable to the production and sale of marijuana;
- reliance on management;
- additional financing;
- profitability of the Resulting Issuer;
- ongoing costs and obligations;
- competition;
- future acquisitions or dispositions;
- product liability;
- product recalls;
- product approvals;
- promotion and maintenance of brands;
- dependence on suppliers and skilled labour;
- management of growth;
- intellectual property risks;
- security breaches;
- client acquisitions;
- changes in laws, regulations, and guidelines;
- constraints on marketing products;
- uncertainty surrounding existing protection from U.S. federal prosecution;
- cannabis continues to be illegal under U.S. federal law;
- volatility in the market price of the Shares;
- management's success in anticipating and managing the foregoing factors the regulation of the cannabis industry;
- the availability of financing opportunities;
- risks associated with economic conditions;
- conflicts of interest; and
- other factors beyond each of the Issuer and Cannavative's control.

Consequently, all forward-looking statements made in this listing summary and other documents of the Issuer and Cannavative are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the

expected consequences to or effects on the Issuer and Cannavative. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. The Issuer and Cannavative do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS OF VENCANNA VENTURES INC.

TOP STRIKE RESOURCES CORP.

Operating as “Vencanna Ventures”

Audited Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

To the Shareholders of Top Strike Resources Corp.:

Opinion

We have audited the financial statements of Top Strike Resources Corp. (the "Company"), which comprise the statements of financial position as at April 30, 2023 and April 30, 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023 and April 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Scott Laluk.

Calgary, Alberta

August 28, 2023

MNP LLP

Chartered Professional Accountants

TOP STRIKE RESOURCES CORP.

Statements of Financial Position

(Expressed in Canadian dollars)

As at		April 30, 2023	April 30, 2022
	Notes		
ASSETS			
Current Assets			
Cash and cash equivalents	5	\$ 5,179,361	\$ 6,644,223
Note receivable	6	3,756,213	3,073,013
Due from related parties	15	310,323	-
Other receivables	7	12,323	11,078
Prepays		1,838	16,932
		9,260,058	9,745,246
Non-Current Assets			
Deposits		2,500	2,500
Equipment	8	3,054	3,997
TOTAL ASSETS		\$ 9,265,612	\$ 9,751,743
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		534,037	333,100
		534,037	333,100
Non-Current liabilities			
Loan	9	27,986	27,986
Convertible debenture	10	2,252,204	2,112,309
TOTAL LIABILITIES		2,814,227	2,473,395
SHAREHOLDERS' EQUITY			
Share capital	11	21,967,258	21,968,258
Warrants	11	4,556,922	4,556,922
Contributed surplus		1,885,317	1,885,317
Deficit		(21,958,112)	(21,131,149)
Treasury stock		-	(1,000)
TOTAL SHAREHOLDERS' EQUITY		6,451,385	7,278,348
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,265,612	\$ 9,751,743

Subsequent Events (Note 18)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors:

“W. S. McGregor” Director
“J. Sharun” Director

TOP STRIKE RESOURCES CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended April 30		2023	2022
	Notes		
Revenues			
Interest income	6,5	\$ 494,822	\$ 603,662
Change in fair value of investments			
Unrealized change in fair value of due from related parties	15	(258,255)	-
Unrealized loss on investments and derivative instruments	10,9	(137,097)	(355,195)
Unrealized gain on foreign exchange	6,10	256,855	208,525
		356,325	456,992
Expenses			
Office and miscellaneous		14,380	10,136
Depreciation	8	943	1,246
Professional fees		148,848	164,101
Consulting fees		144,030	95,384
Corporate communication		53,209	62,918
Rent and parking		33,321	28,887
Travel		24,885	13,481
Salaries and benefits	14	552,233	559,410
Meals and entertainment		13,705	12,272
Interest and bank charges		197,734	148,781
Share-based compensation	12	-	6,105
		1,183,288	1,102,721
Net Loss and comprehensive loss		\$ (826,963)	\$ (645,729)
Net Loss per common share:			
Basic and diluted	13	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding:			
Basic and diluted	13	181,283,390	181,454,343

The accompanying notes are an integral part of these financial statements.

TOP STRIKE RESOURCES CORP.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	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 held in treasury-NCIB	-	(1,000)	-	-	-	1,000	-
Net loss and comprehensive loss for the year	-	-	-	-	(826,963)	-	(826,963)
Balance at April 30, 2023	181,283,390	21,967,258	4,556,922	1,885,317	(21,958,112)	-	6,451,385
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	-	-	-	6,105	-	-	6,105
Shares cancelled-NCIB	(103,000)	(8,539)	-	-	-	5,356	(3,183)
Shares held in treasury-NCIB	(25,000)	-	-	-	-	(1,000)	(1,000)
Net loss and comprehensive loss for the year	-	-	-	-	(645,729)	-	(645,729)
Balance at April 30, 2022	181,283,390	21,968,258	4,556,922	1,885,317	(21,131,149)	(1,000)	7,278,348

The accompanying notes are an integral part of these financial statements.

TOP STRIKE RESOURCES CORP.

Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended April 30	Notes	2023	2022
Operating activities			
Net loss for the year		\$ (826,963)	\$ (645,729)
Adjustments for:			
Interest income	6	(425,577)	(603,662)
Depreciation		942	1,246
Share-based compensation	12	-	6,105
Unrealized change in fair value		258,255	-
Unrealized loss on investments and derivative instruments	9,10	139,897	355,195
Unrealized foreign exchange gain	5,6,10	(256,857)	(208,525)
Gain on CEBA loan	9	(2,799)	-
Loan accretion	9	2,799	2,799
Trade and other receivables		(1,245)	(4,167)
Prepays and deposits		15,094	(315)
Unearned interest		-	(12,787)
Due from related parties		(568,580)	-
Accounts payable and accrued liabilities		182,572	147,096
		(1,482,462)	(962,744)
Settlement of convertible promissory notes			6,760,495
Issuance of notes receivable	6	(75,000)	-
Interest received		-	126,711
Net cash (used in) provided by operating activities		(1,557,462)	5,924,463
Financing activities			
Retirement of common shares		-	(8,539)
Purchase of treasury stock		-	4,356
Net cash provided by (used in) financing activities		-	(4,183)
Change in cash for the year		(1,557,462)	5,920,280
Exchange differences of cash and cash equivalents		92,600	-
Cash beginning of year		6,644,223	723,943
Cash, end of year		5,179,361	6,644,223

The accompanying notes are an integral part of these financial statements.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements
Years ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

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 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 preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") an in effect on May 1, 2022.

These financial statements were approved and authorized for issuance by the Board of Directors on August 28, 2023.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for share-based payment transactions, investments and convertible debentures which have been measured at fair market value.

(c) Functional and presentation currency

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and demand deposits, and treasury bills with an initial maturity of less than 90 days from the date of initial acquisition.

(b) Equipment

Equipment is recorded at cost and is depreciated over its estimated useful lives as follows:

- Computer equipment 30% declining balance
- Equipment 20% declining balance
- Furniture 20% declining balance

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(c) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). A cash generating unit (“CGU”) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined to be the amount for which the asset could be sold in an arm’s length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statements of Loss and Comprehensive Loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the Statements of Loss and Comprehensive Loss.

(d) Financial instruments

Recognition and measurement

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and liabilities are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and/or interest of the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is both to hold assets to collect contractual cash flows and to potentially sell financial assets, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and/or interest of the principal amount outstanding.

All financial assets not classified as and measured at amortized costs or FVOCI as described above are measured at FVTPL when doing so eliminates or significantly reduces a measurement of recognition inconsistency.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. The Company may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so eliminates or significantly reduces a measurement of recognition inconsistency.

Amortized Cost

The Company classifies its note receivable, other receivables, due from related parties and accounts payable and accrued liabilities. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

FVTPL

The Company classifies its cash and cash equivalents, investments including its convertible debenture at FVTPL. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with changes in fair value charged immediately to the statements of income and comprehensive income.

Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the valuation date. For financial instruments that have no active market, fair value is determined using valuation techniques including the use of recent arm's length market transactions, reference to the current market value of equivalent financial instruments and discounted cash flow analysis.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(e) Investments in associates and subsidiaries

The Company meets the criteria required to be considered an "investment entity" under IFRS 10. In cases where the Company has control or significant influence over a Company, the Company values such investments as financial assets at FVTPL.

(f) Government grants

The Company receives grants periodically from different governmental incentive programs. Grants are recognized initially when there is reasonable assurance the grant or subsidy will be received and when the Company believes it is in compliance with the related conditions of the grant or subsidy. The financial aid received for expenditures incurred is recognized against the expenditure in the same accounting period in which the expenditures were incurred.

(g) Share-based compensation

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at grant date. An estimated forfeiture rate is incorporated into the fair value calculated and adjusted to reflect the actual number of options that vest. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus. At exercise, the associated amounts previously recorded as contributed surplus are reclassified to share capital.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(h) Revenue recognition

Interest income is recognized on an accrual basis and is shown on the Statement of Loss and Comprehensive Loss and consists of interest earned on the note receivable and convertible note balances.

(i) Per share amounts

Basic per share amounts are computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options or other dilutive instruments were exercised into common shares. The treasury stock method assumes that any proceeds upon the exercise of dilutive instruments, including remaining unamortized compensation costs, would be used to purchase common shares at the average market price of the common shares during the period.

(j) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Interest income

Interest income is recognized on an accrual basis and is classified as revenue on the Statement of Loss and Comprehensive Loss.

(l) Determination of fair value

A number of the Company's accounting policies and disclosures required the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into three categories based on the degree to which fair value is observable:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;

Level 2 – Valuations are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; including forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace; and

Level 3 – Inputs that are not based on observable data for the asset or liability.

Financial instruments comprising of cash, trade and other receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short term to maturity. The Company's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the period. For more complex instruments including Level 3 investments the Company uses recognized valuation models.

4. Management judgements and estimates

The timely preparation of the financial statements requires management to make judgements, 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. Significant estimates and judgements made by management in the preparation of these financial statements are out-lined below.

(a) Critical judgements in applying accounting policies

The following are the critical judgements, 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.

Investment entity status

Significant Judgement was required when determining whether the Company meets the definition of an investment entity under IFRS 10.

Recognition of deferred income tax assets

The recognition of deferred income tax assets requires judgements regarding the likelihood and applicability of future income tax deductions. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and ability to apply income tax deductions.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

4. Management judgements and estimates (continued)

(a) Fair value of financial instruments

For Level 3 investments and complex instruments such as convertible notes 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 judgement 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 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.

(b) Other key sources of estimation uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period which the change occurs.

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.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements
Years ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

5. Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statement of financial position are comprised of:

	April 30, 2023	April 30, 2022
Bank and demand deposits	\$ 5,179,361	\$ 6,644,223
	\$ 5,179,361	\$ 6,644,223

The Company periodically purchases short-term treasury bills with an initial maturity of less than 90 days. They are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Bank and demand deposits include \$937,275 (April 30, 2022 - \$1,489,287) held in US denominated accounts.

6. Note receivable

Can-x note

On November 14, 2022, the Company entered into a \$75,000 facility loan agreement with CanX CBD processing Corp. (“Can-x”). The interest rate is an annual non-compounded interest rate of 18%. The principal and interest of the note are payable upon demand.

During the year, the Company accrued \$6,177 in interest. As at April 30, 2023, the principal and interest balance of the CAN-X note is \$81,177.

Cannavative note

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”). On March 31, 2023, the parties signed an Amended Restated Letter Loan Agreement, where the Cannavative Note is due within 90 days upon demand with interest payable monthly. The commencement date of the Cannavative Note was March 19, 2021.

During the year, the Company accrued \$421,238 (2022 - \$476,491) in interest. As at April 30, 2023, the principal and interest balance of the Cannavative Note is \$3,675,036 (2022 - \$3,073,013).

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. 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.

7. Trade and other receivables

The Company’s trade and other receivables are exposed to the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Top Strike’s trade and other receivables consist of:

As at	April 30, 2023	April 30, 2022
GST receivable	12,323	11,078
	\$ 12,323	\$ 11,078

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements
 Years ended April 30, 2023 and 2022
 (Expressed in Canadian Dollars)

8. Equipment

Cost		Furniture	Computer equipment	Equipment	Total
Balance at May 1, 2021	\$	2,227	\$ 6,482	\$ 442	\$ 9,151
Additions		-	-	-	-
Balance at April 30, 2022	\$	2,227	\$ 6,482	\$ 442	\$ 9,151
Additions		-	-	-	-
Balance at April 30, 2023	\$	2,227	\$ 6,482	\$ 442	\$ 9,151

Accumulated depreciation		Furniture	Computer equipment	Equipment	Total
Balance at May 1, 2021	\$	882	\$ 2,851	\$ 175	\$ 3,908
Depreciation		246	951	49	1,246
Balance at April 30, 2022	\$	1,128	\$ 3,802	\$ 224	\$ 5,154
Depreciation		201	702	40	943
Balance at April 30, 2023	\$	1,329	\$ 4,504	\$ 264	\$ 6,097

Net book value		Furniture	Computer equipment	Equipment	Total
Balance at April 30, 2022	\$	1,099	\$ 2,680	\$ 218	\$ 3,997
Balance at April 30, 2023	\$	898	\$ 1,978	\$ 178	\$ 3,054

9. 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 was originally due December 31, 2022, and was extended by one year. The loan maturity date is currently December 31, 2023. Full payment of the loan by the deadline will result in a loan forgiveness benefit of \$10,000.

On December 31, 2023, the Corporation has the option to extend the loan for an additional 2 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 April 30, 2023 is \$27,986 (2022 - \$27,986). During the period, the Company recorded loan accretion of \$2,799 (2022 - 2,799) on the Statement of Loss and Comprehensive Loss.

10. 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 "Conversion Right"). 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. On June 24, 2022, the Company extended the Debenture to July 3, 2024 at an interest rate of 9.2% and common share conversion rate of 29,900,000 common shares (the "Conversion Right"). The Company may elect to force Conversion Right 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 or upon the event of a Change of Control.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements
 Years ended April 30, 2023 and 2022
 (Expressed in Canadian Dollars)

10. Convertible debenture (continued)

The conversion and debt feature of the Debenture is presented separately on the statement of financial position due to the variability of foreign currency of the settlement feature. The Black Sholes 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 15.6%.

Convertible debenture	April 30, 2023	April 30, 2022	July 3, 2021
Debt component (US)	\$1,245,117	\$ 1,248,448	\$ 1,263,614
Foreign exchange rate	~1.35	~1.26	~1.23
Debt component	1,686,287	1,573,045	1,552,350
Derivative component	565,917	539,263	323,664
	\$ 2,252,204	\$ 2,112,308	\$ 1,876,014

11. 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)	(1,000)
Balance at April 30, 2023	181,283,390	21,967,258

Shares held in escrow as at April 30, 2023: 50,000 (2022 – Nil).

(c) Warrants

	Number of warrants	Amount
Balance May 1, 2021	117,711,059	\$ 4,556,922
Expired	(64,148,482)	-
Balance at April 30, 2022	53,562,577	4,556,922
Granted, exercised, expired	-	-
Balance at April 30, 2023	53,562,577	\$ 4,556,922

Each whole Warrant entitled the holder to acquire one Common Share as follows:

Number of warrants	Purchase price	Expiry date
31,497,766	\$0.06	September 24, 2023
22,054,811	\$0.06	October 19, 2023
53,552,577		

As at April 30, 2023, 53,552,577 (2022 – 53,552,577) warrants are exercisable at \$0.06 (2022 – \$0.06) with a weighted average life remaining of .43 years (2022 – 1.43 years).

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Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

11. Share capital (continued)

The fair value of the Warrants was determined using a Black-Scholes option pricing model using the following assumptions:

Risk-free rate (%)	1.91 – 2.40 %
Expected life (years)	3 – 5 years
Contractual life (years)	3 – 5 years
Expected volatility (%)	100%
Expected dividend yield	-

12. Share-based compensation

The Company has a share option plan for directors, officers, employees and consultants of the Company whereby share options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Commencing September 2018 and August 2019, the Company granted 12,466,740 and 5,000,000 share options for a term of five years which 1/3 vest immediately, 1/3 vest on the first anniversary and 1/3 on the second anniversary. The exercise price of each option equals no less than the market price of the Company's common shares on the date of grant.

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at grant date. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus.

A summary of stock options outstanding as at April 30, 2023 and 2022 is as follows:

	Number of options	Weighted average exercise price
Balance, May 1, 2021	17,466,740	\$ 0.05
Exercised, expired, granted	-	-
Balance, April 30, 2022	17,466,740	0.05
Exercised, expired, granted	-	-
Balance, April 30, 2023	17,466,740	\$0.05

As at April 30, 2023, 17,466,740 (2022 – 17,466,740) options are exercisable at \$0.05 with a weighted average life remaining of 0.7 years (2022 – 1.7 years).

Total share-based compensation recorded during the year ended April 30, 2023 was \$Nil (2022 - \$6,105). The Company values share-based compensation by using the Black-Scholes option pricing model.

	2020	2019
Volatility	149.5%	100%
Life	5 years	5 years
Risk-free interest rate	1.75%	2.2%
Exercise price	\$0.03	\$0.06
Dividend yield	nil	nil

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13. Per share amounts

Basic loss per share is calculated based on net loss and the weighted-average number of common shares outstanding. The Company has recorded a loss in each of the years presented and therefore any addition to basic shares is anti-dilutive.

Year ended April 30	2023	2022
Loss for the period	\$ (826,963)	\$ (645,729)
Weighted average number of common shares:		
Basic and diluted	181,283,390	181,454,343
Earnings per share:		
Basic and diluted	\$ (0.00)	\$ (0.00)

As at April 30, 2023, there were 17,466,740 (2022 – 17,466,740) stock options considered anti-dilutive.

14. Compensation of key management personnel

The Company considers its directors and executives to be key management personnel. The key management personnel compensation is comprised of the following:

Year ended April 30	2023	2022
Share-based compensation	\$ -	\$ 5,922
Salaries, consulting and professional fees	450,423	462,168
	\$ 450,423	\$ 468,090

As at April 30, 2023 and 2022, amounts payable to directors and executives was \$Nil.

15. Related party transactions

During the year ended April 30, 2023, the Company paid a law firm \$72,490 (2022 - \$76,165) of which the corporate secretary of the Company is a partner. As at April 30, 2023, accounts payable and accrued liabilities included amounts payable to the law firm of \$Nil (2022 - \$12,145).

Convertible Debenture

On July 3, 2020, the Company issued a debenture for US\$1,300,000 to Jon Sharun, a director of the Company. During the year, the Company elected to accrue US\$193,339 in interest related to the debenture (Note 10). As April 30, 2023, the Company has accrued \$472,109 (US\$347,702) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

New Jersey Entities

On April 20, 2022, the Company announced that it was assisting community groups in New Jersey in joint submissions of cannabis business applications. The applications were submitted by the New Jersey Entities. The New Jersey Entities include TGC New Jersey LLC (“TGC”), CGT New Jersey LLC (“CGT”), and October Gold (“October Gold”, collectively with TGC and CGT, the “NJ Entities”).

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Notes to Financial Statements
Years ended April 30, 2023 and 2022
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15. Related party transactions (continued)

The New Jersey Cannabis Regulatory Commission (“CRC”) awarded TGC a Conditional Class 3 Cultivation and Manufacturing License, and each of CGT and October Gold a Conditional Retail License. A Conditional cannabis license allows the holder 165 days, subject to extension, to secure a site for operations, obtain municipal approval for the cannabis business, and for the license holder to submit its Conversion application to the CRC for their review and final approval for an Annual license. Upon securing the site and municipal approval, the applicant must submit a detailed Conversion Application to the CRC for their review and final approval for an Annual license. It is the Company’s intent, but not its obligation, to assist in the development and the operations of the NJ Entities. Amounts spent by the Company to support the NJ Entities will be under financial arrangements typical for businesses of this nature, such terms subject to CRC regulations.

Insiders of the Company, including the CEO; VP Originations; and an independent director, are equity holders of TGC, CGT, and October Gold respectively. Due to the combination of insider ownership interest, the occurrence of transaction activity during the year, and the signing of an operating agreement with the NJ Entities the insiders of the Company are deemed to exert significant influence over the NJ Entities.

During November 2022, the NJ Entities signed their respective shareholder operating agreements. At this time the Company also executed purchase options, at the option of the Company, with the shareholders of the NJ Entities, subject to regulatory approvals and final issuance of a license.

During the year, the Company incurred costs on behalf of the NJ entities for deposits, consulting fees, professional fees, and license application milestone bonus awards and option agreements. Below is the breakdown of incurred costs by each NJ Entity.

	TGC	CGT	October Gold	Total
Consulting fees	\$ 115,607	\$ 12,942	15,481	\$ 144,030
Professional fees and other	15,227	2,036	25	17,288
Due from related parties	366,844	100,868	100,868	568,580
	\$ 497,678	\$ 115,846	\$ 116,374	\$ 729,898

As at April 30, 2023, the due from related parties balance was \$310,323; comprised of a \$277,948 receivable from TGC, \$32,375 from CGT, and \$Nil from October Gold. The due from related parties balance included a fair value write-down of \$258,255 to account for the probability of recovery.

16. Management of capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its activities as a merchant capital firm. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern and to maintain a flexible optimized capital structure in order to pursue state compliant cannabis investments focused throughout the value chain. In the management of capital, the Company includes its cash balances and components of shareholders’ equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

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Notes to Financial Statements
Years ended April 30, 2023 and 2022
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16. Management of capital (continued)

At this stage of the Company's development, in order to maximize on-going development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended April 30, 2023. The Company is not subject to externally imposed capital requirements.

Financial risk management

As at April 30, 2023, the carrying values of cash and cash equivalents, deposits, prepaid expense, trade and other receivables and accounts payable and accrued liabilities approximate their fair 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, liquidity risk, market risk

Credit risk

Credit risk represents the risk associated with the inability of a counterparty to fulfill its financial obligations. The Company's credit risk consists of cash, trade and other receivables including amounts due from related parties, investments and notes receivable.

The cash balance is primarily held in a chequing accounts at reputable financial institutions. Trade and other receivables consist of amounts due from government agencies and secured related party loans. The Company's has no significant concentration of credit risk from cash and trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company endeavors to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

As at April 30, 2023, the Company had cash and cash equivalents of \$5,179,361 (2022 - \$6,644,223) to settle current liabilities of \$534,037 (2022 - \$333,100).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily 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 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 on cash is not considered significant.

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Notes to Financial Statements
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16. Management of capital (continued)

(b) Foreign currency risk

As of April 30, 2023, the Company holds cash, a note receivable and a convertible debenture denominated 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 cash and notes receivable and convertible debentures which are denominated in \$US. The Company does not currently use foreign exchange contracts to hedge its exposure to foreign currency risk.

As at April 30, 2023, a 1% foreign exchange differential in the American Dollar, with all other factors remaining constant, would result in \$35,000 change in income (loss).

17. Income taxes

(a) Income tax reconciliation

The Company's income tax provision differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rate 23% (2022– 23%) to the net loss before income taxes as follows:

	2023	2022
Income (Loss) before taxes	\$ (826,963)	\$ (645,729)
Tax rate	23%	23%
Expected income tax (recovery) expense	(190,201)	(148,518)
Share-based compensation	-	1,404
Non-deductible expenses	1,576	1,411
Impact of foreign exchange gain/loss	-	(7,310)
Change in unrecognized deferred tax asset	188,625	153,013
<u>Income tax expense (recovery)</u>	<u>\$ -</u>	<u>\$ -</u>

(b) Deferred tax assets (liabilities)

The components of the Company's deferred tax assets and (liabilities) are as follows:

	2023	2022
Convertible debenture – debt component	(187,014)	(380,718)
Non-capital losses carried forward	187,014	380,718
<u>Net deferred tax asset (liability)</u>	<u>\$ -</u>	<u>\$ -</u>

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements
Years ended April 30, 2023 and 2022
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17. Income taxes (continued)

(c) Unrecognized deductible temporary differences

The following provides the details of unrecognized deductible temporary differences and unused losses for which no deferred tax asset has been recognized:

	2023	2022
Exploration and development expenditures and PPE	\$3,247,743	\$3,365,475
Investments	-	345,900
Due from related parties	258,255	-
Share issue expense	-	133,278
Derivative	565,917	2,002,142
Non-capital losses carried forward	3,882,910	2,301,788
Capital losses carried forward	2,139,014	2,139,014

The Company has not recognized a deferred tax asset in respect of these temporary differences as management does not consider it probable that the tax benefits will be utilized.

(d) Non-capital losses

The Company has not recognized a deferred tax asset in respect of non-capital losses of \$3,882,910 which, if unused, will expire between 2027 and 2043.

(e) Capital losses

The Company has capital losses which can be carried forward indefinitely to offset future capital gains. As of April 30, 2023, the Company has \$2,139,014 (2022 - \$2,139,014) capital loss carried forward.

18. Subsequent Events

On July 28, 2023, the Company signed a contingent guarantee for an operating lease on a premises on behalf of TGC. The Commencement date of the guarantee is August 1, 2023. The agreement includes an early cancellation clause in the event TGC is unsuccessful in obtaining its annual cultivation, manufacturing, and retail license from the New Jersey Cannabis Regulatory Commission.

On August 16, 2023, the Company amended and restated its definitive agreement with Cannavative (the "A&R Definitive Agreement" or the "Transaction"). Under the A&R Definitive Agreement, the Company will acquire all the membership units of Cannavative through the issuance of 29.4 million common shares, and the issuance of 14.7 million purchase warrants, with each warrant being exercisable for one common share at an exercise price of US\$0.10 for a period of 18 months ("B Warrants"). Cannavative's approximate \$US6.8 million in debt is to convert into 90.4 million common shares, 18.1 million warrants with an exercise price of US\$0.075 per common share exercisable for a period of 18 months from the date of issuance ("A Warrants"), and 18.1 B Warrants. Subject to the achievement of certain 2024 financial milestones and receipt of certain receivables, holders of Cannavative membership units will also receive up to 75 Earn-Out Units per membership unit; each Earn-Out Unit will consist of one common share and one-half purchase warrant. Additionally, the Company's unsecured convertible debenture (Note 10) with a principal balance of US\$1.3 million plus accrued interest will convert into approximately 38.1 million common shares.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

18. Subsequent Events (continued)

Upon closing of the Transaction, the Company is expected to have approximately 345 million common shares, 107.3 million purchase warrants, 17.3 million options, no debt, and over \$5 million in cash. The Transaction is expected to constitute a “Change in Control” and a “Fundamental Change” pursuant to the policies of the CSE and is subject to the customary regulatory and shareholder approvals. It is anticipated the transaction will close on or before October 31, 2023.

**SCHEDULE B: ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS OF VENCANNA VENTURES
INC.**

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

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, 2023 and 2022. 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 28, 2023.

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 10 of this report.

The reader is encouraged to review the Company's statutory filings on 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 200, 622 5th Avenue SW, Calgary, Alberta, T2P 0M6.

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 (the "WHO") declared COVID-19 as a pandemic in March of 2020, the impact of the COVID-19 pandemic and jurisdictional policies put into effect to counter the virus has for the most part dissipated (on May 5, 2023 the WHO ended Covid-19 as a public health emergency). 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. Government stimuluses and supply chain bottle necks due to pent up demand and world economies staggard reopening led to worldwide high inflation, which in turn required the world's reserves banks to

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raise their base interest rates. July 2023, the U.S. Federal Reserve raised interest rates for the 11th time in 17 months in its ongoing drive to curb inflation. It needs to be stressed that the full economic impact from the pandemic, and associated government responses, continues to be unknown at this time.

The U.S. 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 cannabis researcher Brightfield Group, seven new U.S. states began sales in 2022 (six adult use, one medical), with total U.S. sales in 2022 reaching US\$27 billion. The Brightfield Group expects 2023 sales to exceed US\$31 billion, and are forecasting over US\$50 billion by 2028 with the overall economic impact being two to three times actual sales. There are currently 38 states, four out of five permanently inhabited USA territories, as well as the District of Columbia, that have legalized medical cannabis, and 23 of those states, 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. Thirty-nine (39) senators have co-sponsored the SAFE Banking Act, including 7 Republicans and 1 independent. There has been numerous additional bills being put forth; the 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, though SAFE continues to be the primary cannabis reform bill being considered. In a recent hearing in the Senate Banking, Housing and Urban Development Committee, Sen. Jack Reed (D-RI) raised concerns about the language of Section 10 of SAFE being too broad and wants it narrowed to only address cannabis. A spokesperson for Steve Daines (D-OH) said there are enough Republican votes to get SAFE passed subject to a satisfactory resolution of Section 10.

On October 6 2022, President Biden pardoned all Federal offences of simple possession of cannabis. In addition, the President instructed the Attorney General along with the US Department of Health and Human Services (HHS) to initiate an administrative process to review the scheduling of cannabis, which is currently classified as a Schedule I of the Controlled Substance Act. Scheduled I is reserved for the most dangerous of substances. In May 2023, the secretary of the HHS, Xavier Becerra, said, "Stay tuned. We hope to be able to get there pretty soon – hopefully this year." On December 22, 2022, President Biden signed into law the "Medical Marijuana and Cannabidiol Research Expansion Act, H.R. 8454," (the Cannabis Research Bill). This bipartisan legislation is the first standalone cannabis reform bill to pass both the House and Senate, marking a significant milestone in the evolution of federal cannabis policy. While the new law does not change marijuana's status as a Schedule I substance, the legislation is intended to: 1) advance research on the potential risks and medical benefits of cannabis, cannabis products, and their synthetic equivalents by streamlining and clarifying the role of the Drug Enforcement Administration (DEA in research); 2) expand sources of research-grade marijuana; 3) promote the commercial development of FDA-approved drugs derived from marijuana and CBD; and 4) ensure that physicians may discuss the potential risks and benefits of marijuana and CBD with their patients. While these developments would indicate the possibility of cannabis reform in the United States, there is no definitive timeline to such reform.

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

The Company derives 92% 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 August 16, 2023, the Company and Cannavative Group LLC (“**Cannavative**”) amended and restated the definitive unit exchange agreement (the “**A&R Definitive Agreement**” or the “**Transaction**”). Pursuant to the agreement, the Company will acquire all the membership units of Cannavative through the issuance of 29.4 million common shares and the issuance of 14.7 million share purchase warrants, each exercisable for one common share at an exercise price of US\$0.10 for a period of 18 months following the date of issuance (“**B Warrants**”). Additionally, subject to the achievement of certain 2024 milestones and the receipt of certain cash receivables, holders of membership units of Cannavative will receive up to 75 earn-out units (“**Earn-out Units**”) in respect of each membership unit. Earn-out units consist of one common share plus one-half B Warrant.

Further, Cannavative’s US\$6.8 million debt will convert into 90.4 million shares and 18.1 million share purchase warrants, exercisable for one common share at an exercise price of US\$0.075 for a period of 9 months (“**A Warrants**”), and 18.1 million B Warrants. Additionally, the Company’s unsecured convertible debenture with a principal amount of US\$1.3 million plus accrued interest will convert to approximately 38.1 million common shares.

Upon closing of the Transaction, the Company will have approximately 345 million common shares, 107.3 million share purchase warrants, 66.7 million Earn-out Units, and 17.2 million options outstanding. The Company will be debt free with approximately US\$5.0 million in cash and net working capital. The Transaction combines a dynamic and integrated team with the capability and capacity to deepen its penetration in the Nevada market and the opportunity to expand vertically in the New Jersey market.

The transaction is expected to constitute a “Change in Control” and a “Fundamental Change” pursuant to the policies of the CSE and customary shareholder and regulatory approvals. The transaction is expected to close on or before October 31, 2023. Please see below for further details on the proposed transaction.

On March 11, 2021, the Company entered into a US\$2,000,000 facility loan agreement with Cannavative (the “Cannavative Note”). On March 31, 2023, the parties signed an Amended Restated Letter Loan Agreement, where the Cannavative note is due within 90 days upon demand with interest payable monthly.

On November 14, 2022, the Company executed a \$75,000 facility loan agreement with CanX CBD processing Corp. (“CanX”). The loan is for general operating purposes and carries a non-compounded interest rate of 18%. The principal and interest balance are payable upon demand.

On October 11, 2022, The Company's normal course issuer bid ("NCIB", the "Bid") expired. The board of directors has approved the renewal of the Bid, commencing after the Company's shares renew trading. Under the Bid, the Company may purchase up to 5% of the Company's common shares.

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On June 24, 2022, the Company exercised its option to extend the convertible debenture from July 3, 2022 to July 3, 2024. The interest rate on the note increased from 8% to 9.2% for the remainder of the term. The conversion rate changed from 26,000,000 to 29,900,000 common shares.

The Company has made significant progress to advance its community partnerships including TGC New Jersey LLC. ("TGC"), CGT New Jersey LLC ("CGT"), and October Gold LLC ("October Gold", collectively with TGC and CGT, the "NJ Entities"). To date, the New Jersey Cannabis Regulatory Commission ("CRC") has awarded TGC a Conditional Class 3 Cultivation and Manufacturing License, and each of CGT and October Gold a Conditional Retail License. TGC has secured a site through signing a lease with Vencanna as guarantor, subject to TGC obtaining its annual licenses, and has received municipal support from the township of Cinnaminson, NJ. The site is a 15,500-sf facility, allowing for cultivation, manufacturing and retail sales of cannabis and related products. TGC has submitted its conversion application for cultivation and manufacturing, and concurrently has submitted its retail application (in February 2023, the state of New Jersey allowed cultivators and manufacturers to also be licenced retailers). The Company and its community partners continue to review attractive sites for CGT and October Gold, collaborating closely with local municipalities. During the year the NJ Entities incurred \$729,896 in consulting, professional fees, and advances to related parties.

SELECTED ANNUAL INFORMATION

Year ended April 30 th (000's)	2023 (\$)	2022 (\$)	2021 (\$)
Revenue	356	457	(351)
Expenses	1,183	1,103	1,000
Share-based compensation	-	6	69
Gain (Loss) for the year	(827)	(646)	(1,351)
Gain (Loss) per share	(0.00)	(0.00)	(0.01)
Total assets	9,265	9,752	10,009
Total liabilities	2,323	2,474	2,088

Financial results for the years ended April 30, 2023 and 2022

The Company recorded net loss of \$826,963, \$0.00 per common share for the year ended April 30, 2023 as compared to a net loss of \$645,729, \$0.00 per share for the year ended April 30, 2022.

Revenues for the year ended April 30, 2023, were \$356,325 (2022 - \$456,992). The Company generated \$494,822 (2022 - \$603,662) in interest income from its short-term treasury deposits and two receivable notes. Changes in fair value included; an unrealized loss of \$258,255 related to a fair value adjustment of the due to related parties balance, an unrealized loss on investments and derivative instruments of \$137,097 (2022 - \$355,195) related to the change in fair value of the Company's convertible debenture, and an unrealized foreign exchange gain of \$256,855 (2022 - \$208,525) related to currency fluctuations on the Company's US denominated balances.

Expenses for the year ended April 30, 2023, were \$1,183,288 (2022 - \$1,102,721). General and administrative expense included, salaries and benefits of \$552,233 (2022 - \$559,410), professional fees of \$148,848 (2022 - \$164,101), consulting fees of \$144,030 (2022 - \$95,384), interest and bank charges of \$197,734 (2022 - \$148,781), corporate communication expenses of \$53,209 (2022 - \$62,918), share-based compensation of \$- (2022 - \$6,105) and other expenses of \$87,234 (2022 - \$66,022).

Top Strike Resources Corp.
Management's Discussion & Analysis
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SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	Apr 30, 2023	Jan 31, 2023	Oct 31, 2022	Jul 31, 2022	Apr 30, 2022	Jan 31, 2022	Oct 31, 2021	Jul 30, 2021
(000's)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	(366)	178	373	181	151	294	510	1
Income (Loss) for the period	(629)	(98)	(3)	(97)	(124)	3	281	(301)
Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	0.00	(0.00)
Total assets	9,266	9,490	9,680	9,572	9,801	9,957	10,130	10,009
Total liabilities	2,323	2,409	2,497	2,391	1,712	1,741	1,718	2,088

As 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, 2023, 53% of the Company's assets and 92% of income was directly related to US cannabis activities.

RESULTS OF OPERATIONS

Financial results for the three months ended April 30, 2023 and 2022

The Company recorded a net loss of \$629,433, \$0.00 per common share for the three months ended April 30, 2023 as compared to a net loss of \$806,212, \$0.00 per share for the three months ended April 30, 2022.

Revenues for the three months ended April 30, 2023, were \$(365,835) (2022 - \$(498,029)). The Company generated \$132,753 (2022 - \$123,309) in interest income from its short-term treasury deposits and two receivable notes. Changes in fair value included; an unrealized loss of \$258,255 (2022 - Nil) related to a fair value adjustment of the due to related parties balance, an unrealized (loss) on investments and derivative instruments of \$318,488 (2022 - \$(672,168)) related to the change in fair value of the Company's convertible debenture, and an unrealized foreign exchange gain of \$78,156 (2022 - \$50,829) related to currency fluctuations on the Company's US denominated balances.

Expenses for the three months ended April 30, 2023, were \$263,598 (2022 - \$308,184). General and administrative expense included, salaries and benefits of \$138,033 (2022 - \$135,538), professional fees of \$45,373 (2022 - \$51,845), consulting fees of Nil (2022 - \$50,602), interest and bank charges of \$52,009 (2022 - \$37,598), and other expenses of \$28,183 (2022 - \$32,601).

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

As at April 30, 2023, the Company had a cash balance of \$5,179,631 (2021 - \$6,644,223) to settle current liabilities of \$534,037 (2022 - \$333,100). As at April 30, 2023, the Company's cash decreased by \$1,464,862 from April 30, 2022 primarily related to operating activities.

The Company has no commitments for property and equipment expenditures for fiscal 2023. 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.

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

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 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, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

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

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

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, and one of Nevada's top selling vapes, Resin8. Cannavative has deep penetration in the Nevada market and 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 significant ability to expand to meet demand.

Amended and Restated Definitive Agreement

On March 12, 2021, the Company announced that it had entered into an exclusive non-binding letter of intent with Cannavative. On April 25, 2022, the Company entered into a definitive unit exchange agreement with, pursuant to which the Company would acquire all the issued and outstanding membership units of Cannavative in an all-share exchange (the "**Transaction**"). On August 16, 2023, the Company amended and restated the definitive agreement. Details of the A&R Definitive Agreement are as follows:

The Company will acquire all the membership units of Cannavative through:

- The issuance of 29.4 million common shares.
- The issuance of 14.7 million B Warrants with each warrant being exercisable for one common share at an exercise price of US\$0.10 for a period of 18 months following the date of issuance.
- Subject to the achievement of certain 2024 financial milestones and receipt of certain receivables, holders of Cannavative membership units will also receive up to 75 Earn-Out Units per membership unit. Each Earn-Out Unit will consist of:
 - One common share.
 - A half B Warrant
- Cannavative's approximate US\$6.8 million in debt is to convert into:
 - 90.4 million common shares.
 - 18.1 million warrants with an exercise price of US\$0.075 per common share exercisable for a period of 9 months from the date of issuance ("A Warrants").
 - 18.1 million B Warrants, with an exercise price of US\$0.10 per common share exercisable for a period of 18 months from the date of issuance.
- Additionally, the Company's unsecured convertible debenture with a principal balance of US\$1.3 million plus accrued interest will convert into approximately 38.1 million common shares.

Post-Transaction

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 and vertical opportunities in the New Jersey market. The Transaction will be truly transformative converting the Company from an investment entity into a U.S. based cannabis operating company.

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

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

Sharun, Executive Chairman and Interim CFO, Scott McGregor, Independent Director from Vencanna and two members from Cannavative including Scott Wrye, an Independent Director, and Jason Crum.

Upon closing the Company is expected to have approximately 345 million common shares and 107.3 million purchase warrants, 17.3 million options, no debt, and over US\$5 million in cash. The Transaction is expected to close on or before October 31, 2023.

RELATED PARTY TRANSACTIONS

During the year ended April 30, 2023, the Company paid a law firm \$72,490 (2021 - \$76,165) of which the corporate secretary of the Company is a partner. As at April 30, 2023, accounts payable and accrued liabilities included amounts payable to the law firm of \$Nil (2022 - \$12,145).

Convertible Debenture

On July 3, 2020, the Company issued a debenture for US\$1,300,000 to Jon Sharun, a director of the Company. During the year, the Company elected to accrue US\$193,339 in interest related to the debenture. As April 30, 2023, the Company has accrued \$472,109 (US\$347,702) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

New Jersey Entities

On April 20, 2022, the Company announced that it was assisting community groups in New Jersey in joint submissions of cannabis business applications; TGC New Jersey LLC ("TGC"), CGT New Jersey LLC ("CGT"), and October Gold ("October Gold", collectively with TGC and CGT, the "NJ Entities").

The New Jersey Cannabis Regulatory Commission ("CRC") awarded TGC a Conditional Class 3 Cultivation and Manufacturing License, and each of CGT and October Gold a Conditional Retail License. A Conditional cannabis license allows the holder 165 days, subject to extension, to secure a site for operations, obtain municipal approval for the cannabis business, and for the license holder to submit its Conversion application to the CRC for their review and final approval for an Annual license. Upon securing the site and municipal approval, the applicant must submit a detailed Conversion Application to the CRC for their review and final approval for an Annual license. It is the Company's intent, but not its obligation, to assist in the development and the operations of the NJ Entities. Amounts spent by the Company to support the NJ Entities will be under financial arrangements typical for businesses of this nature, such terms subject to CRC regulations.

Insiders of the Company, including the CEO; VP Originations; and an independent director, are equity holders of TGC, CGT, and October Gold respectively. Due to the combination of insider ownership interest, the occurrence of transaction activity during the year, and the signing of an operating agreement with the NJ Entities the insiders of the Company are deemed to exert significant influence over the NJ Entities.

During November 2022, the NJ Entities signed their respective shareholder operating agreements. At this time the Company also executed purchase options, at the option of the Company, with the shareholders of the NJ Entities, subject to regulatory approvals and final issuance of a license.

During the year, the Company incurred costs on behalf of the NJ entities for deposits, consulting fees, professional fees, and license application milestone bonus awards and option agreements. Below is the breakdown of incurred costs by entity:

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

	TGC	CGT	October Gold	Total
Consulting fees	\$ 115,607	\$ 12,942	15,481	\$ 144,030
Professional fees and other	15,227	2,036	25	17,288
Due from related parties	366,844	100,868	100,868	568,580
	\$ 497,678	\$ 115,846	\$ 116,374	\$ 729,898

As at April 30, 2023, the due from related parties balance was \$310,323; comprised of a \$277,948 receivable from TGC, \$32,375 from CGT, and \$Nil from October Gold. The due from related parties balance included a fair value write-down of \$258,255 to account for the probability of recovery.

SHARE CAPITAL

The Company has an unlimited number of common shares authorized for issuance. At April 30, 2023, there were 181,308,390 common shares outstanding, 53,552,577 warrants and 17,466,740 stock options outstanding.

Warrants

As at April 30, 2023, the Company has 53,552,577 warrants outstanding with a average strike price of \$0.06 per common share and expected remaining life of 0.43 years.

Stock options

As at April 30, 2023, the Company has 17,466,740 options outstanding with a weighted average strike price of \$0.05 per common share and expected remaining life of 0.7 years.

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, 39 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 nineteen states of the United States have legalized recreational cannabis. 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

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

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, a rapid re-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.

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.

Top Strike Resources Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended April 30, 2023 and 2022

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.

SCHEDULE C: UNAUDITED INTERIM FINANCIAL STATEMENTS OF VENCANNA VENTURES INC.

TOP STRIKE RESOURCES CORP.
Operating as “Vencanna Ventures”
Condensed Interim Financial Statements (unaudited)
Three months ended October 31, 2023 and 2022
(Expressed in Canadian dollars)

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

As at		October 31, 2023	April 30, 2023
	Notes		
ASSETS			
Current Assets			
Cash		\$ 4,319,469	\$ 5,179,361
Note receivable	4	3,995,450	3,756,213
Due from related parties	8	927,298	310,323
Trade and other receivables		8,509	12,323
Prepays		-	1,838
		9,250,726	9,260,058
Non-Current Assets			
Deposits		2,500	2,500
Equipment		2,673	3,054
TOTAL ASSETS		\$ 9,255,899	\$ 9,265,612
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		621,591	534,037
		621,591	534,037
Non-Current liabilities			
Loan		29,499	27,986
Convertible debenture	5	2,310,023	2,252,204
TOTAL LIABILITIES		2,961,113	2,814,227
SHAREHOLDERS' EQUITY			
Share capital	6	21,967,258	21,967,258
Warrants	6	-	4,556,922
Contributed surplus		6,442,239	1,885,317
Deficit		(22,114,711)	(21,958,112)
TOTAL SHAREHOLDERS' EQUITY		6,294,786	6,451,385
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 9,255,899	\$ 9,265,612

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)

		Three months ended October 31		Six months ended October 31	
		2023	2022	2023	2022
Notes					
Revenues					
Interest income		\$ 145,171	\$ 120,346	\$ 295,165	\$ 218,288
Change in fair market value of investments and financial instruments:					
Unrealized change in fair value	8	60,592	-	25,032	-
Unrealized gain/loss on investments, and derivative instruments	5	(113,582)	(38,411)	(57,819)	56,972
Unrealized gain/(loss) on foreign exchange		205,882	290,922	76,499	283,498
		298,063	372,857	338,877	558,758
Expenses					
Office and miscellaneous		4,763	4,531	7,195	6,647
Depreciation		184	243	382	504
Professional fees		31,376	28,961	73,636	74,472
Consulting fees		-	124,617	-	144,030
Corporate communication		21,019	18,290	26,809	34,472
Rent and parking		8,550	9,606	16,600	18,032
Travel		5,810	4,672	5,829	12,694
Salaries and benefits		129,676	130,429	260,280	264,569
Meals and entertainment		1,517	4,238	4,322	5,343
Interest and bank charges		55,684	50,441	100,423	93,259
		258,578	376,028	495,476	654,022
Income (loss) and comprehensive income (loss) for the period		39,485	\$ (3,171)	\$ (156,599)	\$ (95,264)
Earnings (loss) per share					
Basic and diluted	9	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding					
Basic		181,283,390	181,283,390	181,283,390	181,283,390
Diluted		186,283,390	181,283,390	181,283,390	181,283,390

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, 2023	181,283,390	\$21,967,258	\$4,556,922	\$1,885,317	\$(21,958,112)	-	\$6,451,385
Expiry of warrants			(4,556,922)	4,556,922			-
Loss and comprehensive loss for the period	-	-	-	-	(156,599)	-	(156,599)
Balance at October 31, 2023	181,283,390	\$21,967,258	\$ -	\$6,442,239	\$(22,114,711)	-	\$6,294,786
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	-	-	-	-	(95,264)	-	(95,264)
Balance at October 31, 2022	181,283,390	\$21,967,258	\$4,556,922	\$1,885,317	\$(21,226,413)	-	\$7,183,084

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)

	Notes	Three months Ended		Six months Ended	
		2023	2022	2023	2022
Operating activities					
Net income (loss) for the period		\$ 39,486	\$ (3,171)	\$ (156,599)	\$ (95,264)
Adjustments for:					
Interest income		(120,401)	(104,563)	(236,521)	(202,505)
Depreciation		184	244	381	504
Share-based compensation		-	-	-	-
Unrealized change in fair value		(60,592)	-	(25,032)	-
Unrealized gain on investments and financial instruments		113,582	41,209	57,819	(54,173)
Unrealized foreign exchange loss (gain)		(205,882)	(290,922)	(76,499)	(283,498)
Gain on CEBA loan	6	-	(2,798)	-	(2,798)
Loan accretion	6	757	605	1,513	1,361
Prepays		1,750	7,059	1,837	14,120
Due to from related parties	10	(179,965)	(64,610)	(591,943)	(64,610)
Trade and other receivables		(6,054)	(3,600)	3,814	3,918
Unearned interest		-	-	-	-
Accounts payable and accrued liabilities		18,184	46,874	74,366	59,756
		(398,951)	(373,673)	(946,864)	(623,189)
Changes in non-cash working capital items:					
Issuance of notes receivable		(119,785)	-	(152,822)	-
Interest received		122,637	-	234,395	-
Net cash from (used) in operating activities		(396,099)	(373,673)	(865,291)	(623,189)
Net change in cash for the period		(396,099)	(373,673)	(865,291)	(623,189)
Exchange differences on cash and cash equivalents		40,795	105,463	5,400	105,463
Cash and cash equivalents, beginning of period		4,674,773	6,394,707	5,179,361	6,644,223
Cash and cash equivalents, end of period		\$ 4,319,469	\$ 6,126,497	\$ 4,319,469	\$ 6,126,497

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 and six months ended October 31, 2023 and 2022

(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 200, 622 5th Avenue SW, Calgary, Alberta, T2P 0M6.

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, 2023. 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, 2023. The condensed interim financial statements were approved and authorized for issuance by the board of directors of Top Strike on December 29, 2023.

(b) Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for due from related parties balances and 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.

(d) Management Judgments and Estimates

The timely preparation of the financial statements requires management to make judgements, 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.

There are no new critical accounting estimates and judgments for the three-month period ended October 31, 2023, other than those previously disclosed in the annual financial statements for the year ended April 30, 2023.

TOP STRIKE RESOURCES CORP.

Operating as “Vencanna Ventures”

Notes to Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(Expressed in Canadian dollars)

(unaudited)

2. Basis of presentation (continued)

(e) Significant accounting policies

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the annual financial statements for the year ended April 30, 2023.

3. Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown on the statement of financial position are comprised of:

	October 31, 2023	April 30, 2023
Bank and demand deposits	\$ 4,319,469	\$ 5,179,361
	\$ 4,319,469	\$ 5,179,361

The Company periodically purchases short-term treasury bills with an initial maturity of less than 90 days. They are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Bank and demand deposits include \$555,650 (April 30, 2023 - \$937,275) held in US denominated accounts.

4. Note receivable

Can-x note

On November 14, 2022, the Company entered into a \$75,000 facility loan agreement with CanX CBD processing Corp. (“Can-x”). The interest rate is an annual non-compounded interest rate of 18%. The principal and interest of the note are payable upon demand.

During the period, the Company accrued \$3,403 in interest. As at October 31, 2023, the principal and interest balance of the CAN-X note is \$80,482 (April 30, 2023 - \$81,177).

Cannavative note

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”). On March 31, 2023, the parties signed an Amended Restated Letter Loan Agreement, where the Cannavative Note is due within 90 days upon demand with interest payable monthly. The commencement date of the Cannavative Note was March 19, 2021. 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 received \$115,137 in interest and advanced Cannavative \$119,785. As at October 31, 2023, the principal and interest balance of the note is \$3,914,968 (April 30, 2023 - \$3,675,036).

5. Convertible debenture

On July 3, 2020, the Company issued a US\$1,300,000 convertible debenture maturing July 3, 2022 (the “Debenture”). The Debenture was 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 “Conversion Right”). The Debenture carried an interest rate of 8.0%. Interest 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. On June 24, 2022, the Company extended the Debenture to July 3, 2024 at an interest rate of 9.2% and common share conversion rate of 29,900,000 common shares (the “Conversion Right”). 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 or upon the event of a Change of Control.

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

Notes to Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(Expressed in Canadian dollars)

(unaudited)

5. Convertible debenture (continued)

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 14.35%

Convertible debenture	October 31, 2023	April 30, 2023	July 3, 2020
Debt component (US)	\$ 1,275,436	\$ 1,245,117	\$ 1,174,622
Foreign exchange rate	~1.39	~1.35	~1.36
Debt component	1,769,157	1,686,287	1,593,375
Derivative component	540,866	565,917	170,075
	\$ 2,310,023	\$ 2,252,204	\$ 1,763,450

6. Share capital

a) Authorized:

Unlimited number of common shares with no par value.

b) Issued

	Number of shares	Amount
Balance May 1, 2022	181,308,390	\$ 21,968,258
Cancelled	(25,000)	(1,000)
Balance at April 30, 2023	181,283,390	21,967,258
Balance at October 31, 2023	181,283,390	\$ 21,967,258

c) Warrants

	Number of warrants	Amount
Balance May 1, 2022,	53,552,577	\$ 4,556,922
Granted, exercised, expired	-	-
Balance at April 30, 2023	53,552,577	4,556,922
Expired	(53,552,577)	(4,556,922)
Balance at October 31, 2023	-	\$ -

Each whole Warrant entitled the holder to acquire one Common Share as follows:

Number of warrants	Purchase price	Expired
31,497,766	\$0.06	September 24, 2023
22,054,811	\$0.06	Oct 19, 2023
53,552,577		

During the period both a total of 53,552,577 warrants expired. As at October 31, 2023, the Company has Nil (2022 – 53,552,577) warrants outstanding.

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

Notes to Condensed Interim Financial Statements

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(unaudited)

6. Share capital (continued)

d) Options

The Company has a share option plan for directors, officers, employees and consultants of the Company whereby share options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Commencing September 2018 and August 2019, the Company granted 12,466,740 and 5,000,000 share options for a term of five years which 1/3 vest immediately, 1/3 vest on the first anniversary and 1/3 on the second anniversary. The exercise price of each option equals no less than the market price of the Company’s common shares on the date of grant.

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at grant date. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus.

A summary of stock options outstanding as at October 31, 2023 and 2022 is as follows:

	Number of options	Weighted average exercise price
Balance, May 1, 2022	17,466,740	\$ 0.05
Exercised, expired, granted	-	-
Balance, April 30, 2023	17,466,740	0.05
Expired	(12,466,740)	-
Balance, October 31, 2023	5,000,000	\$0.03

During the period 12,466,740 options expired. As at October 31, 2023, 5,000,000 (2022 – 17,466,740) options are exercisable at \$0.03 with a remaining life of 0.8 years (2022 – 1.2 years).

7. 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 October 31,	2023	2022
Net income (loss) for the period	\$ 39,485	\$ (96,853)
Weighted average number of common shares:		
Basic	181,283,390	181,283,390
Diluted	186,283,390	181,283,390
Earnings per share:		
Basic and diluted	\$ 0.00	\$ (0.00)

TOP STRIKE RESOURCES CORP.

Operating as “Vencanna Ventures”

Notes to Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

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(unaudited)

8. Related party transactions

During the period ended October 31, 2023, the Company incurred legal expenses from a law firm for \$26,818 (2022 - \$63,444) of which the corporate secretary of the Company is a partner. As at October 31, 2023, accounts payable and accrued liabilities included amounts payable to the law firm of \$7,886 (2022 - \$15,023).

Convertible Debenture

On July 3, 2020, the Company issued a debenture for US\$1,300,000 to Jon Sharun, a director of the Company. During the period, the Company elected to accrue US\$38,969 in interest related to the debenture (Note 5). As at October 31, 2023, the Company has accrued \$581,813 (US\$419,446) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

New Jersey Entities

On April 20, 2022, the Company announced that it was assisting community groups in New Jersey in joint submissions of cannabis business applications. The applications were submitted by the New Jersey Entities. The New Jersey Entities include TGC New Jersey LLC (“TGC”), CGT New Jersey LLC (“CGT”), and October Gold (“October Gold”, collectively with TGC and CGT, the “NJ Entities”).

The New Jersey Cannabis Regulatory Commission (“CRC”) awarded TGC a Conditional Class 3 Cultivation and a Class 2 Manufacturing License, and each of CGT and October Gold a Conditional Retail License. A Conditional cannabis license holder must still secure a site for operations, and obtain municipal approval for the cannabis business, before submitting their Conversion application for its respective annual license. During the period TGC has received its annual cultivation and manufacturing licenses. It has also submitted its conditional retail application during the period. TGC has until Oct 25, 2024, subject to extensions, to request a final onsite assessment. An annual license will be issued 30 days after the onsite assessment provided all conditions have been satisfied. It is the Company’s intent, but not its obligation, to assist in the development and the operations of the NJ Entities. Amounts spent by the Company to support the NJ Entities will be under financial arrangements typical for businesses of this nature, such terms subject to CRC regulations.

Insiders of the Company, including the CEO; VP Originations; and an independent director, are equity holders of TGC, CGT, and October Gold respectively. Due to the combination of insider ownership interest, the occurrence of transaction activity, and the signing of an operating agreement with the NJ Entities, the insiders of the Company are deemed to exert significant influence over the NJ Entities.

During November 2022, the NJ Entities signed their respective shareholder operating agreements. At this time the Company also executed purchase options, at the option of the Company, with the shareholders of the NJ Entities, subject to regulatory approvals and final issuance of a license.

During the period, the Company incurred costs on behalf of the NJ entities for development initiatives and other expenditures including consulting, and professional fees. Below is the breakdown of incurred costs advanced to related parties during the period:

	TGC	CGT	October Gold	Total
Development initiatives	\$ 116,273	\$ 1,823	\$ -	\$ 116,273
Consulting	36,151	-	-	36,151
Professional fees and other	5,701	20,880	960	27,541
	\$ 156,302	\$ 22,703	\$ 960	\$ 179,965

As at October 31, 2023, the due from related parties balance is \$927,298; comprised of a \$862,876 receivable from TGC, \$64,422 from CGT, and \$Nil from October Gold. The due from related parties balance included a fair value adjustment of \$60,592 to account for the probability of recovery.

TOP STRIKE RESOURCES CORP.

Operating as “Vencanna Ventures”

Notes to Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(Expressed in Canadian dollars)

(unaudited)

8. Related party transactions (continued)

During the period the Company signed as Guarantor for TGC’s lease related to its site for operations. The lease is dependent upon TGC obtaining its annual licenses for cultivation, manufacturing and retail by May 31, 2024. TGC may exit the lease if the operating licenses are not obtained by May 31, 2024, subject to the payment of six months rent of US\$92,187 which will be charged against TGCs security deposit and the remaining security deposit shall be returned to TGC, and the lease will be discharged. If TGC receives its annual licenses prior to May 31, 2024, the Company’s guarantee will extend to the end of the lease February 29, 2036. Annual base rent for 2024 is ~US\$250,000 and increasing to ~US\$350,000 by 2036.

9. Management of capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its activities as a merchant capital firm. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern and to maintain a flexible optimized capital structure in order to pursue state compliant cannabis investments focused throughout the value chain. In the management of capital, the Company includes its cash balances and components of shareholders’ equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company’s development, in order to maximize on-going development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company’s approach to capital management during the period ended October 31, 2023. The Company is not subject to externally imposed capital requirements.

As at October 31, 2023, the carrying values of cash and cash equivalents, deposits, prepaid expense, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

10. Financial risk management

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 fulfill its financial obligations. The Company’s credit risk consists of cash and cash equivalents, trade and other receivables including amounts due from related parties, investments and notes receivable.

The cash and cash equivalents balance is primarily held in chequing accounts and short-term treasury bills at reputable financial institutions. Trade and other receivables consist of amounts due from government agencies. the Company has no significant concentration of credit risk from cash, cash equivalents and other receivables.

The collectability of related party loans is dependent upon the NJ Entities’ ability to generate revenue. There is no assurance the NJ Entities will generate revenue. The loan balance to the NJ Entities includes a one year US\$245,832 lease security deposit used to secure TGC a facility related to the issuance of its annual licenses. The Company’s signed as guarantor of the lease on behalf of TGC; if TGC does not receive its annual licenses by May 31, 2024, the lease becomes cancellable upon payment of 6 months base rent payable from the security deposit.

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10. 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. The Company endeavors to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

As at October 31, 2023, the Company had cash and cash equivalents of \$4,319,469 (April 30, 2023 - \$5,179,361) to settle current liabilities of \$621,591 (2023 - \$534,037). The Company earns investment income and historically, the Company's sole sources of funding has been the issuance of equity securities for cash, primarily 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.

b) *Foreign currency risk*

As of October 31, 2023, the Company holds cash, a note receivable and a convertible debenture denominated 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 cash and notes receivable and convertible debentures which are denominated in \$US. The Company does not currently use foreign exchange contracts to hedge its exposure to foreign currency risk.

As at October 31, 2023, a 1% foreign exchange differential in the American Dollar, with all other factors remaining constant, would result in \$33,000 change in income (loss).

**SCHEDULE D: INTERIM MANAGEMENT DISCUSSION AND ANALYSIS OF VENCANNA VENTURES
INC.**

Top Strike Resources Corp.
Management's Discussion & Analysis
Three Months Ended October 31, 2023 and 2022

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 unaudited condensed interim financial statements and accompanying notes for the three months ended October 31, 2023 and 2022 and audited financial statements and accompanying notes for the years ended April 30, 2023 and 2022. 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 December 29, 2023.

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.

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 200, 622 5th Avenue SW, Calgary, Alberta, T2P 0M6.

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 (the "WHO") declared COVID-19 as a pandemic in March of 2020, the impact of the COVID-19 pandemic and jurisdictional policies put into effect to counter the virus has for the most part dissipated (on May 5, 2023 the WHO ended Covid-19 as a public health emergency). 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. Government stimuluses and supply chain bottle necks due to pent up demand and world economies

Top Strike Resources Corp.
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staggard re-openings led to global inflation, which in turn led the world's reserves banks to raise their base interest rates, though the last U.S. Federal Reserve interest rate hike was July 2023. While inflation appears to have tamed, recessionary fears and other economic impacts are very much a concern and the full economic impact from the pandemic, and associated government responses, continues to be unknown at this time.

The U.S. 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 cannabis researcher Brightfield Group, seven new U.S. states began sales in 2022 (six adult use, one medical), with total U.S. sales in 2022 reaching US\$27 billion. The Brightfield Group expects 2023 sales to exceed US\$31 billion, and are forecasting over US\$50 billion by 2028 with the overall economic impact being two to three times actual sales. There are currently 38 states, four of five USA territories, and the District of Columbia, that have legalized medical cannabis, and 23 of those states, 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 6 additional times. On September 27, 2023 the Senate Banking Committee held a "mark up" to the SAFE Banking Act., passing the measure on a bipartisan vote of 14 to 9 (the title of the measure is now being called the Secure and Fair Enforcement Regulation (SAFER) Banking Act). While this was a positive, and a critical path to a senate vote, Majority Senate Leader Chuck Schumer has yet to bring it to the Senate floor for a vote.

On October 6, 2022, President Biden pardoned all Federal offences of simple possession of cannabis. In addition, the President instructed the Attorney General along with the US Department of Health and Human Services (HHS) to initiate an administrative process to review the scheduling of cannabis, which is currently classified as a Schedule I of the Controlled Substance Act. Scheduled I is reserved for the most dangerous of substances. On August 29, 2023 the HHS sent a letter to the U.S. Drug Enforcement Agency (DEA) recommending moving cannabis from a Schedule I to a Schedule III controlled substance. A Schedule III classification would eliminate the application of IRC 280E, which applies to only Schedule I & II substances. The elimination of 280E would significantly reduce the tax burden and increase cash flows for U.S. state compliant cannabis businesses. Senior officials have been quoted as stating they do not recall the DEA to have ever deviated from a scheduling recommendation from the HHS. While the aforementioned SAFER Banking Act and the re-scheduling of cannabis are near term material cannabis reforms currently being considered, the timing of either being ratified is unknown at this time.

The Company derives the majority 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.

Top Strike Resources Corp.
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HIGHLIGHTS AND RECENT DEVELOPMENTS

On August 16, 2023, the Company and Cannavative Group LLC (“**Cannavative**”) amended and restated the definitive unit exchange agreement (the “**A&R Definitive Agreement**” or the “**Transaction**”). The transaction was originally announced on April 25, 2022 and, as the transaction was characterized as a "fundamental change" pursuant to the CSE's policies, the Company's shares had been halted pending completion or termination of the transaction. The parties continue to work with the regulators and auditors in order to finalize the Transaction.

The Company is strategically positioned within the fast-growing New Jersey cannabis market. It continues to advance its community partnerships with TGC NJ LLC (“TGC”), CGT NJ LLC (“CGT”), and October Gold LLC (“October Gold”) (collectively the “NJ Entities”). Insiders of the Company have an equity interest in the NJ Entities. TGC has secured its site and has received municipal approval from the township of Cinnaminson for cultivation, manufacturing and retail. TGC was recently awarded its annual cultivation and manufacturing license from the NJ cannabis regulatory commission (the “CRC”) and is currently awaiting their retail license. The 15,500 s.f. Cinnaminson facility will be a single site vertical, creating a unique on-site customer experience. TGC expects to complete its build out and become operational later in 2024. Each of CGT and October Gold have been awarded a conditional retail license by the CRC. The Company and its community partners continue to review sites within accepting municipalities for CGT and October Gold. During the period the NJ Entities incurred \$179,965 in consulting, professional, and development fees used to advance their respective licenses.

New Jersey has experienced significant sales growth, with sales increasing by 27% from January to October of this year (and grams sold increasing by 40%). According to the CRC, in the three months ending September 30, 2023, New Jersey statewide sales hit \$206 million, with 86% attributed to adult sales. The Cannabis Business Times state that the projected annualized sales of \$825 million would position the state as the 12 largest retail market in the U.S. As of December 2023, there were only 64 adult licensed dispensaries. Challenges continue for new entrants given local zoning restrictions, limited capital for the industry, and that less than 25% of the state’s municipalities have opted-in.

During the period 12,466,740 stock options with a term of 5 years and an exercise price of \$0.06 per share expired. The Company currently has 5,000,000 stock options outstanding exercisable at \$0.03 with a remaining life of 0.80 years.

Also, during the period 53,552,577 of the Company’s warrants expired. The Company does not have any warrants outstanding as at October 31, 2023.

Top Strike Resources Corp.
Management's Discussion & Analysis
Three Months Ended October 31, 2023 and 2022

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	Oct 31, 2023	Jul 31, 2023	Apr 30, 2023	Jan 31, 2023	Oct 31, 2022	Jul 31, 2022	Apr 30, 2022	Jan 31, 2022
(000's)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	298	41	(366)	178	373	181	151	294
Income (Loss) for the period	39	(196)	(629)	(98)	(3)	(97)	(124)	3
Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Total assets	9,256	9,056	9,266	9,490	9,680	9,572	9,801	9,957
Total liabilities	2,961	2,801	2,814	2,409	2,497	2,391	1,712	1,741

As 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 October 31, 2023, 52% of the Company's assets were directly related to US cannabis activities.

RESULTS OF OPERATIONS

Financial results for the three months ended October 31, 2023 and 2022

The Company recorded net income of \$39,485, \$0.00 per common share for the three months ended October 31, 2023 as compared to a net loss of \$3,171, \$0.00 per share for the three months ended October 31, 2022.

Revenues for the three months ended October 31, 2023, were \$298,063 (2022 - \$372,857). The Company generated \$145,171 (2022 - \$120,346) in interest income from its short-term treasury deposits and two receivable notes. Changes in fair value included; an unrealized gain of \$60,592 (2022 - Nil) related to a fair value adjustment of the due from related parties balance, an unrealized loss on investments and derivative instruments of \$113,582 (2022 - \$57,819) related to the change in fair value of the Company's convertible debenture, and an unrealized foreign exchange gain of \$205,882 (2022 - \$290,922) related to currency fluctuations on the Company's US denominated balances.

Expenses for the three months ended October 31, 2023, were \$258,578 (2022 - \$376,028). General and administrative expense included, salaries and benefits of \$129,676 (2022 - \$130,429), professional fees of \$31,376 (2022 - \$28,961), consulting fees of Nil (2022 - \$124,617), interest and bank charges of \$55,684 (2022 - \$50,441), and other expenses of \$41,842 (2022 - \$41,580).

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

As at October 31, 2023, the Company had a cash balance of \$4,319,469 (2022 - \$5,179,361) to settle current liabilities of \$621,591 (2022 - \$534,037). As at October 31, 2023, the Company's cash decreased by \$355,304 from April 30, 2023 primarily related to operating activities.

The Company has no commitments for property and equipment expenditures for the period. 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.

Top Strike Resources Corp.
Management's Discussion & Analysis
Three Months Ended October 31, 2023 and 2022

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 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, 2023.

Top Strike Resources Corp.
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Three Months Ended October 31, 2023 and 2022

OFF-BALANCE SHEET ARRANGEMENTS

The Company has signed as guarantor for TGCs operating lease on premises. TGCs lease commenced on August 1, 2023, to which TGC forwarded a security deposit of US\$245,832. Base rent from August 1st to November 30th was nil, lease payments from December 1, 2023 to May 31, 2024 amount to US\$92,187, and if TGC has not received its annual cultivation, manufacturing and retail licenses prior to May 31, 2024, may exit the lease and all future lease obligations will cease, subject to the payment of six months rent. The full lease term is for 12 years and 7 months. The end of the lease term is February 29, 2036. Annual base rent for 2024 is approximately US\$250,000.

PROPOSED TRANSACTION – CANNAVATIVE

Amended and Restated Definitive Agreement

On March 12, 2021, the Company announced that it had entered into an exclusive non-binding letter of intent with Cannavative. On April 25, 2022, the Company entered into a definitive unit exchange agreement with, pursuant to which the Company would acquire all the issued and outstanding membership units of Cannavative in an all-share exchange (the “**Transaction**”). On August 16, 2023, the Company amended and restated the definitive agreement. Details of the A&R Definitive Agreement are as follows:

The Company will acquire all the membership units of Cannavative through:

- The issuance of 29.4 million common shares.
- The issuance of 14.7 million B Warrants with each warrant being exercisable for one common share at an exercise price of US\$0.10 for a period of 18 months following the date of issuance.
- Subject to the achievement of certain 2024 financial milestones and receipt of certain receivables, holders of Cannavative membership units will also receive up to 75.0 million Earn-Out Units per membership unit. Each Earn-Out Unit will consist of:
 - One (1) common share.
 - A half (1/2) B Warrant
- Cannavative’s approximate US\$6.8 million in debt is to convert into:
 - 90.4 million common shares.
 - 18.1 million warrants with an exercise price of US\$0.075 per common share exercisable for a period of 9 months from the date of issuance (“A Warrants”).
 - 18.1 million B Warrants, with an exercise price of US\$0.10 per common share exercisable for a period of 18 months from the date of issuance.
- Additionally, the Company’s unsecured convertible debenture with a principal balance of US\$1.3 million plus accrued interest will convert into approximately 38.1 million common shares.

Post-Transaction

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, Executive Chairman and Interim CFO, Scott McGregor, Independent Director from Vencanna and two members from Cannavative including Scott Wrye, an Independent Director, and Jason Crum.

Top Strike Resources Corp.
Management's Discussion & Analysis
Three Months Ended October 31, 2023 and 2022

Upon closing the Company is expected to have approximately 345.0 million common shares and 107.3 million purchase warrants, up to 75.0 earn out units, 5.0 million options, no debt, and over \$5 million in cash. Closing of the Transaction is subject to certain auditing standards and final regulatory review.

RELATED PARTY TRANSACTIONS

During the period ended October 31, 2023, the Company incurred legal expenses from a law firm for \$26,818 (2022 - \$63,444) of which the corporate secretary of the Company is a partner. As at October 31, 2023, accounts payable and accrued liabilities included amounts payable to the law firm of \$7,886 (2022 - \$15,023).

Convertible Debenture

On July 3, 2020, the Company issued a debenture for US\$1,300,000 to Jon Sharun, a director of the Company. During the period, the Company elected to accrue US\$38,969 in interest related to the debenture (Note 5). As at October 31, 2023, the Company has accrued \$581,813 (US\$419,446) to accounts payable and accrued liabilities on the Condensed Interim Statement of Financial Position.

New Jersey Entities

On April 20, 2022, the Company announced that it was assisting community groups in New Jersey in joint submissions of cannabis business applications. The applications were submitted by the New Jersey Entities. The New Jersey Entities include TGC New Jersey LLC ("TGC"), CGT New Jersey LLC ("CGT"), and October Gold ("October Gold", collectively with TGC and CGT, the "NJ Entities").

The New Jersey Cannabis Regulatory Commission ("CRC") awarded TGC a Conditional Class 3 Cultivation and a Class 2 Manufacturing License, and each of CGT and October Gold a Conditional Retail License. A Conditional cannabis license holder must still secure a site for operations, and obtain municipal approval for the cannabis business, before submitting their Conversion application for its respective annual license. During the period TGC has received its annual cultivation and manufacturing licenses. It has also submitted its conditional retail application during the period. TGC has until Oct 25, 2024, subject to extensions, to request a final onsite assessment. An annual license will be issued 30 days after the onsite assessment provided all conditions have been satisfied. It is the Company's intent, but not its obligation, to assist in the development and the operations of the NJ Entities. Amounts spent by the Company to support the NJ Entities will be under financial arrangements typical for businesses of this nature, such terms subject to CRC regulations.

Insiders of the Company, including the CEO; VP Originations; and an independent director, are equity holders of TGC, CGT, and October Gold respectively. Due to the combination of insider ownership interest, the occurrence of transaction activity, and the insiders being a party to their respective operating agreement, the insiders of the Company are deemed to exert significant influence over the NJ Entities.

During November 2022, the NJ Entities signed their respective shareholder operating agreements, at which time the Company executed its purchase options, at the option of the Company, with the shareholders of the NJ Entities, subject to regulatory approvals and operating license issuances.

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During the period, the Company incurred costs on behalf of the NJ entities for development initiatives and other expenditures including consulting, and professional fees. Below is the breakdown of incurred costs advanced to related parties during the period:

	TGC	CGT	October Gold	Total
Development initiatives	\$ 116,273	\$ 1,823	\$ -	\$ 116,273
Consulting	36,151	-	-	36,151
Professional fees and other	5,701	20,880	960	27,541
	\$ 156,302	\$ 22,703	\$ 960	\$ 179,965

As at October 31, 2023, the due from related parties balance is \$927,298; comprised of a \$862,876 receivable from TGC, \$64,422 from CGT, and \$Nil from October Gold. The due from related parties balance included a fair value adjustment of \$60,592 to account for the probability of recovery.

During the period the Company signed as Guarantor for TGC's lease related to its site for operations. The lease is dependent upon TGC obtaining its annual licenses for cultivation, manufacturing and retail by May 31, 2024. TGC may exit the lease if the operating licenses are not obtained by May 31, 2024, subject to the payment of six months rent of US\$92,187 which will be charged against TGCs security deposit and the remaining security deposit shall be returned to TGC, and the lease will be discharged. If TGC receives its annual licenses prior to May 31, 2024, the Company's guarantee will extend to the end of the lease February 29, 2036. Annual base rent for 2024 is ~US\$250,000 and increasing to ~US\$350,000 by 2036.

SHARE CAPITAL

Warrants

During the quarter all 53,552,577 of the Company's outstanding warrants expired; 31,497,766 warrants expired on September 24, 2023, and 22,054,811 warrants expired on Oct 19, 2023. As at October 31, 2023, the Company does not have any warrants outstanding.

Stock options

In September 2018 the Company granted 12,466,740 stock options with a term of 5 years at an exercise price of \$0.06 per share. During the period 12,446,740 stock options expired. As at October 31, 2023, the Company has 5,000,000 options outstanding with a weighted average strike price of \$0.03 per common share and expected remaining life of 0.80 years.

RISKS AND UNCERTAINTIES

The Company's financial success could be dependent upon the Company's ability to raise additional capital, which could be through an equity issuance or debt securities. There is no assurance that the Company will be able to raise additional capital that may be 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 additional capital 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.

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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, 39 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 nineteen states of the United States have legalized recreational cannabis. 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, a rapid re-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.

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

Top Strike Resources Corp.
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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.sedarplus.ca.

SCHEDULE E: AUDITED ANNUAL FINANCIAL STATEMENTS OF CANNAVATIVE GROUP, LLC



THE CANNAVATIVE GROUP LLC

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in United States dollars)

THE CANNAVATIVE GROUP LLC
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INDEPENDENT AUDITORS' REPORT

To the Members of The CannaVative Group LLC

Opinion

We have audited the consolidated financial statements of The CannaVative Group LLC and its subsidiaries (the "Company" or "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations, consolidated statements of changes in members' deficit and consolidated statements of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has members' deficit of \$5,637,376 and working capital deficiency of \$7,205,282 as of December 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Baker Tilly US, LLP

**Irvine, CA
September 6, 2023**

THE CANNAVATIVE GROUP LLC
Consolidated Statements of Financial Position
(Expressed in United States dollars)

	Note	December 31, 2022	December 31, 2021
		\$	\$
ASSETS			
Current			
Cash		70,835	2,060,620
Accounts receivable, net	4	1,207,849	976,329
Prepaid expenses		71,643	102,240
Inventory	5	1,097,501	1,158,111
Biological assets	6	347,632	977,226
Other current assets		12,773	15,500
		2,808,233	5,290,026
Property and equipment, net	7	4,022,316	4,085,792
Right-of-use asset	12	2,810,938	3,048,482
Total assets		9,641,487	12,424,300
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	2,035,892	953,547
Current portion of due to related parties	9	4,930,898	4,886,624
Loans payable	11	2,963,542	2,803,141
Current portion of lease liability - related party	12	83,183	75,298
Subscription deposits received	13	-	1,402,056
		10,013,515	10,120,666
Due to related parties	9	1,366,922	1,050,000
Lease liability - related party	12	3,898,426	3,981,609
Total liabilities		15,278,863	15,152,275
MEMBERS' DEFICIT	13	(5,637,376)	(2,727,975)
Total liabilities and members' deficit		9,641,487	12,424,300

Nature of operations and going concern (Note 1)
Subsequent events (Note 19)

Approved and authorized for issue on behalf of the Board of Directors on September 6, 2023.


Zara Ehasz, Director of Finance


Scott Wrye, Board of Directors

THE CANNAVATIVE GROUP LLC
Consolidated Statements of Operations

(Expressed in United States dollars, except for per unit amounts and number of units)

	Note	Years ended December 31,	
		2022	2021
		\$	\$
Revenue		10,773,889	14,142,892
Cost of sales	5,7	(10,560,750)	(12,856,013)
Gross profit, before fair value adjustments		213,139	1,286,879
Fair value amounts realized on sale of inventory	5	(1,911,569)	(144,187)
Fair value adjustment on biological assets	6	2,374,021	2,099,556
Gross profit		675,591	3,242,248
Operating expenses			
Administrative	14	753,788	560,121
Depreciation	7	10,877	2,889
Marketing		402,084	495,145
Professional and consulting fees		295,780	550,126
Rent	12	51,481	59,318
Salaries and wages	10	1,037,584	1,212,050
		(2,551,594)	(2,879,649)
Loss from operations		(1,876,003)	362,599
Other income (expense)			
Gain on sale of property and equipment	7	-	1,990
Interest expense	9,11,12	(1,253,180)	(1,208,551)
Interest income		533	839
Net loss		(3,128,650)	(843,123)
Net loss per unit			
Basic and diluted		(3.13)	(0.84)
Weighted average number of units outstanding			
Basic and diluted		1,000,000	1,000,000

The accompanying notes are an integral part of these consolidated financial statements.

THE CANNAVATIVE GROUP LLC

Consolidated Statements of Changes in Members' Deficit

(Expressed in United States dollars, except number of units)

	Class A		Class B		Class C		Class D		Total
	Class A Units	members' deficit	Class B Units	members' deficit	Class C Units	members' deficit	Class D Units	members' deficit	members' deficit
	#	\$	#	\$	#	\$	#	\$	\$
Balance, December 31, 2020	21,429	(28,342)	775,071	(1,025,148)	203,500	(269,160)	-	-	(1,322,650)
Distribution to members	-	(12,047)	-	(435,747)	-	(114,408)	-	-	(562,202)
Net loss for the year	-	(18,067)	-	(653,480)	-	(171,576)	-	-	(843,123)
Balance, December 31, 2021	21,429	(58,456)	775,071	(2,114,375)	203,500	(555,144)	-	-	(2,727,975)
Distribution to members	-	(25,346)	-	(916,760)	-	(240,701)	-	-	(1,182,807)
Issuance of units	-	-	-	-	(51,944)	-	51,944	1,402,056	1,402,056
Net loss for the year	-	(67,043)	-	(2,424,926)	-	(474,166)	-	(162,515)	(3,128,650)
Balance, December 31, 2022	21,429	(150,845)	775,071	(5,456,061)	151,556	(1,270,011)	51,944	1,239,541	(5,637,376)

The accompanying notes are an integral part of these consolidated financial statements.

THE CANNAVATIVE GROUP LLC
Consolidated Statements of Cash Flows
(Expressed in United States dollars)

	Years ended December 31,	
	2022	2021
	\$	\$
Operating activities:		
Net loss for the year	(3,128,650)	(843,123)
Items not affecting cash:		
Net effect of fair value changes in biological assets	(462,452)	(1,955,369)
Depreciation	10,877	2,889
Gain on sale of property and equipment	-	(1,990)
Interest expense	743,370	817,560
Changes in non-cash working capital:		
Accounts receivable, net	(231,520)	110,157
Prepaid expenses	30,597	3,479
Inventory	908,017	1,417,702
Biological assets	1,092,046	1,996,853
Other current assets	2,727	(9,560)
Accounts payable and accrued liabilities	1,420,826	(260,888)
Cash provided by operating activities	385,838	1,277,710
Investing activities:		
Proceeds from sale of property and equipment	-	7,500
Purchases of property and equipment	(385,935)	(136,665)
Cash used in investing activities	(385,935)	(129,165)
Financing activities:		
Distribution to members	(1,182,807)	(562,202)
Proceeds from advances from related parties	1,368,763	929,205
Proceeds from loans payable	-	2,000,000
Repayments to related parties	(1,188,234)	(690,159)
Repayments on loans payable	-	(150,000)
Lease payments	(477,600)	(477,600)
Interest paid	(509,810)	(390,991)
Cash (used in) provided by financing activities	(1,989,688)	658,253
Change in cash	(1,989,785)	1,806,798
Cash - beginning of year	2,060,620	253,822
Cash - end of year	70,835	2,060,620
Supplemental cash flow disclosure:		
Non-cash investing and financing activities		
Property and equipment included in accounts payable and accrued liabilities	171,329	187,357
Subscription payable settled	1,402,056	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

The Cannavative Group LLC (the “Company” or “Cannavative”) was incorporated July 16, 2014, under the Articles of Organization for a Limited Liability Company (“LLC”) in Reno, Nevada. Its head office and registered office address is 14331 Lear Boulevard, Reno, NV, 89506. The Company, collectively with its subsidiaries, operates exclusively in the State of Nevada where the legal commercial production and vending of marijuana is permitted by Nevada state law under Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”). The Company is a private licensed manufacturer and distributor of cannabis flower and extracted products in the State of Nevada.

The Company operates as a licensed manufacturer and distributor of recreational cannabis and cannabis products and distributes its products through an arrangement with a cannabis distributor to licensed cannabis vendors in Nevada. The Company commenced revenue generating activity during the year ended December 31, 2016. Continuance of operations is dependent upon maintaining the necessary licensing under Nevada state law, and the ability to obtain the necessary financing to perform its operating activities and meet ongoing obligations.

Several states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the “CSA”) in the United States and as such, cannabis-related practices, or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

These consolidated financial statements for the years ended December 31, 2022 and 2021 have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. For the year ended December 31, 2022, the Company incurred a net loss of \$3,128,650 (2021 – \$843,123). As at December 31, 2022, the Company had accumulated members’ deficit of \$5,637,376 (December 31, 2021 - \$2,727,975) and a working capital deficiency of \$7,205,282 (December 31, 2021 - \$4,830,640). The Company has been successful in securing financing in the past, but there can be no assurance that it will be able to do so in the future, or that such financing will be available on a timely basis or on terms acceptable to the Company. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance its operations for the upcoming year with the proceeds from equity financings. These consolidated financial statements do not give effect to adjustments that would be necessary to reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements were approved by the Board of Directors and authorized for issue on September 6, 2023.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

b) Basis of presentation

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

These consolidated financial statements are presented in United States dollars, except as otherwise noted, which is the functional currency of the Company and each of the Company’s subsidiaries.

d) Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and its owned subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

A summary of the Company’s subsidiaries included in these consolidated financial statements as at December 31, 2022 are as follows:

Name of subsidiary	Country of incorporation	Principal activity
Cannavative Farms, LLC	USA	Cannabis producer
Cannavative Extracts, LLC	USA	Cannabis processor

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to exercise significant judgments in applying the Company’s accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual future outcomes could differ from present estimates and assumptions, which may require material adjustments to the Company’s consolidated financial statements. Revisions to accounting estimates are accounted for prospectively.

Significant judgments, estimates and related assumptions exercised by management in applying the Company’s accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Going concern presentation

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management assesses the Company’s ability to continue as a going concern at each reporting date using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates and assumptions of future cash flows and other events (Note 1), whose subsequent changes could materially impact the validity of the assessment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessment of cash generating units

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU"). The Company applies judgment in assessing the smallest group of assets that comprise a single CGU.

Assessment of useful lives and depreciation of property and equipment

The Company's depreciation of property and equipment is dependent on the estimation of the assets' useful lives. The Company's assessment of any impairment of assets is dependent on its estimation of recoverable amounts that consider various factors, including market and economic conditions and the assets' useful lives.

Review of asset carrying values and impairment assessment

The Company evaluates the impairment of non-financial assets when there are indicators of impairment, such as changes in how the asset is used, plans to discontinue its use, obsolescence, or physical damage. If an asset doesn't generate cash flows that are significantly separate from those of other assets or asset groups, the asset is assessed at the CGU level.

In assessing impairment, the Company compares the carrying amount of the asset or CGU to its recoverable amount. If the carrying amount exceeds its recoverable amount, an impairment loss is recognized. This loss is then recorded in the consolidated statement of operations. For the years ended December 31, 2022 and 2021, the Company's management determined that no impairment was necessary.

Biological assets and inventories

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compare the inventory cost versus net realizable value.

The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield or quality will be reflected in future changes in the gain or loss on biological assets.

The Company utilizes the Nevada Department of Taxation ("NDOT") determined wholesale fair market value for the period of future sales in order to calculate the expected selling price of its biological assets at its Nevada operations. The Company believes the NDOT observed values are consistent and has observed peer issuers adopting the same valuation input.

Expected credit losses

In calculating the expected credit loss on financial instruments, management is required to make a number of estimations including the probability of possible outcomes with regards to credit loss, the discount rate to use for time value of money and whether the financial instrument's credit risk has increased significantly since initial recognition.

Leases

i. Identifying whether a contract includes a lease

IFRS 16 *Leases* ("IFRS 16") applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

ii. Incremental borrowing rate

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statements of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Estimate of lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

b) Cash

Cash consists of cash on hand and held with banks.

c) Biological assets

The Company's biological assets consist of cannabis plants. The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less costs to sell and complete up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. The effect of realized and unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations.

d) Inventory

Work in process and finished goods inventories are valued at the lower of cost or net realizable value. Harvested raw material cannabis inventories are transferred from biological assets at their fair value less cost to sell at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory insofar as cost is less than net realizable value. Inventories for resale, in addition to supplies and consumables, are valued at the lower of cost or net realizable value, with standard costing used to determine cost.

Net realizable value is calculated as the estimated selling price in the ordinary course of business, less any estimated costs to complete and sell the goods. The cost of inventory includes expenditures incurred in acquiring raw materials, production and conversion costs, depreciation and other costs incurred in bringing inventory to its existing location and condition. The Company uses the standard costing method to track and cost inventory items. The Company maintains two categories of inventory: work in process and finished goods.

e) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and losses on impairment. Depreciation of property and equipment begins when an asset is in the location and condition necessary to operate as management intended. Upon the sale or disposition of the asset, cost and accumulated depreciation are removed from property and equipment, with any resulting gain or loss recognized in the consolidated statements of operations, as determined by comparing the proceeds from disposal with the carrying amount of the item.

Depreciation is calculated on the straight-line basis over the useful lives of the assets as follows:

Class of property and equipment	Depreciation rate
Leasehold improvements	Shorter of the life of the improvement or the remaining life of the lease
Furniture and equipment	5 years
Vehicles	5 years

Each part of an item of property and equipment with a significant cost in relation to the total cost of the asset, are depreciated separately, except when the significant part has a similar useful life and depreciation method as another part of that same asset. Insignificant parts of the same asset are depreciated together in the remainder of the asset. During each financial year, the Company reviews the residual value, useful life and depreciation method for property and equipment, and makes any adjustment prospectively, if applicable.

During each financial year, the Company reviews the residual value, useful life and depreciation method for property and equipment, and makes any adjustment prospectively, if applicable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Leases

The Company leases some items of property. Under IFRS 16, the Company assesses whether a contract to rent an item of property and equipment is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

Pursuant to the IFRS 16 lessee accounting model, the right-of-use asset is initially measured at cost, which includes the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- 3) amounts expected to be payable under any residual value guarantees; and
- 4) exercise price for options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early. The lease liability is measured at amortized costs using the effective interest method.

The lease liability is remeasured in the following circumstances:

- 1) if there is a change in the future lease payments resulting from a change in index or rate;
- 2) if there is a change in the Company's estimation of the amount expected to be payable under a residual value guarantee; and
- 3) if the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

The Company has elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and for low-value assets.

g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligations are obligations that derive from the Company's actions where:

- 1) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
- 2) as a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are reduced by actual expenditures for which the provision was originally recognized. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The accretion of the discount is charged to the consolidated statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Revenue recognition

Revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. The Company applies the following five-step analysis to determine whether, how much and when revenue is recognized: (1) Identify the contract with the customer; (2) Identify the performance obligation in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligation in the contract; and (5) Recognize revenue when or as the Company satisfies a performance obligation.

Revenue from the sale of cannabis related products is recognized at a point in time when control over the goods has been transferred to the customer. Payment is receivable upon transfer of the goods and revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Deferred revenue is subsequently recognized into revenue as or when the Company fulfills its performance obligation.

For the year ended December 31, 2022, there were \$795,492 (2021 - \$137,795) of discounts and rebates recorded against revenues.

i) Loss per unit

Basic loss per unit is calculated by dividing the net loss of the Company by the basic weighted average number of units outstanding during the period.

For purposes of calculating diluted loss per unit, the proceeds from the potential exercise of dilutive unit options and unit purchase warrants with exercise prices that are below the average market price of the underlying units for the reporting period are assumed to be used in purchasing the Company's units at their average market price for the period.

Unit options and unit purchase warrants are included in the calculation of diluted loss per unit only to the extent that the market price of the units exceeds the exercise price of the options or purchase warrants except where such inclusion would be anti-dilutive.

j) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument-by-instrument basis) on the day of acquisition to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A summary of the Company's classification of financial instruments under IFRS 9 *Financial Instruments* is as follows:

Financial instrument	Classification
Financial assets	
Cash	Amortized cost
Accounts receivable, net	Amortized cost
Other current assets	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Loans payable	Amortized cost
Lease liability	Amortized cost

Measurement

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in net income (loss) in the period in which they arise.

The Company applies an 'expected credit loss' impairment model that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company shall recognize in the consolidated statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

For the Company's accounts receivable, the simplified approach for determining expected credit losses is used under IFRS 9, which requires the Company to determine the lifetime expected losses for all its trade receivables. The lifetime expected credit loss provision for the Company's accounts receivable is based on historical default rates and other relevant forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of operations.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations.

k) Impairment of non-financial assets

Non-financial assets are comprised of right-of-use asset and property and equipment and are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is based on the estimated cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

l) Taxes

The Company and its subsidiaries are limited liability corporations and, accordingly, taxable income and losses are attributed to its members on the basis of proportionate ownership of units. Therefore, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product (inventory). This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

m) Accounting standards and interpretations adopted

The Company has adopted the amendments to IAS 41 *Agriculture* effective on January 1, 2022. As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. The adoption of the new standard did not materially affect the company's financial position, results of operations, or cash flows.

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4. ACCOUNTS RECEIVABLE, NET

A summary of the Company's aging analysis of accounts receivable, net balance is as follows:

	Gross Total	Neither past due nor impaired	Past due but not impaired		
			31-60 days	61-90 days	90+ days
December 31, 2021	\$ 976,329	\$ 697,657	\$ 73,570	\$ 67,491	\$ 137,611
December 31, 2022	1,334,909	1,095,386	52,449	39,445	147,629

As at December 31, 2022, accounts receivable is presented net of an allowance for doubtful accounts of \$127,060 (December 31, 2021 - \$nil). As a result, the accounts receivable, net balance is \$1,207,849 (December 31, 2021 - \$976,329).

5. INVENTORY

A summary of the Company's inventory is as follows:

	December 31, 2022	December 31, 2021
Finished goods	\$ 380,584	\$ 402,732
Work in progress	716,917	755,379
	1,097,501	1,158,111

During the year ended December 31, 2022, inventories expensed to cost of sales was \$10,560,750 (2021 - \$12,856,013). During the year ended December 31, 2022, the realized fair value on the sale of inventory totaled \$1,911,569 (2021 - \$144,187).

6. BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants. The Company measures its cannabis plants at their fair value less costs to sell which is determined using a model that estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts the amount for the expected selling price per gram at the point of harvest.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of the model:

- Selling price - calculated as the weighted average selling price for all expected grades and strains of cannabis based on estimates published by the State of Nevada of the fair value of various cannabis forms on a per pound basis.
- Yield per plant - represents the number of grams of finished cannabis that are expected to be obtained from each harvested cannabis plant.
- Stage of growth - represents the weighted average number of weeks out of the expected 16 week growing cycle that cannabis plants have reached as of the measurement date.
- Wastage - represents the weighted average percentage of cannabis plants expected to fail to mature to the point of harvest.
- Post-harvest processing costs - calculated as the cost per gram of harvested cannabis to convert into finished dry bulk flower ready to be packaged into finished goods.

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6. BIOLOGICAL ASSETS (continued)

As summary of each significant unobservable input used in the model to calculate fair value less costs to sell of cannabis plants.

Inputs	December 31, 2022	December 31, 2021
Selling price	\$2.93	\$3.39
Yield per plant	188.2g	197.7g
Stage of growth	54%	63%
Wastage	12%	6%
Post-harvest processing costs	\$0.67	\$1.07

A summary of the impact that a 10% increase/decrease in each input would have on the fair value of cannabis plants:

Inputs	December 31, 2022	December 31, 2021
	\$	\$
Selling price	45,099	142,624
Yield per plant	34,763	97,723
Stage of growth	34,763	97,723
Wastage	(2,217)	(2,212)
Post-harvest processing costs	(10,335)	(44,902)

The continuity for biological assets as at December 31, 2022 and December 31, 2021 is as follows:

	\$
Balance, December 31, 2020	874,523
Increase in biological assets due to capitalized costs	3,705,408
Fair value adjustment on biological assets	2,099,556
Transferred to inventory upon harvest	(5,702,261)
Balance, December 31, 2021	977,226
Increase in biological assets due to capitalized costs	2,230,266
Fair value adjustment on biological assets	2,374,021
Transferred to inventory upon harvest	(5,233,881)
Balance, December 31, 2022	347,632

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7. PROPERTY AND EQUIPMENT, NET

A summary of the Company's property and equipment, net is as follows:

	Leasehold improvements	Furniture and equipment	Vehicles	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2020	3,907,057	2,870,668	23,059	6,800,784
Disposal	-	(37,027)	-	(37,027)
Additions	72,143	251,879	-	324,022
Balance, December 31, 2021	3,979,200	3,085,520	23,059	7,087,779
Additions	6,043	551,221	-	557,264
Balance, December 31, 2022	3,985,243	3,636,741	23,059	7,645,043
Accumulated depreciation				
Balance, December 31, 2020	882,868	1,526,126	18,093	2,427,087
Disposal	-	(31,517)	-	(31,517)
Depreciation	225,083	379,610	1,724	606,417
Balance, December 31, 2021	1,107,951	1,874,219	19,817	3,001,987
Depreciation	228,971	389,521	2,248	620,740
Balance, December 31, 2022	1,336,922	2,263,740	22,065	3,622,727
Carrying amount				
Balance, December 31, 2021	2,871,249	1,211,301	3,242	4,085,792
Balance, December 31, 2022	2,648,321	1,373,001	994	4,022,316

During the year ended December 31, 2022, the Company recognized a gain sale of property and equipment of \$nil (2021 - \$1,990).

During the year ended December 31, 2022 the Company recognized total depreciation of \$858,284 (2021 - \$843,962), which included right-of-use asset depreciation of \$237,544 (2021 - \$237,545). During the year ended December 31, 2022, inventories expensed to cost of sales included \$847,407 of depreciation (2021 - \$841,073).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Accounts payable	1,902,006	777,663
Accrued liabilities	133,886	175,884
	2,035,892	953,547

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9. DUE TO RELATED PARTIES

A summary of the Company's amount due to related parties is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Opening balance	5,936,624	5,524,817
Reclassification	200,000	-
Advances from related parties	1,368,763	929,205
Repayments	(1,660,044)	(994,483)
Interest accrued	452,477	477,085
Total	6,297,820	5,936,624
Less: Current portion of due to related parties	(4,930,898)	(4,886,624)
Due to related parties	1,366,922	1,050,000

Amounts due to related parties are unsecured and bear interest ranging from 5% to 16% per annum. The current portion is due on demand and the non-current portion is due in 2029.

On February 2, 2022, pursuant to the issuance of Class D membership units (Note 13), \$200,000 was reclassified from loans payable to due to related parties as the loan issuers are now members of the Company.

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

A summary of the Company's related party transactions is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Lease payments to company controlled by the CEO	477,600	477,600
Salaries paid to officers	200,000	351,462
	677,600	829,062

Key management includes the late Chief Executive Officer and the President and Chief Revenue Officer. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

11. LOANS PAYABLE

A summary of the Company's loans payable is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Opening balance	2,803,141	723,333
Reclassification from loans payable to due to related parties (Note 9)	(200,000)	-
Advances	-	2,000,000
Repayments	(38,000)	(236,667)
Interest expense	398,401	316,475
	2,963,542	2,803,141

On March 11, 2021, the Company entered into a third-party loan agreement with Top Strike Resources Corp. ("Vencanna"), whereby Vencanna loaned Cannavative \$2,000,000 million for facility expansion and general working capital purposes. The loan matured on March 11, 2022 and bears interest at 17.5% per annum. November 7, 2022, the terms of the Vencanna loan were amended and the maturity date was extended to January 9, 2023.

On January 9, 2023, the loan matured and is payable on demand. The loans payable as at December 31, 2022 are unsecured and bear interest ranging from 8% to 17.5% (December 31, 2021 - 8% to 17.5%) and are payable on demand.

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12. LEASE LIABILITY - RELATED PARTY

In July 2014, the Company entered into a five-year lease agreement for a commercial premise with a company controlled by an officer of the Company, including three additional five-year renewal options. During 2019, the lease was amended to extend the lease term for an additional five years expiring in October 2024. Pursuant to the amendment agreement, the base monthly rent was \$39,800 during the extension term and the lessor reserves an option to increase the base monthly rent by 5% no more frequently than annually. The incremental borrowing rate used to determine discount the lease liability was 10%.

A summary of the Company's lease liability is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Opening balance	4,056,907	4,125,069
Repayments	(477,600)	(477,600)
Interest on lease liability	402,302	409,438
Total	3,981,609	4,056,907
Less: Current portion of lease liability - related party	(83,183)	(75,298)
Lease liability - related party	3,898,426	3,981,609

During the year ended December 31, 2022, the Company recognized rent expense with respect to short-term and low value third-party leases of \$51,481 (2021 - \$59,318).

A summary of the Company's right-of-use asset is as follows:

	\$
Cost	
Balance, December 31, 2022 and December 31, 2021	3,998,660
Accumulated depreciation	
Balance, December 31, 2020	712,633
Depreciation	237,545
Balance, December 31, 2021	950,178
Depreciation	237,544
Balance, December 31, 2022	1,187,722
Carrying amount	
Balance, December 31, 2021	3,048,482
Balance, December 31, 2022	2,810,938

13. MEMBERS' DEFICIT

The Company is authorized to issue a total of 1,000,000 membership units ("Units") of the Company. The authorized members' deficit of the Company consists of four classes of Units (Class A, Class B, Class C and Class D).

Allocations and distributions are allocated among, or distributed to, each Unit according to the ratio of the member's respective unit to the aggregate of all units for which allocations or distributions are being made.

On February 2, 2022, pursuant to the approval of the State of Nevada Cannabis Compliance Board, the Company amended its articles of organization to authorize the issuance of Class D membership units. The Company issued 51,944 Class D units with a fair value of \$1,402,056 (\$27 per share) to satisfy subscription deposits received prior to the approval of the Class D units.

During the year ended December 31, 2022, 51,944 Class C units were disposed and replaced with the Class D units disclosed above.

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14. ADMINISTRATIVE EXPENSES

A summary of the Company's administrative expenses is as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Employee benefits, dues, and subscriptions	139,687	79,632
Office facilities and administrative	492,388	454,913
Other	16,425	(124)
Telephone and internet	9,774	10,439
Travel and entertainment	95,514	15,261
	753,788	560,121

15. SEGMENTED INFORMATION

Reportable segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

The Company operates in a single reportable segment, being the manufacturing and distribution of cannabis flower and extract products in the United States within the State of Nevada. All of the Company's revenues were generated through sales in the State of Nevada, and all of the Company's long-term assets are located in Nevada.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measurement of financial assets and liabilities

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The Company's accounts receivable, accounts payable and accrued liabilities, subscription deposits received, due to related parties, loans payable, and lease liability are carried at amortized cost.

b) Risk Management

The Company examines its various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. The risks may include credit risk, currency risk, liquidity risk and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance, where financially feasible to do so. When deemed material, these risks may be monitored by the Company's finance group, and they are regularly discussed with the Board of Directors.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

i. Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure to the Company is the carrying amount of cash and accounts receivable.

Most of the Company's cash is held with a major U.S. financial institution, and management believes the exposure to credit risk with respect to the financial institution is not significant.

The Company is exposed to credit risk inherent in its trade receivables which include credit exposures to customers and their outstanding accounts receivables balances.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements and its expansion plans.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has no concentrations of liquidity risk. A summary of future operating commitments is presented in Note 18.

As at December 31, 2022, the Company had a cash balance of \$70,835 and current liabilities of \$10,013,515 (December 31, 2021 - \$2,060,620 and \$10,120,666, respectively).

iii. Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates on its cash and cash equivalents balances held on deposit in a financial institution. Management does not believe that the Company's exposure to interest rate risk is significant. The Company does not have any interest-bearing debt instruments with variable rates.

iv. Price risk

The Company is exposed to price risk with respect to movements in market prices for goods which may impact revenue, cost of sales and the results of operations. The Company closely monitors demand and market prices of its finished goods and raw materials to determine the appropriate course of action to be taken by the Company.

17. MANAGEMENT OF CAPITAL

The Company's objectives of capital management are intended to safeguard the Company's normal operating requirements on an ongoing basis. As at December 31, 2022, the capital of the Company consists of consolidated members' deficit, amounts due to related parties, and loans payable, net of cash.

	December 31, 2022	December 31, 2021
	\$	\$
Members' deficit	(5,637,376)	(2,727,975)
Due to related parties	6,297,820	5,936,624
Loans payable	2,963,542	2,803,141
	3,623,986	6,011,790
Less: Cash	(70,835)	(2,060,620)
	3,553,151	3,951,170

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

THE CANNAVATIVE GROUP LLC
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in United States dollars, except where noted)

17. MANAGEMENT OF CAPITAL (continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company has in place a planning, budgeting, and forecasting process which is used to identify the amount of funds required to ensure the Company has appropriate liquidity to meet short and long-term operating objectives. The Company is dependent on cash flows generated from its clinical operations and from external financing to fund its activities. In order to maintain or adjust its capital structure, the Company may issue new membership units or debt.

As at December 31, 2022 and 2021 the Company was not subject to any externally imposed capital requirements. There were no changes in the Company's management of capital.

18. COMMITMENTS AND CONTINGENCIES

a) Commitments

A summary of undiscounted liabilities and future operating commitments at December 31, 2022, are as follows:

	Total	Within 1 year	2 - 5 years	Greater than 5 years
	\$	\$	\$	\$
Maturity analysis of financial liabilities				
Accounts payable and accrued liabilities	2,035,892	2,035,892	-	-
Due to related parties	6,297,820	4,930,898	1,366,922	-
Loans payable	2,963,542	2,963,542	-	-
Lease liability	7,183,162	477,600	2,075,670	4,629,892
Total financial liabilities and commitments	18,480,416	10,407,932	3,442,592	4,629,892

b) Contingencies

Various tax and legal matters are outstanding from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in the consolidated financial statements in the period such changes occur.

19. SUBSEQUENT EVENTS

On January 9, 2023, the Vencanna loan matured and is payable on demand.

On April 25, 2022 and as later amended on August 14, 2023, the Company entered into a definitive unit exchange agreement with Vencanna, pursuant to which, Vencanna would acquire all of the issued and outstanding membership units of Cannavative in an all-share exchange (the "Transaction"). Consideration in the Transaction is comprised of the issuance of 240,000,000 common shares of Vencanna and 120,000,000 common share purchase warrants. Each warrant is exercisable into one common share of Vencanna at a price of \$0.075 for a period of 18 months following the close of the Transaction. Further, Cannavative's due to related party amounts will convert into 80,000,000 common shares of Vencanna 32,000,000 warrants, of which 16,000,000 will be exercisable for one Vencanna share at a price of \$0.05 per share for a period of nine months following the closing date and 16,000,000 will be exercisable at a price of \$0.075 per share for a period of 18 months following the closing date. On the date of closing, all of Cannavative's debt will be converted to equity.

SCHEDULE F: UNAUDITED INTERIM FINANCIAL STATEMENTS OF CANNAVATIVE GROUP, LLC



THE CANNAVATIVE GROUP LLC

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in United States dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements of The Cannavative Group LLC as at and for the three and nine months ended September 30, 2023 have been prepared by and are the responsibility of the Company's management. The Company discloses that its independent auditor has not performed an audit or review of these unaudited condensed interim consolidated financial statements.

THE CANNAVATIVE GROUP LLC
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THE CANNAVATIVE GROUP LLC
Condensed Interim Consolidated Statements of Operations

(Unaudited - Expressed in United States dollars, except for per unit amounts and number of units)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Revenues		2,119,490	2,676,613	8,067,190	8,269,971
Cost of sales	6,7,8	(995,106)	(875,507)	(5,421,435)	(5,585,923)
Gross profit, before fair value adjustments		1,124,384	1,801,106	2,645,755	2,684,048
Fair value amounts realized on sale of inventory	6	(419,902)	(81,696)	(1,197,866)	(446,289)
Fair value adjustment on biological assets	7	(1,307,955)	(2,619,329)	(170,788)	(951,396)
Gross profit		(603,473)	(899,919)	1,277,101	1,286,363
Operating expenses					
Administrative expenses	16	249,005	198,725	760,342	560,235
Depreciation	8	3,134	3,425	9,572	7,533
Marketing		75,911	78,869	272,170	308,421
Professional and consulting fees		182,486	133,363	453,765	244,658
Rent	13	11,386	10,484	33,188	40,977
Salaries and wages	11	253,797	274,139	818,385	905,829
		(775,719)	(699,005)	(2,347,422)	(2,067,653)
Operating income		(1,379,192)	(1,598,924)	(1,070,321)	(781,290)
Other income (expenses)					
Gain on trade-in of equipment	8	-	-	3,000	-
Interest expense	10-13	(320,710)	(302,712)	(968,505)	(949,160)
Interest income		47	69	152	463
Other income	15	581,866	-	581,866	-
Net loss		(1,117,989)	(1,901,567)	(1,453,808)	(1,729,987)
Net (loss) earnings per unit					
Basic and diluted		(1.12)	(1.90)	(1.45)	(1.73)
Weighted average number of units outstanding					
Basic and diluted		1,000,000	1,000,000	1,000,000	1,000,000

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

THE CANNAVATIVE GROUP LLC

Condensed Interim Consolidated Statements of Changes in Members' Deficit

(Unaudited - Expressed in United States dollars, except number of units)

	Class A Units	Class A members' deficit	Class B Units	Class B members' deficit	Class C Units	Class C members' deficit	Class D Units	Class D members' earnings (deficit)	Total members' deficit
	#	\$	#	\$	#	\$	#	\$	\$
Balance, December 31, 2021	21,429	(58,456)	775,071	(2,114,375)	203,500	(555,144)	-	-	(2,727,975)
Distribution to members	-	(25,346)	-	(916,760)	-	(240,701)	-	-	(1,182,807)
Issuance of units	-	-	-	-	(51,944)	-	51,944	1,402,056	1,402,056
Net income for the period	-	(37,071)	-	(1,340,864)	-	(262,190)	-	(89,862)	(1,729,987)
Balance, September 30, 2022	21,429	(120,873)	775,071	(4,371,999)	151,556	(1,058,035)	51,944	1,312,194	(4,238,713)
Net loss for the period	-	(29,972)	-	(1,084,062)	-	(211,976)	-	(72,653)	(1,398,663)
Balance, December 31, 2022	21,429	(150,845)	775,071	(5,456,061)	151,556	(1,270,011)	51,944	1,239,541	(5,637,376)
Distribution to members	-	(1,122)	-	(40,601)	-	(7,939)	-	(2,721)	(52,383)
Net loss for the period	-	(31,153)	-	(1,126,805)	-	(220,333)	-	(75,517)	(1,453,808)
Balance, September 30, 2023	21,429	(183,120)	775,071	(6,623,467)	151,556	(1,498,283)	51,944	1,161,303	(7,143,567)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

THE CANNAVATIVE GROUP LLC
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in United States dollars)

	Nine months ended September 30,	
	2023	2022
	\$	\$
Operating activities:		
Net (loss) income for the period	(1,453,808)	(1,729,987)
Items not affecting cash:		
Net effect of fair value changes in biological assets and inventory	1,368,654	1,397,685
Depreciation	9,572	7,533
Gain on trade-in of equipment	(3,000)	-
Interest expense	552,766	567,678
Changes in non-cash working capital:		
Accounts receivable	458,464	(127,540)
Prepaid expenses	(66,070)	(150,545)
Inventory	572,626	(503,624)
Biological assets	(1,130,566)	(456,381)
Other current assets	8,799	1,320
Bank indebtedness	-	-
Accounts payable and accrued liabilities	632,897	1,156,190
Cash provided by operating activities	950,334	162,329
Investing activities:		
Purchases of property and equipment	(51,587)	(418,919)
Cash used in investing activities	(51,587)	(418,919)
Financing activities:		
Distribution to members	(52,383)	(1,182,807)
Advances due to related parties	676,000	1,265,672
Advances from loans	113,500	-
Repayments of amounts due to related parties	(446,791)	(1,094,158)
Repayments of lease liability - related party	(358,200)	(358,200)
Interest paid	(415,739)	(381,482)
Cash used in financing activities	(483,613)	(1,750,975)
Change in cash	415,134	(2,007,565)
Cash, beginning of period	70,835	2,060,620
Cash, end of period	485,969	53,055
Supplemental cash flow disclosure:		
Non-cash investing and financing activities		
Property and equipment included in accounts payable and accrued liabilities	29,047	126,979
Value assigned to equipment on trade-in	3,000	-
Subscription payable settled	-	1,402,056

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

THE CANNAVATIVE GROUP LLC
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in United States dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Cannavative Group LLC (the “Company” or “Cannavative”) was incorporated July 16, 2014, under the Articles of Organization for a Limited Liability Company (“LLC”) in Reno, Nevada. Its head office and registered office address is 14331 Lear Boulevard, Reno, NV, 89506. The Company, collectively with its subsidiaries, operates exclusively in the State of Nevada where the legal commercial production and vending of marijuana is permitted by Nevada state law under Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”). The Company is a private licensed manufacturer and distributor of cannabis flower and extracted products in the State of Nevada.

The Company operates as a licensed manufacturer and distributor of recreational cannabis and cannabis products and distributes its products through an arrangement with a cannabis distributor to licensed cannabis vendors in Nevada. The Company commenced revenue generating activity during the year ended December 31, 2016. Continuance of operations is dependent upon maintaining the necessary licensing under Nevada state law, and the ability to obtain the necessary financing to perform its operating activities and meet ongoing obligations.

Several states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the United States and as such, cannabis-related practices, or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2023, the Company had accumulated members’ deficit of \$7,143,567 (December 31, 2022 - \$5,637,376) and a working capital deficiency of \$8,367,438 (December 31, 2022 - \$7,205,282). For the period ended September 30, 2023, the Company incurred a net loss of \$1,453,808 (2022 - \$1,729,987). The Company has been successful in securing financing in the past, but there can be no assurance that it will be able to do so in the future, or that financing will be available on a timely basis or on terms acceptable to the Company. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 21, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2022 and 2021 (the “Annual Financial Statements”).

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

These financial statements are presented in United States dollars, except as otherwise noted, which is the functional currency of the Company and each of the Company’s subsidiaries.

THE CANNAVATIVE GROUP LLC
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in United States dollars, except where noted)

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

These financial statements incorporate the accounts of the Company and its owned subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at September 30, 2023 is as follows:

Name of subsidiary	Country of incorporation	Principal activity
Cannavative Farms, LLC	USA	Cannabis producer
Cannavative Extracts, LLC	USA	Cannabis processor

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of the interim financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the impacts of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 of the Annual Financial Statements.

4. ACCOUNTS RECEIVABLE

A summary of the Company's aging analysis of accounts receivable is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Neither past due nor impaired	700,562	1,095,386
31-60 days	49,184	52,449
61-90 days	(6,392)	39,445
90+ days	160,851	147,629
Total	904,205	1,334,909
Less: Allowance for doubtful accounts	(154,820)	(127,060)
	749,385	1,207,849

As at September 30, 2023, no customers had an accounts receivable balance representing more than 20% of the outstanding accounts receivable balance.

THE CANNAVATIVE GROUP LLC

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in United States dollars, except where noted)

5. PREPAID EXPENSES

A summary of the Company's prepaid expenses is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Insurance	-	23,671
License, fees and permits	49,153	7,916
Other	5,395	558
Prepaid supplies and packaging	68,783	36,192
Property tax	14,382	3,306
	137,713	71,643

6. INVENTORY

A summary of the Company's inventory is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Work in progress	654,177	716,917
Finished goods	439,706	380,584
	1,093,883	1,097,501

Inventories expensed to cost of sales during three and nine months ended September 30, 2023, was \$995,106 and \$5,421,435, respectively (2022 - \$875,507 and \$5,585,923, respectively). For the three and nine months ended September 30, 2023, the Company realized a fair value adjustment on the sale of inventory of \$419,902 and \$1,197,866, respectively (2022 - \$81,696 and \$446,289, respectively).

7. BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants. The Company measures its cannabis plants at their fair value less costs to sell which is determined using a model that estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts the amount for the expected selling price per gram at the point of harvest.

The following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy (Note 17(a)), were used by management as part of the model:

- Selling price - calculated as the weighted average selling price for all expected grades and strains of cannabis based on estimates published by the State of Nevada of the fair value of various cannabis forms on a per pound basis.
- Yield per plant - represents the number of grams of finished cannabis that are expected to be obtained from each harvested cannabis plant.
- Stage of growth - represents the weighted average number of weeks out of the expected 16-week growing cycle that cannabis plants have reached as of the measurement date.
- Wastage - represents the weighted average percentage of cannabis plants expected to fail to mature to the point of harvest.
- Post-harvest processing costs - calculated as the cost per gram of harvested cannabis to convert into finished dry bulk flower ready to be packaged into finished goods.

A summary of each significant unobservable input used in the model to calculate fair value less costs to sell of cannabis plants is as follows:

Inputs	September 30, 2023	December 31, 2022
Selling price	\$2.54	\$2.93
Yield per plant (grams)	187.1g	188.2g
Stage of growth	57%	54%
Wastage	10%	12%
Post-harvest processing costs	\$0.65	\$0.67

THE CANNAVATIVE GROUP LLC
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in United States dollars, except where noted)

7. BIOLOGICAL ASSETS (continued)

A summary of the impact that a 10% increase/decrease in each input would have on the fair value of cannabis plants is as follows:

Inputs	September 30, 2023	December 31, 2022
	\$	\$
Selling price	14,746	45,099
Yield per plant	10,954	34,763
Stage of growth	10,954	34,763
Wastage	(760)	(2,217)
Post-harvest processing costs	(3,792)	(10,335)

The continuity for biological assets is as follows:

	\$
Balance, December 31, 2021	977,226
Increase in biological assets due to capitalized costs	2,230,266
Fair value adjustment on biological assets	2,374,021
Transferred to inventory upon harvest	(5,233,881)
Balance, December 31, 2022	347,632
Increase in biological assets due to capitalized costs	1,557,537
Fair value adjustment on biological assets	(170,788)
Transferred to inventory upon harvest	(1,624,837)
Balance, September 30, 2023	109,544

8. PROPERTY AND EQUIPMENT, NET

A summary of the Company's property and equipment, net is as follows:

Cost	Leasehold improvements	Furniture and equipment	Vehicles	Total
	\$	\$	\$	\$
Balance, December 31, 2021	3,979,200	3,085,520	23,059	7,087,779
Additions	6,043	551,221	-	557,264
Balance, December 31, 2022	3,985,243	3,636,741	23,059	7,645,043
Additions	-	66,317	17,317	83,634
Disposal	-	-	(5,818)	(5,818)
Balance, September 30, 2023	3,985,243	3,703,058	34,558	7,722,859
Accumulated depreciation				
Balance, December 31, 2021	1,107,951	1,874,219	19,817	3,001,987
Depreciation	228,971	389,521	2,248	620,740
Balance, December 31, 2022	1,336,922	2,263,740	22,065	3,622,727
Depreciation	194,040	204,073	2,309	400,422
Disposal	-	-	(5,818)	(5,818)
Balance, September 30, 2023	1,530,962	2,467,813	18,556	4,017,331
Carrying amount				
Balance, December 31, 2022	2,648,321	1,373,001	994	4,022,316
Balance, September 30, 2023	2,454,281	1,235,245	16,002	3,705,528

During the three and nine months ended September 30, 2023, the Company recognized a gain on trade-in of equipment of \$nil and \$3,000, respectively (2022 - \$nil and \$nil, respectively).

THE CANNAVATIVE GROUP LLC
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in United States dollars, except where noted)

8. PROPERTY AND EQUIPMENT, NET (continued)

The total depreciation recognized for the three and nine months ended September 30, 2023 was \$187,178 and \$578,580, respectively (2022 - \$226,710 and \$668,603, respectively), which included \$59,386 and \$178,158, respectively, (2022 - \$59,386 and \$178,158, respectively) of depreciation expense on the right-of-use asset. Inventories expensed to cost of sales for the three and nine months ended September 30, 2023, included \$184,044 and \$569,008, respectively, of depreciation (2022 - \$223,285 and \$661,070, respectively).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Accounts payable	2,105,289	1,902,006
Accrued liabilities	176,806	133,886
	2,282,095	2,035,892

10. DUE TO RELATED PARTIES

A summary of the Company's amount due to related parties is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Opening balance	6,297,820	5,936,624
Reclassification	-	200,000
Advances from related parties	676,000	1,368,763
Repayments	(693,386)	(1,660,044)
Interest	393,169	452,477
	6,673,603	6,297,820
Current portion of due to related parties	5,389,537	4,930,898
Non-current portion of due to related parties	1,284,066	1,366,922

Amounts due to related parties are unsecured and bear interest ranging from 5% to 16% per annum. The current portion is due on demand and the non-current portion is due in 2029.

On February 2, 2022, following the issuance of Class D membership units (Note 14) and the holders of these units becoming related parties of the Company, \$200,000 was reclassified from loans payable to due to related parties.

During the three and nine months ended September 30, 2023, the Company incurred interest expense of \$136,516 and \$393,169, respectively (2022 - \$104,669 and \$327,496, respectively), on amounts due to related parties.

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

A summary of the Company's related party transactions is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Lease payments to a company controlled by the CEO	118,400	119,400	358,200	358,200
Salaries paid to officers	46,846	36,610	214,436	183,154
Interest expense incurred due to related parties	136,516	104,669	393,169	327,496
	301,762	260,679	965,805	868,850

THE CANNAVATIVE GROUP LLC**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in United States dollars, except where noted)

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

Key management includes the Chief Executive Officer, and the President and Chief Revenue Officer. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

12. LOANS PAYABLE

A summary of the Company's loans payable is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Opening balance	2,963,542	2,803,141
Reclassification (Note 10)	-	(200,000)
Advances	113,500	-
Repayments	(169,142)	(38,000)
Interest	278,740	398,401
	3,186,640	2,963,542

On March 11, 2021, the Company entered into a third-party loan agreement with Top Strike Resources Corp. ("Vencanna"), whereby Vencanna loaned Cannavative \$2,000,000 for facility expansion and general working capital purposes. The loan matured on March 11, 2022 and bears interest at 17.5% per annum. On January 9, 2023, the terms of the Vencanna loan were amended and the maturity date was extended to April 9, 2023. As at September 30, 2023, the loan matured and is payable on demand.

The loans payable as at September 30, 2023 are unsecured and bear interest ranging from 8% to 17.5% and are payable on demand.

During the three and nine months ended September 30, 2023, the Company incurred interest expense of \$95,341 and \$278,740, respectively (2022 - \$186,876 and \$319,229, respectively), on loans payable.

13. LEASE LIABILITY - RELATED PARTY

In July 2014, the Company entered into a five-year lease agreement for a commercial premise with a company controlled by an officer of the Company, including three additional five-year renewal options. During 2019, the lease was amended to extend the lease term for an additional five years expiring in October 2024. Pursuant to the amended agreement, the base monthly rent was \$39,800 during the extension term and the lessor reserves an option to increase the base monthly rent by 5% no more frequently than annually. The incremental borrowing rate used to determine discount the lease liability was 10%.

A summary of the Company's lease liability is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Opening balance	3,981,609	4,056,907
Repayments	(358,200)	(477,600)
Interest on lease liability	296,596	402,302
	3,920,005	3,981,609
Current portion of lease liability - related party	(89,634)	83,183
Non-current portion of lease liability - related party	3,830,371	3,898,426

During the three and nine months ended September 30, 2023, the Company recognized rent expense with respect to short-term and low value third-party leases of \$11,386 and \$33,188, respectively (2022 - \$10,484 and \$40,977, respectively).

THE CANNAVATIVE GROUP LLC
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in United States dollars, except where noted)

13. LEASE - RELATED PARTY (continued)

A summary of the Company's right-of-use asset is as follows:

	\$
Cost	
Balance, September 30, 2023 and December 31, 2022	3,998,660
Accumulated depreciation	
Balance, December 31, 2021	950,178
Depreciation	237,544
Balance, December 31, 2022	1,187,722
Depreciation	178,158
Balance, September 30, 2023	1,365,880
Carrying amount	
Balance, December 31, 2022	2,810,938
Balance, September 30, 2023	2,632,780

14. MEMBERS' DEFICIT

The Company is authorized to issue a total of 1,000,000 membership units ("Units") of the Company and the authorized members' deficit of the Company consists of four classes of Units: Class A, Class B, Class C and Class D.

Allocations and distributions are allocated among, or distributed to, each Unit according to the ratio of the member's respective unit to the aggregate of all units for which allocations or distributions are being made.

During the nine months ended September 30, 2023, the Company made cash distributions of \$52,383 (2022 - \$1,182,807) to the members.

During the year ended December 31, 2022, 51,944 Class C units were disposed and replaced with Class D units.

On February 2, 2022, pursuant to the approval of the State of Nevada Cannabis Compliance Board, the Company amended its articles of organization to authorize the issuance of Class D membership units. The Company issued 51,944 Class D units with a fair value of \$1,402,056 (\$27 per share) to satisfy subscription deposits received prior to the approval of the Class D units.

15. OTHER INCOME

During the three months ended September 30, 2023, pursuant to the Employee Retention Tax Credit ("ERTC"), a refundable tax credit for businesses and tax-exempt organizations with employees and were affected during the COVID-19 pandemic, the Company received a refund of \$581,866 (2022 - \$nil).

16. ADMINISTRATIVE EXPENSES

A summary of the Company's administrative expenses is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Employee benefits, dues, and subscriptions	49,112	48,365	139,658	123,054
Office facilities and administrative	166,010	116,876	434,513	333,130
Other (income) expenses	2,926	(84)	(37,882)	16
Provision for expected credit losses	(4,727)	-	105,103	-
Telephone and internet	19,223	15,754	59,702	48,046
Travel and entertainment	16,461	17,814	59,248	55,989
	249,005	198,725	760,342	560,235

17. SEGMENTED INFORMATION

Reportable segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

The Company operates in a single reportable segment, being the manufacturing and distribution of cannabis flower and extract products in the United States within the State of Nevada. All the Company's revenues were generated through sales in the State of Nevada, and all the Company's inventory and long-term assets are located in Nevada.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measurement of financial assets and liabilities

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The Company's cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, due to related parties, loans payable, and lease liability are financial instruments carried at amortized cost.

b) Risk management

The Company examines its various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. The risks may include credit risk, currency risk, liquidity risk and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance where financially feasible to do so. When deemed material these risks are monitored by the Company's finance group and are regularly discussed with the Board of Directors.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure to the Company is the carrying amount of cash and accounts receivable.

The Company has cash of \$485,969. The Company's cash is held in a bank account with a major U.S. financial institution. Management believes the exposure to credit risk associated with cash held in the financial institution is not significant.

The Company is exposed to credit risk inherent in its accounts receivable via credit extended to customers. The Company manages its exposure to bad debt by limiting the total accounts receivable that customers can accumulate before payment is collected.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements and its expansion plans.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has no concentrations of liquidity risk. A summary of future operating commitments is presented in Note 19.

As at September 30, 2023, liquidity risk is assessed as high as the Company had cash of \$485,969 and total financial liabilities of \$16,062,343 (December 31, 2022 - \$70,835 and \$15,278,863, respectively).

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Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in United States dollars, except where noted)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Price risk

The Company is exposed to price risk with respect to movements in market prices for goods which may impact revenue, cost of sales and the results of operations. The Company closely monitors demand and market prices of its finished goods and raw materials to determine the appropriate course of action to be taken by the Company.

19. MANAGEMENT OF CAPITAL

The Company's objectives of capital management are intended to safeguard the Company's normal operating requirements on an ongoing basis. As at September 30, 2023, the capital of the Company consists of members' deficit, amounts due to related parties, and loans payable.

	September 30, 2023	December 31, 2022
	\$	\$
Members' deficit	(7,143,567)	(5,637,376)
Due to related parties	6,673,603	6,297,820
Loans payable	3,186,640	2,963,542
	2,716,676	3,623,986

The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to manage capital, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company has in place a planning, budgeting, and forecasting process which is used to identify the amount of funds required to ensure the Company has appropriate liquidity to meet short and long-term operating objectives. The Company is dependent on cash flows generated from its clinical operations and from external financing to fund its activities. In order to maintain or adjust its capital structure, the Company may issue new membership units or debt.

As at September 30, 2023, the Company was not subject to any externally imposed capital requirements. There were no changes in the Company's management of capital as at September 30, 2023.

20. COMMITMENTS AND CONTINGENCIES

a) Commitments

A summary of undiscounted liabilities and future operating commitments at September 30, 2023, are as follows:

	Total	Within 1 year	2 - 5 years	Greater than 5 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,282,095	2,282,095	-	-
Due to related parties	6,673,603	5,389,537	1,284,066	-
Loans payable	3,186,640	3,186,640	-	-
Lease liability - related party	6,824,961	477,600	2,152,864	4,194,498
	18,967,299	11,335,872	3,436,930	4,194,498

b) Contingencies

Various tax and legal matters are outstanding from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in the financial statements in the period such changes occur.

THE CANNAVATIVE GROUP LLC

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in United States dollars, except where noted)

21. SUBSEQUENT EVENT

The Company entered into a definitive unit exchange agreement with Vencanna on April 25, 2022 and later amended on August 15, 2023 and further amended on February 23, 2024, pursuant to which Vencanna would acquire all the issued and outstanding membership units of Cannavative in an all-share exchange (the "Transaction"). The Transaction values the Cannavative business at \$8,111,700. Cannavative debt holders, other than Vencanna, will convert to Class E membership units valued at \$10.00 per Class E unit. Each Class E unit shall receive, subject closing adjustments, 74.14 Debt Units and 59.2 Debt Earnout Units. Each Debt Unit shall consist of one common share of Vencanna ("Share"), 0.2 A Warrant and 0.2 B Warrant. Each A Warrant is exercisable for one Share at a price of \$0.10 CAD for a period of 9 months following the closing date and each B Warrant is exercisable for one Share at a price of \$0.13 CAD for a period of 18 months following the closing date. Class E unit holders shall receive 52,999,107 Shares, 10,599,821 A Warrants and 10,599,821 B Warrants, and 42,320,560 Debt Earnout Units. Each Equity Unit (Class A, B, C, and D units) shall receive 13.33 Equity Earnout Units (collectively with Debt Earnout Units, "Earnout Units"). Equity Unit holders shall receive 53,333,333 Earnout Units. Each Earnout Unit consists of one Share plus ½ Earnout Warrant, where each Earnout Warrant is exercisable for one Share at the greater of \$0.10 CAD or the share price at the time of issue. Earnout Units are contingent on revenue and EBITDA milestones being met in the full years 2024 and 2025, issued to Debt Earnout unit holders first, then the Equity Earnout unit holders.

Management has assessed that aggregate consideration in the Transaction exceeds the carrying value of the Company's assets and has not noted any indications of impairment.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Annual Listing Summary is true.

Dated February 23, 2024.

David McGorman

Name of Director or Senior Officer

DMcGorman

Signature

CEO and Director

Official Capacity

Issuer Details		For Year Ended	Date of Report
Name of Issuer		N/A	YY/MM/D
Vencanna Ventures Inc.			2024/02/23
Issuer Address			
Suite 310, 250 – 6th Avenue SW			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Calgary, Alberta, T2P 3H7		()	() N/A
Contact Name		Contact Position	Contact Telephone No.
David McGorman		Chief Executive Officer	(403) 470-9528
Contact Email Address		Web Site Address	
david@vencanna.com		www.vencanna.com	