

HIGHMARK MARKETING INC.

(FORMERLY HIGHMARK ACQUISITIONS LTD.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month periods ended June 30, 2015 and 2014

Unaudited – Prepared by Management

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2015 and March 31, 2015

(Unaudited) (Expressed in Canadian dollars)

	Notes	June 30, 2015	March 31, 2015
Assets			
Current Assets			
Cash	\$	-	\$ 31
Other receivable		1,000	1,000
GST receivable		4,375	21,955
Prepaid expenses		35,000	35,000
		40,375	57,986
Long-term Assets			
Intellectual property	5	10,000	10,000
Due from related parties	7	48,984	48,984
Investment in subsidiaries	6	100	100
		59,084	59,084
Total Assets	\$	99,459	\$ 117,070
Liabilities			
Current Liabilities			
Bank indebtedness	\$	324	\$ -
Accounts payable and accrued liabilities		84,683	64,461
Due to related party	7	290	290
Total Liabilities		85,297	64,751
Shareholders' Equity			
Share capital	8	1,056,500	1,056,500
Share-based payments reserve	8	214,343	214,343
Deficit		(1,256,681)	(1,218,524)
Total Equity		14,162	52,319
Total Liabilities and Shareholders' Equity	\$	99,459	\$ 117,070

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 11)

Approved and authorized by the Board on August 28, 2015

“Marc Branson”

 Marc Branson, Director

“David Taylor”

 David Taylor, Director

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

HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)
Condensed Consolidated Interim Statements of Comprehensive Loss
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

	Notes	Three month period ended June 30, 2015	Three month period ended June 30, 2014
Expenses			
Investor relations and promotion		\$ 3,950	\$ 27,764
Office		3,765	5,761
Consulting fees	7	7,619	65,704
Filing fees		1,964	13,000
Professional fees		20,859	51,834
Share-based compensation		-	203,140
Travel		-	4,279
Net loss and comprehensive loss for the period		\$ (38,157)	\$ (371,482)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		64,863,428	46,798,900

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

**HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three month periods ended June 30, 2015 and 2014

(Unaudited) (Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total
	Number of shares	Amount			
Balance at March 31, 2014	37,700,000	\$ 158,500	\$ -	\$ (14,610)	\$ 143,890
Shares issued for cash (Note 8)	10,400,000	210,000	-	-	210,000
Comprehensive loss for the period	-	-	-	(168,342)	(168,342)
Balance at June 30, 2014	48,100,000	\$ 368,500	\$ -	\$ (182,952)	\$ 185,548
Balance at March 31, 2015	64,863,428	\$ 1,056,500	\$ 214,343	\$ (1,218,524)	\$ 52,319
Comprehensive loss for the period	-	-	-	(38,157)	(38,157)
Balance at June 30, 2015	64,863,428	\$ 1,056,500	\$ 214,343	\$ (1,256,681)	\$ 14,162

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

**HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)**

Condensed Consolidated Interim Statements of Cash Flow

For the three month periods ended June 30, 2015 2014

(Unaudited) (Expressed in Canadian dollars)

	Note	Three month period ended June 30, 2015	Three month period ended June 30, 2014
Operating activities			
Net loss		\$ (38,157)	\$ (371,482)
Non-cash expenses:			
Share-based compensation		-	203,140
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities	7	20,222	23,519
Deposits		-	(15,000)
Inventory		-	(3,316)
Prepaid expenses		-	(10,000)
GST receivable		17,580	(6,743)
Net cash flows used in operating activities		(355)	(179,882)
Investing activities			
Intellectual property		-	(10,000)
Net cash flows used in investing activities		-	(10,000)
Financing activities			
Shares issued		-	210,000
Share issuance costs		-	(10,000)
Net cash flows from financing activities		-	200,000
Increase (decrease) in cash		(355)	10,118
Cash, beginning of period		31	146,871
Cash (bank indebtedness), end of period		\$ (324)	\$ 156,989

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

HIGHMARK MARKETING INC. (FORMERLY HIGHMARK ACQUISITIONS LTD.)

Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

1. Description of Business and Nature of Operations

Highmark Marketing Inc. (formerly Highmark Acquisitions Ltd.) (the “Company”) was incorporated under the laws of British Columbia on April 2, 2014. Its registered and records office is located at Suite 1820 – 925 West Georgia, Vancouver, British Columbia V6C 3L2. The Company is a nutraceutical company which is focused on bringing the health benefits of natural and herbal remedies to the market. The Company has also entered into a share exchange agreement with BCBud Producers Inc. and Blue Moon Advertising Inc. to acquire 100% of the issued and outstanding shares of BCBud Producers Inc. from its shareholder, Blue Moon Advertising Inc. BCBud Producers Inc. has submitted an application to Health Canada to become a licensed producer of medical marijuana under Canada’s *Marijuana for Medical Purposes Regulations*.

These condensed consolidated interim 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. As at June 30, 2015, the Company has not generated revenues from operations, and has a working capital deficit of \$44,922 (March 31, 2015 - \$6,765) and an accumulated deficit of \$1,256,681 (March 31, 2015 - \$1,218,524). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

Highmark International Marketing Inc. (“Highmark International”), formerly known as Highmark Marketing Corp., was incorporated on March 19, 2014. On April 04, 2014, the Company entered into an Arrangement Agreement (“the Arrangement Agreement”) with Gorilla Minerals Corp. (“Gorilla”) and Highmark International, whereby shareholders of Highmark International became the shareholders of Highmark Marketing through a reverse merger, and Highmark International became the Company’s wholly owned subsidiary. Gorilla is a reporting issuer in the provinces of Alberta and British Columbia.

The parties agreed to reorganize their business by way of a Plan of Arrangement which was carried out under the provisions of the Business Corporations Act (British Columbia). Pursuant to the Arrangement Agreement, which was completed on May 29, 2014, the following transactions took place:

- i. Highmark International acquired all of the 10,000 issued and outstanding common shares of the Company from Gorilla (the “Purchase Shares”) for \$10,000;
- ii. The Company and Highmark International exchanged securities on a 1:1 basis, such that all issued and outstanding common shares of Highmark International were exchanged by their holders for the same number of shares of the Company;
- iii. Gorilla and the Company exchanged securities, as follows: Gorilla issued 4 common shares to the Company and the Company issued 4,000 common shares to Gorilla (collectively, the “Exchange Shares”); and
- iv. The Purchase Shares and the Exchange Shares were cancelled.

Following closing of the Arrangement on May 29, 2014, the Company became a reporting issuer in Alberta and British Columbia. The Company then applied to have its common shares listed for trade on the Canadian Securities Exchange (the “CSE”). On May 18, 2014, the Company’s common shares commenced trading on the CSE under the symbol “HMK”. The Company’s common shares commenced trading on September 2, 2014, under the symbol 1HM on the Frankfurt Stock Exchange.

**HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)**

Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

1. Description of Business and Nature of Operations (continued)

On October 15, 2014, the Company closed a definitive asset purchase agreement with Intelliserve Software Inc. to acquire MobiWeed (an on-line website) and related assets (Note 5).

On October 16, 2014, the Company has entered into an arrangement agreement with Highmark Technologies Corp. and MJ Bioscience Corp., and has approved a private placement offering.

The arrangement agreement is dated October 16, 2014, and includes a statutory plan of arrangement with Highmark Marketing's two wholly owned subsidiaries, MJ Bioscience and Highmark Technologies. Highmark Marketing proposes to reorganize its business by completing a spinoff of certain assets by distributing all the shares in MJ Bioscience and Highmark Technologies to its shareholders as a return of paid in capital.

On January 20, 2015, the Company announced that the statutory plan of arrangement entered into on October 16, 2014 with Highmark Technologies Corp. ("Highmark Technologies") and MJ Bioscience Corp. ("MJ Bioscience") (the "Arrangement") received approval from Highmark Marketing shareholders on January 15, 2015 and approval from the Supreme Court of British Columbia on January 19, 2015, in accordance with Part 9 of the *Business Corporations Act* (British Columbia). Highmark Marketing closed the Arrangement on January 29, 2015.

Upon the closing of the Arrangement, Highmark Marketing will reorganize its business by completing a spin-off of certain assets by distributing all the shares in MJ Bioscience and Highmark Technologies to its shareholders as a return of paid in capital. MJ Bioscience will receive all of Highmark Marketing's cannabis research assets, while Highmark Technologies will receive Highmark Marketing's Mobiweed platform.

On February 19, 2015, the Company closed the share exchange agreement with BCBud Producers Inc. and Blue Moon Advertising Inc. and completed the acquisition of BCBud. Highmark, BCBud and Blue Moon entered into the share exchange agreement on August 5, 2014, whereby Highmark agreed to acquire 100 per cent of the authorized share capital of BCBud from its shareholder, Blue Moon.

On April 27, 2015, Highmark Marketing Inc. and MJ Bioscience Corp. ("MJ Bioscience") announced that MJ Bioscience has entered into an agreement with Lightning Industries Inc. to acquire 100% of its authorized share capital from the sole shareholder of Lightning, Domenari Capital, LLC ("Domenari").

On April 28, 2015, Highmark Marketing Inc. ("Highmark Marketing") and Highmark Technologies Corp. ("Highmark Technologies") are pleased to announce that Highmark Technologies has entered into an agreement with Herbalist Enterprises Inc. ("Herbalist") to acquire 100% of the authorized share capital from the shareholders of Herbalist (the "Shareholders").

The Company has been pursuing a number of new business opportunities as part of a strategic process to enhance shareholder value, including advanced discussion with companies within the natural resource, technology, and manufacturing sectors.

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of its Directors on August 28, 2015.

**HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)**

Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

2. Basis of Preparation

Statement of compliance

These condensed consolidated interim 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 International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these condensed consolidated interim financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

Basis of measurement

These condensed consolidated interim financial statements are stated in Canadian dollars, which is also the functional currency of the Company, and were prepared on a going concern basis, under the historical cost convention, except as otherwise specified.

Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiary Highmark International Marketing, Inc., who owns 100% interest in RMDC Holdings Corp.

Significant estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in applying the Company's financial statements is the classification of financial instruments and the going concern assumption.

**HIGHMARK MARKETING INC.
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Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the condensed consolidated interim financial statements are set out below.

Cash

Cash consists of the proceeds generated on the issuance of shares, which is being held in financial institutions.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received or receivables, net of direct issue costs.

Non-derivative financial instruments

The Company determines the classification of its non-derivative financial instruments at initial recognition. Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

i) Financial instruments at fair value through profit or loss

Financial assets or financial liabilities are classified as fair value through profit or loss ("FVTPL") when the financial asset or liability is either held for trading or it is designated as such by management on initial recognition. Financial assets or financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized immediately in the statement of comprehensive income. The net gain or loss recognized in the statement of comprehensive income incorporates any dividend or interest earned. The Company has no classifications in this category.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company has classified cash as loans and receivables.

iii) Other financial liabilities

Other financial liabilities are non-derivative liabilities recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost each period. The Company has classified trade and other payables and due to shareholder as other financial liabilities.

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Notes to the Condensed Consolidated Interim Financial Statements
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3. Summary of Significant Accounting Policies (continued)

Income taxes

Tax expense comprises of current and deferred tax. Tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive loss or directly 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 adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, 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. 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.

Basic and diluted per share calculation:

The Company presents basic and diluted loss per share data for its common shares. Basic per share amounts are calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated using the “if converted method” and are determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential agent options.

4. Future Changes in Accounting Policies

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of these new and revised accounting pronouncements.

IFRS 9 – Financial Instruments (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

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Notes to the Condensed Consolidated Interim Financial Statements
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(Unaudited) (Expressed in Canadian dollars)

5. Intellectual Property

During the year ended March 31, 2015, the Company's wholly owned subsidiary, Highmark International, entered into an asset purchase agreement with RMDC Holdings Corp. ("RMDC").

Pursuant to the Asset Purchase Agreement with RMDC, Highmark International acquired, for a total price of \$10,000, the following:

- (1) a license agreement to distribute Vitapect™ products in North America and beyond;
- (2) ownership of domain names: www.vitapect.ca, www.vitapect.org and www.vitapect.co.uk;
- (3) online traffic from www.vitapect.com
- (4) a corporate website;
- (5) prepaid expenses; and
- (6) Vitapect™ inventory.

A director of the Company and Highmark International, David Taylor, is a principal shareholder of RMDC, therefore, these payments constitute transactions with a related party. As at March 31, 2015, the amount of \$10,000 has been paid.

The Company's wholly owned subsidiary, Highmark International, acquired, as a part of the asset purchase agreement, inventory of Vitapect™ product with a fair market value of \$3,316. During the year ended March 31, 2015, the inventory has expired and has been wholly written off.

The Company paid \$15,000 as a deposit and entered into a letter of intent with Intelliserve Software Inc. of North Vancouver to acquire Mobiweed, an on-line website, and related assets. Mobiweed hosts marijuana mapping software and related educational content, enabling visitors to search the location and details of marijuana dispensaries and pharmacies in North America.

On October 15, 2014, the Company closed the acquisition of MobiWeed. Pursuant to the asset purchase agreement, the Company paid \$35,000 and issued 250,000 common shares, with a deemed total value of \$120,000 to Intelliserve for the acquisition of MobiWeed. Intelliserve is also eligible for a performance bonus of 250,000 common shares if the MobiWeed website lists 1,000 dispensaries and has at least 20,000 individually requested pages from the website.

6. Subsidiaries

The Company owns 100% of Highmark International Marketing Inc, who owns 100% interest in RMDC Holdings Corp.

**HIGHMARK MARKETING INC.
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Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

7. Related Party Transactions

Related party transactions were in the normal course of business and amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management:

	Three months ended June 30, 2015	Three months ended June 30, 2014
Consulting fees	\$ 6,952	\$ 23,571
	\$ 6,952	\$ 23,571

For the three month period ended June 30, 2015, the Company paid \$5,524 (2014 - \$13,571) for consulting services to GSS, a company with a common director.

For the three month period ended June 30, 2015, the Company paid \$1,428 (2014 - \$10,000) for consulting services to RMDC, a director of the company is a significant shareholder.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the three month period ended June 30, 2015 and 2014 are as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014
Share-based compensation	\$ Nil	\$ 39,414
	\$ Nil	\$ 39,414

As at June 30, 2015, \$1,500 (March 31, 2015 - \$290) is included in accounts payable and accrued liabilities owing to those offices and directors for fees and expense reimbursements.

The amounts due from related parties consists of the following:

- As at June 30, 2015, MJ Bioscience owed the Company \$24,492 (March 31, 2015 - \$24,492).
- As at June 30, 2015, Highmark Technologies owed the Company \$24,492 (March 31, 2015 - \$24,492).

8. Share Capital

Authorized

Unlimited number of common shares without par value.

**HIGHMARK MARKETING INC.
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Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

8. Share Capital (continued)

Issued common shares

	Number of Shares	Amount (\$)
At inception - March 19, 2014	-	-
Shares issued	37,700,000	158,500
Balance, March 31, 2014	37,700,000	158,500
Shares issued	27,863,428	1,573,727
Share cancellation	(700,000)	(70,000)
Return of capital	-	(558,634)
Share issue costs	-	(47,093)
Balance, March 31, 2015 and June 30, 2015	64,863,428	1,056,500

- a) On March 19, 2014, the Company issued 2,000,000 common shares at a price of \$0.005 per common share for total proceeds of \$10,000.
- b) On March 31, 2014, the Company issued 7,425,000 common shares at a price of \$0.02 per share for total proceeds of \$148,500.
- c) On April 2, 2014 the Company issued 1,000,000 common shares at a price of \$0.05 per share for total proceeds of \$50,000.
- d) On April 16, 2014, the Company issued 1,600,000 common shares at a price of \$0.10 per common share for total proceeds of \$160,000.
- e) On May 29, 2014, the Company and Highmark International exchanged securities on a 1:1 basis, such that all issued and outstanding common shares of Highmark International were exchanged by their holders for the same number of shares of the Company.
- f) On July 7, 2014, the Company completed the first tranche of a non-brokered private placement by issuing 999,607 units at a price of 35 cents per unit for gross proceeds of \$349,862. Each unit consists of one common share and one full share purchase warrant.
- g) On August 5, 2014, the Company issued 30,000 common shares at a price of \$0.33 per share as a deposit for a pending acquisition. The acquisition did not proceed and total value of \$9,900 was expensed.
- h) On August 9, 2014, the Company issued 300,000 common shares at a price of \$0.45 per share for consulting services.
- i) On October 15, 2014, the Company closed the acquisition of MobiWeed. Pursuant to the asset purchase agreement, the Issuer paid \$35,000 and issued 250,000 common shares Intelliserve for the acquisition of MobiWeed. Intelliserve is also eligible for a performance bonus of 250,000 common shares if the MobiWeed website lists 1,000 dispensaries and has at least 20,000 individually requested pages from the website.

HIGHMARK MARKETING INC.
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Notes to the Condensed Consolidated Interim Financial Statements
For the three month periods ended June 30, 2015 and 2014
(Unaudited) (Expressed in Canadian dollars)

8. Share Capital (continued)

Issued common shares (continued)

- j) On November 13, 2014, the Company entered into an addendum to the share exchange agreement with BCBud Producers Inc. and Blue Moon Advertising Inc. Pursuant to the addendum, the Company issued 250,000 common shares to Blue Moon Advertising Inc. On November 18, 2014 prior to closing the share exchange agreement. The total consideration for the acquisition remains the same: the Issuer will issue a total of 2,500,000 common shares to Blue Moon.
- k) On December 1, 2014, The Company completed a four-for-one forward split utilizing the “push out method” with a record date of December 1, 2014 (the “Record Date”). Shareholders of record as of the close of business on the Record Date hold four common shares for every one common share held on the Record Date. The additional common shares were issued to shareholders on December 4, 2014. The Issuer had 13,868,607 issued and outstanding common shares prior to the forward split and upon completion of the forward split had 55,474,428 issued and outstanding common shares.
- l) On December 30, 2014, the Company completed the first tranche of a non-brokered private placement by issuing 589,000 units at a price of \$0.085 per unit for gross proceeds of \$50,065. Each unit consists of one common share and one full share purchase warrant. Each warrant is exercisable into one common share for a period of 36 months from the date of issuance at a price of \$0.15 per share. The Issuer paid an aggregate finder’s fee of \$5,006.50 and issued an aggregate of 58,900 warrants to finders.
- m) On January 12, 2015, the Company entered into a debt conversion agreement with Richard Penn, the debt conversion agreement provides that of the total amount owed to Richard Penn, \$47,500 be converted to 500,000 common shares of Highmark at a deemed price per share of \$0.095.
- n) On February 19, 2015, the Company closed the share exchange agreement with BCBud Producers Inc. and Blue Moon Advertising Inc. and completed the acquisition of BCBud. Highmark, BCBud and Blue Moon entered into the share exchange agreement on Aug. 5, 2014, whereby Highmark agreed to acquire 100 per cent of the authorized share capital of BCBud from its shareholder, Blue Moon. Upon closing the Share Exchange Agreement, Highmark issued an additional 9,000,000 common shares to Blue Moon. The common shares will be held in escrow and will be released as follows:

Release Date	Number of Shares Released
On receipt by the Company of a Ready to Build letter from Health Canada confirming that the Company has approval from Health Canada to build a facility pursuant to the Marihuana for Medical Purposes Regulations (the “MMRT”)	1,000,000 common shares (the “ Ready to Build Shares ”)
On receipt by the Company of a license to produce marijuana pursuant to the MMPR	8,000,000 common shares (the “ License Shares ”)

The acquisition of BCBud Producers Inc. was determined to be the acquisition of assets and expertise related to the approval of Health Canada for a facility pursuant to the Marihuana for Medical Purposes Regulations, which is still in the development stage. Accordingly, the acquisition costs were expensed. An expense of \$650,000 in shares was expensed during the year ended March 31, 2015.

**HIGHMARK MARKETING INC.
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Notes to the Condensed Consolidated Interim Financial Statements
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(Unaudited) (Expressed in Canadian dollars)

8. Share Capital (continued)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three month period ended June 30, 2015 was based on the loss attributable to common shareholders of \$38,157 and the weighted average number of common shares outstanding of 64,863,428.

Options

The Company may award share options from time to time, exercisable into common shares on terms determined by the directors at the time of each award.

The changes in options during the three month period ended June 30, 2015 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2014	-	\$ -
Options issued	3,800,000	\$ 0.0670
Options cancelled	(200,000)	\$ 0.1325
Options exercised	(56,000)	\$ 0.0250
Balance, March 31, 2015	3,544,000	\$ 0.0639
Options expired	(1,800,000)	\$ 0.0917
Balance, June 30, 2015	1,744,000	\$ 0.0353

The following table summarizes the options outstanding at June 30, 2015:

Number of options	Exercise price	Expiry date
1,544,000	\$0.0250	May 1, 2019
200,000	\$0.1150	July 21, 2015
1,744,000	\$0.0353	

The remaining contractual life for the outstanding options at June 30, 2015 is 3.40 years.

During the three month period ended June 30, 2015, the Company recognized share-based compensation expense of \$Nil (2014 - \$203,140) related to options granted.

These options entitle the holder thereof the right to acquire one common share for each option held. The fair value of each option is estimated on the grant date using the Black-Scholes option valuation model assuming no expected dividends. The range of assumptions used in calculating fair value is as follows.

	June 30, 2015	June 30, 2014
Risk free interest rate	1.07% - 1.64%	1.07% - 1.64%
Expected life (in years)	1.00 - 5.00	1.00 - 5.00
Expected volatility	130.01 – 295.68	273.42 – 291.11
Expected dividend yield	0%	0%

**HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)**

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8. Share Capital (continued)

Warrants

On July 9, 2014, the Company completed the first tranche of a non-brokered private placement by issuing 999,607 pre-split units at a price of 35 cents per unit for gross proceeds of \$349,862. Each unit consists of one common share and one full share purchase warrant. Each warrant is non-transferable and is exercisable into one common share for a period of 12 months from the date of issuance at a price of \$0.60 per share. An additional 91,675 warrants have been issued as finders' warrants.

On December 30, 2014 the Company completed the first tranche of a non-brokered private placement by issuing 589,000 units at a price of \$0.085 per unit for gross proceeds of \$50,065. Each unit consists of one common share and one full share purchase warrant. Each warrant is exercisable into one common share for a period of 36 months from the date of issuance at a price of \$0.15 per share. The Issuer paid an aggregate finder's fee of \$5,006.50 and issued an aggregate of 58,900 warrants to finders.

The changes in warrants for the three month period ended June 30, 2015 are as follows:

	Number of Warrants
Balance, March 31, 2014	-
Warrants issued	5,013,028
Balance, March 31, 2015 and June 30, 2015	5,013,028

The following table summarizes the warrants outstanding at June 30, 2015:

Number of warrants	Exercise price	Expiry date
4,365,128	\$0.15	July 7, 2015
647,900	\$0.15	December 30, 2017
5,013,028	\$0.15	

The remaining contractual life for the outstanding warrants at June 30, 2015 is 0.59 years.

9. Capital Management

The Company's capital consists of shareholders' equity. The Company's objective for managing capital is to maintain sufficient capital to maintain and sustain future development of the business.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and risk characteristics of the underlying assets.

10. Financial Instruments

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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10. Financial Instruments (continued)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is carried at a level 1 fair value measurement. Trade and other payables and due to shareholder are measured using level 3 measurements. The carrying amount of trade and other payables and due to shareholder approximates their fair value due to the short-term maturities of these items.

The Company manages risk through establishing policies that provide management oversight related to the risks of operations, including ensuring that risks are identified and assessed and appropriate policies are in place and effective. Financial instruments present a number of specific risks. Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, market risk is currency risk. Other risks associated with financial instruments include liquidity risk.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid assets to meet its commitments associated with financial liabilities. The Corporation retains sufficient cash and cash equivalents to maintain liquidity. As at June 30, 2015, the Company is funded through share issuances and remains available to satisfy all current obligations. Trade and other payables are due within one year.

Currency risk

Currency risk is the risk that the value of financial assets denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates.

All financial instruments are denominated in Canadian dollars, the functional currency of the Company. Therefore, the Company is not significantly exposed to currency risk.

11. Subsequent Events

On August 12, 2015, the Company announced that it has entered into a non-binding letter of intent (“LOI”) with Mr. Donald Rainwater setting out the proposed terms for a joint venture between the parties. The joint venture will target acquiring, marketing, and facilitating the use of water rights within the Jiminez District of Mexico for use by energy companies in the exploitation of Oil and Gas within the region. Monetary payments will be made by Highmark to Mr. Rainwater to enter into a joint venture agreement, with the payment terms to be negotiated prior to entering into the joint venture. No shares of the Company will be issued under the joint venture.