

**HIGHMARK MARKETING INC.**

**(FORMERLY HIGHMARK ACQUISITIONS LTD.)**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and nine month periods ended December 31, 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 December 31, 2015 and March 31, 2015

(Unaudited) (Expressed in Canadian dollars)

	Notes	December 31, 2015	March 31, 2015
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ -	\$ 31
Other receivable		1,000	1,000
GST receivable		4,887	21,955
Prepaid expenses		50,040	35,000
		<b>55,927</b>	<b>57,986</b>
<b>Long-term Assets</b>			
Intellectual property	5	10,000	10,000
Due from related parties	7	45,684	48,984
Investment in subsidiaries	6	100	100
		<b>55,784</b>	<b>59,084</b>
<b>Total Assets</b>		<b>\$ 111,711</b>	<b>\$ 117,070</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank indebtedness		\$ 20	\$ -
Accounts payable and accrued liabilities		87,504	64,461
Due to related parties	7	24,590	290
<b>Total Liabilities</b>		<b>112,114</b>	<b>64,751</b>
<b>Shareholders' Equity (Deficiency)</b>			
Share capital	8	1,102,090	1,056,500
Share-based payments reserve	8	236,774	214,343
Deficit		(1,339,267)	(1,218,524)
<b>Total Equity (Deficiency)</b>		<b>(403)</b>	<b>52,319</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>		<b>\$ 111,711</b>	<b>\$ 117,070</b>

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 11)

**Approved and authorized by the Board on February 29, 2016**

"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 and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

	Notes	Three month period ended		Nine month period ended	
		2015	2014	2015	2014
<b>Expenses</b>					
Investor relations and promotion		\$ -	\$ 20,519	\$ 3,950	\$ 101,045
Office		199	4,367	4,150	13,264
Consulting fees	7	17,857	60,134	42,619	388,131
Filing fees		1,702	14,664	6,034	36,135
Professional fees		7,500	69,543	41,559	176,777
Share-based compensation		22,431	-	22,431	214,343
Travel		-	-	-	4,279
Foreign exchange loss		-	77	-	195
Inventory write off		-	3,316	-	3,316
<b>Net loss and comprehensive loss for the period</b>		<b>(49,689)</b>	<b>(172,620)</b>	<b>(120,743)</b>	<b>(937,485)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>		<b>65,830,428</b>	<b>107,854,992</b>	<b>65,195,173</b>	<b>68,965,844</b>

*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 (Deficiency)

For the three and nine month periods ended December 31, 2015 and 2014

(Unaudited) (Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total
<b>Balance at March 31, 2014</b>	<b>37,700,000</b>	<b>\$ 158,500</b>	<b>\$ -</b>	<b>\$ (14,610)</b>	<b>\$ 143,890</b>
Shares issued for cash (Note 8)	14,987,428	609,928	-	-	609,928
Shares issued for deposits	1,120,000	119,900	-	-	119,900
Shares issued for acquisition of asset	1,000,000	120,000	-	-	120,000
Shares issued for services	1,200,000	135,000	-	-	135,000
Shares issued on exercise of options	56,000	1,400	-	-	1,400
Share issuance costs	-	(47,093)	-	-	(47,093)
Share-based compensation	-	-	214,343	-	214,343
Comprehensive loss for the period	-	-	-	(937,485)	(937,485)
<b>Balance at December 31, 2014</b>	<b>56,063,428</b>	<b>\$ 1,097,635</b>	<b>\$ 214,343</b>	<b>\$ (952,095)</b>	<b>\$ 359,883</b>
<b>Balance at March 31, 2015</b>	<b>64,863,428</b>	<b>\$ 1,056,500</b>	<b>\$ 214,343</b>	<b>\$ (1,218,524)</b>	<b>\$ 52,319</b>
Shares issued for private placement (Note 8)	552,000	27,600	-	-	27,600
Shares issued on settlement of debt	415,000	20,750	-	-	20,750
Share issuance costs	-	(2,760)	-	-	(2,760)
Share-based compensation	-	-	22,431	-	22,431
Comprehensive loss for the period	-	-	-	(120,743)	(120,743)
<b>Balance at December 31, 2015</b>	<b>65,830,428</b>	<b>\$ 1,102,090</b>	<b>\$ 236,774</b>	<b>\$ (1,339,267)</b>	<b>\$ (403)</b>

*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 and nine month periods ended December 31, 2015 and 2014

(Unaudited) (Expressed in Canadian dollars)

	Note	Three month period ended December 31, 2015	Three month period ended December 31, 2014	Nine month period ended December 31, 2015	Nine month period ended December 31, 2014
<b>Operating activities</b>					
Net loss		\$ (49,689)	\$ (172,620)	\$ (120,743)	\$ (937,485)
Non-cash expenses:					
Share-based compensation		22,431	-	22,431	214,343
Inventory write off		-	3,316	-	3,316
Changes in non-cash working capital items:					
Accounts payable and accrued liabilities	7	(5,292)	11,399	23,043	34,291
Due to related parties		3,300	-	27,600	-
Deposits		-	(95,000)	-	(119,900)
Inventory		-	-	-	(3,316)
Prepaid expenses		-	(9,000)	(15,040)	(35,000)
GST receivable		(1,103)	(5,984)	17,068	(21,244)
<b>Net cash flows used in operating activities</b>		<b>(30,353)</b>	<b>(267,889)</b>	<b>(45,641)</b>	<b>(864,995)</b>
<b>Investing activities</b>					
Intellectual property		-	(170,000)	-	(180,000)
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(170,000)</b>	<b>-</b>	<b>(180,000)</b>
<b>Financing activities</b>					
Shares issued		-	280,065	48,350	986,228
Share issuance costs		-	(5,006)	(2,760)	(47,093)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>275,059</b>	<b>45,590</b>	<b>939,135</b>
Decrease in cash		(30,353)	(162,830)	(51)	(105,860)
Cash, beginning of period		30,333	203,841	31	146,871
<b>Cash (bank indebtedness), end of period</b>		<b>\$ (20)</b>	<b>\$ 41,011</b>	<b>\$ (20)</b>	<b>\$ 41,011</b>

*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 and nine month periods ended December 31, 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 December 31, 2015, the Company has not generated revenues from operations, and has a working capital deficit of \$59,487 (March 31, 2015 - \$6,765) and an accumulated deficit of \$1,339,267 (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 and nine month periods ended December 31, 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, the Company and MJ Bioscience Corp. ("MJ Bioscience") announced that MJ Bioscience has entered into an agreement with Lightning Industries Inc. ("Lightning") to acquire 100% of its authorized share capital from the sole shareholder of Lightning, Domenari Capital, LLC ("Domenari"). The agreement between MJ Bioscience and Lightning and Domenari was terminated on September 2, 2015. On September 3, 2015 the Company announced that it has entered into a non-binding letter of intent ("LOI") with Lightning to acquire 100% of Lightning's authorized share capital.

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").

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.



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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

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

On September 1, 2015, the Company announced that it has entered into a non-binding letter of intent (“LOI”) with Blue Moon Advertising Inc. (“Blue Moon”) for the sale of BCBud Producers Inc. (“BCBud”) in which the Company will cancel 9,000,000 previously issued shares to Blue Moon, and maintain a 10% interest in BCBud and its Marihuana for Medical Purposes Regulations (“MMPR”) application.

On September 3, 2015, the Company has entered into a non-binding letter of intent with Lightning Industries Inc. to acquire 100 percent of Lightning’s authorized share capital. Lightning is wholly owned by Domenari Capital LLC.

The agreement to acquire Lightning contains the following key terms:

- Highmark will issue 40 million common shares to Domenari for the acquisition of Lightning;
- Highmark will issue a bonus of two million common shares to Domenari if Lightning records \$3-million in revenues in a single calendar year;
- Highmark will issue a second bonus two million common shares to Domenari if Lightning records \$6-million in revenues in a single calendar year;
- Upon closing, Highmark will cause the board of directors to be Marc Branson, Donald Rainwater, Marc Branson and Tim Isaacs and the officers to be Mr. Rainwater (chief executive officer), Mr. Branson (president), and the chief financial officer will be jointly appointed;
- The purchase shares will be subject to a stock restriction agreement

On October 13, 2015, the Company announced that further to the letter of intent announced on September 1, 2015, it has entered into a share purchase agreement with Blue Moon Advertising Inc. (“**Blue Moon**”) and BCBud Producers Inc. (“**BCBud**”) pursuant to which the Company will cancel 9,000,000 previously issued shares to Blue Moon as consideration for the sale of 90% of Highmark’s interest in BCBud to Blue Moon. The Company will receive a pre-emptive right to maintain its 10% interest in BCBud during any future distribution of BCBud securities. On October 20, 2015, the Company has closed the share purchase agreement with Blue Moon Advertising Inc. and BCBud Produces Inc.

On October 29, 2015, the Company announced that it has finalized terms which will form the basis of its joint venture for the development of water rights announced on August 12, 2015. The joint venture is seeking to provide water and related services to oil and gas companies at drilling facilities in the Jiminez District in Mexico. The proposed business is to sell water directly to oil and gas companies for use as in fracking fluid, and provide further ancillary services, including water delivery, on site storage, cleaning, disposal, and further transportation.

The Company has agreed to a term sheet with Tadhams S.A. de C.V., an entity which has access to water resources in the Jiminez District. Tadhams has secured the right to 1,000,000 gallons of water per day from regional aquifer systems and recently entered into a letter of intent for the provision of an additional 800,000 gallons per day. Tadhams has agreed to provide the Company distribution rights to its water resources for fracking purposes. In return, the Company will market and develop a business of water supply and ancillary water cycle services associated with oil and gas extraction. The Company will receive full water distribution rights in exchange for providing Tadhams 40% of any profits generated under the water distribution business.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

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

On December 16, 2015, the Company announced that its joint venture partner Tadhams Services has launched a website and has begun the process of marketing its services.

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 February 29, 2016.

**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.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**2. Basis of Preparation (continued)**

**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.

**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.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**3. Summary of Significant Accounting Policies (continued)**

**Non-derivative financial instruments (continued)**

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.

**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.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**3. Summary of Significant Accounting Policies (continued)**

**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.

**5. Intellectual Property**

During the nine months ended December 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.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**5. Intellectual Property (continued)**

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.

**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:

	<b>Nine months ended December 31, 2015</b>	<b>Nine months ended December 31, 2014</b>
Consulting fees	\$ 50,453	\$ 114,810
	<b>\$ 50,453</b>	<b>\$ 114,810</b>

For the nine months period ended December 31, 2015, the Company paid \$25,524 (2014 - \$Nil) for consulting services to GSS, a company with a common director.

For the nine months period ended December 31, 2015, the Company paid \$11,429 for consulting services to RMDC, a director of the company is a significant shareholder.

For the nine months period ended December 31, 2015, the Company paid \$13,500 (2014 - \$Nil) for consulting services to Bridgemark, a company with a common director.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the nine month period ended December 31, 2015 and 2014 are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Share-based compensation	\$ 13,320	\$ 34,925
	<b>\$ 13,320</b>	<b>\$ 34,925</b>

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**7. Related Party Transactions (continued)**

As at December 31, 2015, \$18,000 (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 consist of the following:

- a) As at December 31, 2015, MJ Bioscience owed the Company \$22,842 (March 31, 2015 - \$24,492).
- b) As at December 31, 2015, Highmark Technologies owed the Company \$22,842 (March 31, 2015 - \$24,492).

**8. Share Capital**

**Authorized**

Unlimited number of common shares without par value.

**Issued common shares**

	<b>Number of Shares</b>	<b>Amount (\$)</b>
<b>Balance, March 31, 2014</b>	<b>37,700,000</b>	<b>158,500</b>
Shares issued	27,863,428	1,573,727
Share cancellation	(700,000)	(70,000)
Return of capital	-	(558,634)
Share issued costs	-	(47,093)
<b>Balance, March 31, 2015</b>	<b>64,863,428</b>	<b>1,056,500</b>
Shares issued	967,000	48,350
Share issued costs	-	(2,760)
<b>Balance, December 31, 2015</b>	<b>65,830,428</b>	<b>1,102,090</b>

- 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.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**8. Share Capital (continued)**

**Issued common shares (continued)**

- 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.
- 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 August 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:



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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**8. Share Capital (continued)**

**Issued common shares (continued)**

<b>Release Date</b>	<b>Number of Shares Released</b>
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 “ <b>Ready to Build Shares</b> ”)
On receipt by the Company of a license to produce marijuana pursuant to the MMPR	8,000,000 common shares (the “ <b>License Shares</b> ”)

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.

- o) On September 28, 2015, the Company announced the closing of the first tranche of its previously announced non-brokered private placement (the “Private Placement”) for total gross proceeds of \$48,350.

The Company issued 552,000 units at a price of \$0.05 per share in connection with the Private Placement, with each unit comprising one common share and one purchase warrant. Each purchase warrant is exercisable for one common share at a price of \$0.06 for a period of twelve months from the grant date. The Company also issued 415,000 common shares at a deemed price of \$0.05 per share in connection with the settlement of outstanding debts with various creditors.

In connection with the Private Placement, the Company paid a finder’s fee of \$2,670 cash and issued 55,200 finder’s warrants. Each finder’s warrant is exercisable into one common share of the Company at \$0.06 per share for a period of one year from the closing date of the Private Placement.

The Company intends to use the proceeds from the Private Placement for general working capital purposes. All the newly issued securities are subject to a four month and one day hold period from today’s closing date.

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the nine month period ended December 31, 2015 was based on the loss attributable to common shareholders of \$120,743 and the weighted average number of common shares outstanding of 65,195,173.

**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 nine month period ended December 31, 2015 are as follows:

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

**8. Share Capital (continued)**

**Options (continued)**

	Number of Options	Weighted Average Exercise Price
<b>Balance, March 31, 2014</b>	-	\$ -
Options issued	3,800,000	\$ 0.0670
Options cancelled	(200,000)	\$ 0.1325
Options exercised	(56,000)	\$ 0.0250
<b>Balance, March 31, 2015</b>	<b>3,544,000</b>	<b>\$ 0.0639</b>
Options expired	(2,000,000)	\$ 0.0940
Options granted	1,000,000	\$ 0.0500
<b>Balance, December 31, 2015</b>	<b>2,544,000</b>	<b>\$ 0.0348</b>

The following table summarizes the options outstanding at December 31, 2015:

Number of options	Exercise price	Expiry date
1,544,000	\$0.0250	May 1, 2019
500,000	\$0.0500	December 14, 2016
500,000	\$0.0500	December 14, 2020
<b>2,544,000</b>	<b>\$0.0348</b>	

The remaining contractual life of the outstanding options at December 31, 2015 is 3.18 years.

During the nine month period ended December 31, 2015, the Company granted 500,000 stock options in connection with the investor relations agreement entered into on Dec. 14, 2015, with R&R Consulting. Terms of the options are they may be exercised for a period of 12 months from the grant date, unless the agreement is terminated by either party at an earlier date, at an exercise price of \$0.05 per common share.

During the nine month period ended December 31, 2015, the Company, also granted 500,000 stock options to its chief executive officer and director, Marc Branson. Terms of the options are they may be exercised for a period of 60 months from the grant date, unless the stock option agreement is terminated by either party at an earlier date, at an exercise price of \$0.05 per common share.

During the nine month period ended December 31, 2015, the Company recognized share-based compensation expense of \$22,431 (2014 - \$214,343) 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.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
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	130.01 – 291.11
Expected dividend yield	0%	0%

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

**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.

On September 28, 2015 the Company completed the first tranche of a non-brokered private placement for total gross proceeds of \$48,350. The Company issued 552,000 units at a price of \$0.05 per share in connection with the Private Placement, with each unit comprising one common share and one purchase warrant. Each purchase warrant is exercisable for one common share at a price of \$0.06 for a period of twelve months from the grant date.

In connection with the Private Placement, the Company paid a finder's fee of \$2,670 cash and issued 55,200 finder's warrants. Each finder's warrant is exercisable into one common share of the Company at \$0.06 per share for a period of one year from the closing date of the Private Placement.

The changes in warrants for the nine month period ended December 31, 2015 are as follows:

	Number of Warrants
<b>Balance, March 31, 2014</b>	-
Warrants issued	5,620,228
Warrants expired	(4,365,128)
<b>Balance, March 31, 2015 and December 31, 2015</b>	<b>1,255,100</b>

The following table summarizes the warrants outstanding at December 31, 2015:

Number of warrants	Exercise price	Expiry date
647,900	\$0.15	December 30, 2017
607,200	\$0.06	September 28, 2016
<b>1,255,100</b>	<b>\$0.11</b>	

The remaining contractual life for the outstanding warrants at December 31, 2015 is 1.39 years.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**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.

- 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 December 31, 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.

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**10. Financial Instruments (continued)**

**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 February 1, 2016, the Company announced that it has entered into a definitive share exchange agreement (“**Agreement**”) with Lightning Industries Inc. (“**Lightning**”) to acquire 100% of Lightning’s authorized share Capital. Lightning is wholly owned by Domenari Capital, LLC (“**Domenari**”).

**Key terms of the agreement**

The agreement to acquire Lightning contains the following key terms:

- The Company will issue 40 million common shares to Domenari for the acquisition of Lightning.
- The Company will issue a bonus of two million common shares to Domenari if Lightning records a profit for a single fiscal year, in either the first or second full fiscal year starting Jan. 1, 2015.
- The Company will issue a second bonus of two million common shares to Domenari if Lightning records \$3-million in revenues in the first, second or third full fiscal year immediately following the effective date.
- Upon closing, the Company will cause the board of directors to be Marc Branson, Donald Rainwater and David Taylor, and the officers to be Donald Rainwater (president and chief executive officer), Marc Branson (vice-president of corporate development) and a chief financial officer who will be jointly nominated at a later date.

The purchase shares will be subject to a stock restriction agreement which will contain the following vesting schedule.

<b>Vesting date</b>	<b>Proportion of vested shares</b>
On the closing date of the agreement (effective date)	10 per cent of the purchase shares
Six months after the effective date	15 per cent of the purchase shares
12 months after the effective date	15 per cent of the purchase shares
18 months after the effective date	15 per cent of the purchase shares
24 months after the effective date	15 per cent of the purchase shares
30 months after the effective date	15 per cent of the purchase shares
36 months after the effective date	the remainder of the purchase shares

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

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine month periods ended December 31, 2015 and 2014  
(Unaudited) (Expressed in Canadian dollars)

---

**11. Subsequent Events (continued)**

**Select financial information about Lightning**

The Company's management is relying expressly on the information provided to it by Lightning in the following discussion, and it should be considered as such. For the nine months ended Sept. 30, 2015, Lightning had gross sales of \$1,569,269 (U.S.), gross profit of \$697,880 (U.S.) and a net income of \$150,465 (U.S.).

**Private placement**

The Company has also approved a private placement to offer up to five million units at a price of five cents per unit for gross proceeds of up to \$250,000. Each unit consists of one common share and one full share purchase warrant. Each warrant will be exercisable into one common share for a period of 36 months from the date of issuance at a price of 7.5 cents per share. The common shares and warrants comprising the units will be subject to a four month and one day hold period in accordance with the policies of the Canadian Securities Exchange and applicable securities regulation.

The Company may pay a cash commission to certain finders equal to 10 per cent of the gross proceeds raised and may issue to the finders that number of finder's warrants that will entitle the holder thereof to purchase that number of common shares that is equal to 10 per cent of the number of units issued under the private placement for a period of 36 months from issuance at an exercise price of 7.5 cents per common share.

The proceeds are intended to be allocated toward associated costs of closing the proposed transaction with Lightning, further developing Tadhams Energy (joint venture partnership in Mexico) and general working capital.

**Trading halt**

In connection with the Lightning acquisition, the shares of the Company have been halted from trading, and management expects they will do so until such time that there is sufficient information in the public domain for current shareholders, potential investors and other related stakeholders to adequately review the merits and the validity of the transaction. The Company's management is currently preparing an information circular that will address this disclosure and anticipates that, upon filing this document on SEDAR, the company should, within a reasonable time frame, resume trading.

Completion of the Lightning acquisition is subject to a number of conditions, including CSE acceptance and shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Lightning acquisition, any information released or received with respect to the acquisition of Lightning may not be accurate or complete and should not be relied upon. Trading in the securities of Highmark should be considered highly speculative.