LIGHTNING VENTURES INC.

(FORMERLY HIGHMARK MARKETING INC.)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2016 and 2015

Expressed in Canadian Dollars

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lightning Ventures Inc. (Formerly Highmark Marketing Inc.)

We have audited the accompanying financial statements of Lightning Ventures Inc., which comprise the statements of financial position as at March 31, 2016 and 2015 and the statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years ended March 31, 2016 and 2015 and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Lightning Ventures Inc. as at March 31, 2016 and 2015 and its financial performance and cash flows for the years ended March 31, 2016 and 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern

"Charlton & Co"
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
August 3, 2016

LIGHTNING VENTURES INC.
(FORMERLY HIGHMARK MARKETING INC.)
Consolidated Statements Financial Position
Years Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

	Notes		March 31, 2016		March 31, 2015
Assets					
Current Assets					
Cash		$	14	$	31
Other receivable			11,000		1,000
GST receivable			6,306		21,955
Prepaid expenses			15,040		35,000
			32,360		**57,986**
Long-term Assets					
Intellectual property	5		-		10,000
Due from related parties	7		-		48,984
Investment in subsidiaries	6		-		100
			-		**59,084**
Total Assets		**$**	**32,360**	**$**	**117,070**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities		$	153,794	$	64,461
Due to related parties	7		44,690		290
Total Liabilities			**198,484**		**64,751**
Shareholders' Equity					
Share capital	8		590,901		1,056,500
Share-based payments reserve	8		264,363		214,343
Deficit			(1,021,388)		(1,218,524)
Total Equity			**(166,124)**		**52,319**
Total Liabilities and Shareholders' Equity		**$**	**32,360**	**$**	**117,070**

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 12)

Approved and authorized by the Board on August 3, 2016

"Marc Branson"
Marc Branson, Director

"Donald Rainwater"
Donald Rainwater, Director

LIGHTNING VENTURES INC.
(FORMERLY HIGHMARK MARKETING INC.)
Consolidated Statements of Operation and Comprehensive Income
Years Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

	Notes	March 31, 2016	March 31, 2015
Expenses			
Meals and entertainment		$ -	$ 16,898
Investor relations and promotion		3,950	142,828
Asset investigation costs		(540,000)	659,900
Office		4,255	17,057
Consulting fees	7	98,010	340,226
Filing fees		9,529	31,461
Professional fees		148,386	161,331
Share-based compensation		22,431	214,343
Travel		-	4,279
Foreign exchange loss		619	909
Inventory write off	5	10,000	3,316
Loan write off	7	45,684	-
		(197,136)	1,592,548
Other items			
Gain from disposition		-	388,634
		-	388,634
Net income (loss) and comprehensive income (loss) for the year		197,136	(1,203,914)
Earnings (loss) per share - basic and diluted		**$ 0.00**	**$ (0.02)**
Weighted average number of common shares outstanding		**61,717,880**	**53,712,546**

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

LIGHTNING VENTURES INC.
(FORMERLY HIGHMARK MARKETING INC.)
Consolidated Statements Shareholders' Equity
Years Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	**Total**
Balance at March 31, 2014	**37,700,000**	**$ 158,500**	**$ -**	**$ (14,610)**	**$ 143,890**
Shares issued for cash (Note 8)	14,987,428	609,927	-	-	609,927
Shares issued for acquisition of asset	11,120,000	779,900	-	-	779,900
Shares issued for services	500,000	65,000	-	-	65,000
Shares issued on exercise of options	56,000	1,400	-	-	1,400
Shares issued on settlement debt	500,000	47,500	-	-	47,500
Share issuance costs	-	(47,093)	-	-	(47,093)
Reduction to capital	-	(558,634)	-	-	(558,634)
Share-based compensation	-	-	214,343	-	214,343
Comprehensive loss for the year	-		-	(1,203,914)	(1,203,914)
Balance at March 31, 2015	**64,863,428**	**$ 1,056,500**	**$ 214,343**	**$ (1,218,524)**	**$ 52,319**
Balance at March 31, 2015	**64,863,428**	**$ 1,056,500**	**$ 214,343**	**$ (1,218,524)**	**$ 52,319**
Paid-up capital adjustment	-	(100)	-	-	(100)
Shares issued for private placement (Note 8)	1,252,000	35,011	26,107	-	61,118
Shares issued on settlement of debt	415,000	20,750	-	-	20,750
Shares issued on exercise of options	960,000	24,000	-	-	24,000
Share issuance costs	-	(5,260)	1,482	-	(3,778)
Cancellation of shares for acquisition of asset	(9,000,000)	(540,000)	-	-	(540,000)
Share-based compensation	-	-	22,431	-	22,431
Comprehensive income for the year	-	-	-	197,136	197,136
Balance at March 31, 2016	**58,490,428**	**$ 590,901**	**$ 264,363**	**$ (1,021,388)**	**$ (166,124)**

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

LIGHTNING VENTURES INC.
(FORMERLY HIGHMARK MARKETING INC.)
Consolidated Statements of Cash Flow
Years Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

	Note	March 31, 2016	March 31, 2015
Operating activities			
Net income (loss)		$ 197,136	$ (1,203,914)
Items not affecting cash			
Share based compensation		22,431	214,343
Asset investigation costs		(540,000)	659,900
Write off of intellectual property		10,000	-
Gain from disposition		-	(558,634)
Conversion of debt to shares		20,750	-
Unrealized foreign exchange		-	714
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		89,333	222,747
Other receivables		(10,000)	(1,000)
Prepaid expenses		19,960	(35,000)
Due from related parties		48,984	(48,694)
Due to related parties		44,400	-
GST receivable		15,649	(21,436)
Net cash flows used in operating activities		**(81,357)**	**(770,974)**
Investing activities			
Cash provided on plan of arrangement		-	(50,000)
Intellectual property		-	(10,000)
Investment in subsidiaries		-	(100)
Net cash flows used in investing activities		**-**	**(60,100)**
Financing activities			
Proceeds on options exercised		24,000	-
Proceeds on issuance of common shares, net		57,340	-
Shares issued for cash		-	611,327
Shares issued for acquisition of assets, net		-	120,000
Shares issuance costs	9	-	(47,093)
Net cash flows from financing activities		**81,340**	**684,234**
Decrease in cash		(17)	(146,840)
Cash, beginning of year		31	146,871
Cash, end of year		**$ 14**	**$ 31**

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

1. Description of Business and Nature of Operations

Lightning Ventures Inc. (formerly Highmark Marketing Inc.) (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. In 2016 the Company was a nutraceutical company which is focused on bringing the health benefits of natural and herbal remedies to the market.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2016, the Company has not generated revenues from operations, and has a working capital deficit of $166,124 (2015 - $6,765) and an accumulated deficit of $1,021,388 (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.

Lightning Ventures Inc. ("Lightning" or the "Company"), formerly known as Highmark Marketing Inc., 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 Lightning 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.

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 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 the Company's two wholly owned subsidiaries, MJ Bioscience and Highmark Technologies. The Company proposed 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 the Company 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). The Company closed the Arrangement on January 29, 2015.

Upon the closing of the Arrangement, the Company 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 the Company's cannabis research assets, while Highmark Technologies will received the Company'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 the Company agreed to acquire 100 per cent of the authorized share capital of BCBud from its shareholder, Blue Moon.

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 the Company 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.

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.

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

On September 3, 2015, the Company has entered into a non-binding letter of intent with Lightning Industries Inc. to acquire 100% 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 designate 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 non-binding 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. Activity in this venture had not begun as of August 3, 2016.

The Company has agreed to a non-binding term sheet with Tadham S.A. de C.V., an entity which has access to water resources in the Jiminez District. Tadham has secured the right to 1,000,000 gallons of water per day from regional aquafer systems and recently entered into a letter of intent for the provision of an additional 800,000 gallons per day. Tadham 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 Tadham 40% of any profits generated under the water distribution business. Activity in this venture had not begun as of August 3, 2016.

(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 Tadham Services has launched a website and has begun the process of marketing its services.

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 designate 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.

Vesting date	Proportion of vested shares
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

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. The company closed this arrangement on June 1, 2016, as described in Note 12, subsequent events.

These consolidated financial statements were authorized for issue in accordance with a resolution of its Directors on August 3, 2016.

2. Basis of Preparation

Statement of compliance

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

Basis of measurement

These consolidated 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 consolidated 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 consolidated financial statements include the accounts of the Company and its direct wholly-owned Highmark International Marketing, Inc.

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 judgments

The preparation of consolidated 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 consolidated 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 consolidated 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.

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 extend 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.

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. As of March 31, 2016, the $10,000 asset has been written-off as no cash-flows are expected from the asset.

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.

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. In 2015, the related assets were transferred as part of the MJ Biosciences spin out as described in Note 1.

6. Subsidiaries

The Company owns 100% of Highmark International Marketing Inc. There was no activity in the company during 2016.

(Expressed in Canadian dollars)

7. Related Party Transactions

Related party transactions are 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 of 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:

	Year Ended March 31, 2016	Year Ended March 31, 2015
Professional fees	$ 75,344	$ 126,547
	$ 75,344	**$ 126,547**

For the year ended March 31, 2016, the Company paid $34,095 (2015 - $97,857) for professional services to GSS, a company with a common director.

For the year ended March 31, 2016, the Company paid $15,714 (2015 - $28,690) for professional services to RMDC, a director of the company is a significant shareholder.

For the year ended March 31, 2016, the Company paid $18,000 (2015 - $Nil) for professional services to Bridgemark Financial Corp., a company with a common director.

For the year ended March 31, 2016, the Company paid $7,534 (2015 - $Nil) for professional services to Bridgemark Capital Corp., 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 personnel for the year ended March 31, 2016 and 2015 are as follows:

	March 31, 2016	March 31, 2015
Share-based compensation	$ 13,320	$ 34,925
s		
	$ 13,320	**$ 34,925**

a

As at March 31, 2016, $44,690 (2015 - $290) is included in accounts payable and accrued liabilities and due to related parties owing to those offices and directors for fees and expense reimbursements.

The amounts due from related parties consist of the following:

a) As at March 31, 2016, MJ Bioscience owed the Company $22,842 (2015 - $24,492). This amount has been written-off as non-recoverable

b) As at March 31, 2016, Highmark Technologies owed the Company $22,842 (2015 - $24,492). This amount has been written-off as non-recoverable

(Expressed in Canadian dollars)

8. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued common shares

	Number of Shares	Amount ($)
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	**64,863,428**	**1,056,500**
Paid-up capital adjustment	-	(100)
Shares issued	2,627,000	79,761
Cancellation of shares for acquisition of asset	(9,000,000)	(540,000)
Share issue costs	-	(5,260)
Balance, March 31, 2016	**58,490,428**	**590,901**

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.

(Expressed in Canadian dollars)

8. Share Capital (continued)

Issued common shares (continued)

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 the Company 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. The Company, BCBud and Blue Moon entered into the share exchange agreement on August 5, 2014, whereby the Company agreed to acquire 100 per cent of the authorized share capital of BCBud from its shareholder, Blue Moon. Upon closing the Share Exchange Agreement, the Company 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 MMRT	8,000,000 common shares (the **"License Shares"**)

8. Share Capital (continued)

Issued common shares (continued)

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. During the year ended March 31, 2016, the Company cancelled 9,000,000 of the common shares for the acquisition of assets and recovered $540,000 for asset investigation costs.

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.

p) On March 7, 2016, the Company announced the closing of the first tranche of a private placement of 700,000 units at a price of $0.05 per unit for gross proceeds of $35,000. 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 $0.075 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 (the "CSE") and applicable securities regulation.

In connection with the Private Placement, the Company paid a cash commission of $2,500 to a finder equal to 10% of the gross proceeds raised, and issued 50,000 finder's warrants that entitles the holder thereof to purchase 50,000 common shares that is equal to 10% of the number of units issued under the Private Placement for a period of 36 months from issuance at an exercise price of $0.075 per common share.

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the year ended March 31, 2016 was based on the income attributable to common shareholders of $197,136 and the weighted average number of common shares outstanding of 61,717,880.

(Expressed in Canadian dollars)

8. Share Capital (continued)

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 year ended March 31, 2016 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	(2,000,000)	$ 0.0940
Options granted	1,000,000	$ 0.0500
Options exercised	(960,000)	$ 0.0300
Balance, March 31, 2016	**1,584,000**	**$ 0.0408**

The following table summarizes the options outstanding at March 31, 2016:

Number of options	Exercise price	Expiry date
584,000	$0.0250	May 1, 2019
500,000	$0.0500	December 14, 2016
500,000	$0.0500	December 14, 2020
1,584,000	**$0.0408**	

The remaining contractual life of the outstanding options at March 31, 2016 is 2.84 years.

During the year ended March 31, 2016, the Company granted 500,000 stock options in connection with the investor relations agreement entered into on December 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 year ended March 31, 2016, 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 year ended March 31, 2016, there were 960,000 stock options exercised.

During the year ended March 31, 2016, the Company recognized share-based compensation expense of $22,431 (2015 - $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.

(Expressed in Canadian dollars)

8. Share Capital (continued)

Options (continued)

	March 31, 2016	March 31, 2015
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 – 295.68
Expected dividend yield	0%	0%

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.

On March 7, 2016, the Company completed the first tranche of a private placement of 700,000 units at a price of $0.05 per unit for gross proceeds of $35,000. 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 $0.075 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 (the "CSE") and applicable securities regulation.

In connection with the Private Placement, the Company paid a cash commission of $2,500 to a finder equal to 10% of the gross proceeds raised, and issued 50,000 finder's warrants that entitles the holder thereof to purchase 50,000 common shares that is equal to 10% of the number of units issued under the Private Placement for a period of 36 months from issuance at an exercise price of $0.075 per common share.

(Expressed in Canadian dollars)

8. Share Capital (continued)

Warrants (continued)

The changes in warrants for the year ended March 31, 2016 are as follows:

	Number of Warrants
Balance, March 31, 2014	**-**
Warrants issued	5,013,028
Balance, March 31, 2015	**5,013,028**
Warrants expired	(4,365,128)
Warrants issued	1,357,200
Balance, March 31, 2016	**2,005,100**

The following table summarizes the warrants outstanding at March 31, 2016:

Number of warrants	Exercise price	Expiry date
647,900	$0.15	December 30, 2017
607,200	$0.06	September 28, 2016
750,000	$0.08	March 7, 2019
2,005,100	**$0.10**	

The remaining contractual life for the outstanding warrants at March 31, 2016 is 1.81 years.

9. Income Taxes

a) Current Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	March 31, 2016	March 31, 2015
Net income (loss) for the year	$ 197,136	$ (1,203,914)
Expected tax (liability) recovery at a statutory rate of 26.00%	51,255	(313,018)
Net adjustments for deductible and non-deductible items	(128,618)	136,663
Tax benefit not recognized	77,363	176,355
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

9. Income Taxes (continued)

b) Deferred Taxes

Significant components of the Company's deferred income tax assets (not recognized) after applying enacted corporate income tax rates are as follows:

		March 31, 2016		March 31, 2015
A Deferred income tax assets:				
t Non-capital loss carry forwards	$	138,693	$	189,948
Share issuance costs		8,749		9,795
Net deferred income tax asset not recognized	$	147,442	$	199,743

March 31, 2016, the Company has share issuance costs of $33,649 (2015 - $44,416), and non-capital losses of $533,433 (2015 - $730,959) available for carry forward. At March 31, 2016, management considers that it is not "more likely than not" that these losses will be utilized and accordingly no deferred income tax asset has been recognized. These tax loss carry forwards expire between 2034 and 2036.

10. 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.

11. 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.

11. Financial Instruments (continued)

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 March 31, 2016, 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.

12. Subsequent Events

On May 5, 2016, the Company announced that it has entered into a series of debt conversion agreements with creditors in order to settle $117,325 in outstanding debt through the issuance of 2,346,500 the Company units at a deemed price of $0.05 per unit (the “Debt Conversion”). The closing of the Debt Conversion will occur on May 6, 2016.

Each unit issued under the Debt Conversion consists of one common share and one purchase warrant. Each purchase warrant entitles the holder thereof to acquire one common share for a period of 36 months from the date of issue at an exercise price of CDN$0.075 per common share.

On May 24, 2016, the Company announced that the shareholders of the Company approved all the matters to be acted upon at the annual and special meeting held on May 20, 2016 (the “Meeting”).

At the Meeting, the shareholders of the Company re-elected Marc Branson and David Taylor to its Board of directors, and elected Kevin Slichter as a new director of the Board. The acquisition of Lightning Industries, Inc. (the “Acquisition”) was also approved.

Upon the closing of the Acquisition, the Company will issue 40,000,000 common shares to Domenari Capital, LLC, in exchange for 100% of the shares in Lightning. Further details of the Acquisition can be found in the Company’s press release dated February 1, 2016 (Note 1).

On June 1, 2016**,** the Company announced it has closed the share exchange agreement entered into on February 1, 2016 with Lightning Industries, Inc. and Domenari Capital LLC (the “**Agreement**”), whereby the Company acquired Lightning Industries.

12. Subsequent Events (continued)

Share Exchange

As consideration for 100% of the share capital of Lightning Industries, the Company has issued 40,000,000 common shares (the "**Purchase Shares**") to various recipients. The recipients of the Purchase Shares are entitled to 2,000,000 common shares of the Company if Lightning Industries records a profit for one fiscal year, and 2,000,000 common shares in the Company if Lightning Industries records $3,000,000 in revenues in any of the next three fiscal years (the "**Bonus Shares**"). Any Purchase Shares and Bonus Shares issued by the Company are subject to a stock restriction agreement with a 36 month vesting schedule.

Changes to Management and the Board

Upon closing of the Agreement, Marc Branson resigned from his position as Chief Executive Officer and President and was replaced in these roles by Donald Rainwater. Mr. Rainwater is the current CEO of Lightning Industries, Inc. and brings the Company many years of experience with international telecommunication and construction companies, as well as a business network in the oil and gas industry. Mr. Branson will remain with the Company in a role as VP Corporate Development.

Mr. Rainwater has also been appointed to the Company's Board of Directors. The board now consists of four members: Marc Branson, David Taylor, Kevin Slichter and Donald Rainwater.

Name Change

In connection with the closing, the Company has filed a Notice of Alteration with the BC Corporate Registry to change its name from "Highmark Marketing Inc." to "Lightning Ventures Inc." The Company is currently in the process of submitting the required documentation for the name change to the CSE and will continue to trade under the name Highmark Marketing Inc. and the symbol "HMK" until such time as the CSE has declared the name change effective. Once completed, the Company will announce the market effective date of the name change and its new trading symbol.

On June 17, 2016**,** the Company announced that the Canadian Securities Exchange has granted the Company approval to implement its name change in connection with the change in business transaction whereby the company acquired Lightning Industries, Inc. Effective June 20, 2016, at market open, the common shares of the Company will trade under the new name "Lightning Ventures Inc.", and under the new corresponding trading symbol, "LVI".

On June 20, 2016, the Company announced that it has initiated two pilot installations in Mexico for Nuvoil and Pemex. The pilot installations mark the entrance into the Mexican market with two large and well established customers in the region.