LIGHTNING VENTURES INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month periods ended June 30, 2017 and 2016

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 condensed consolidated 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.

LIGHTNING VENTURES INC.
Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2017 and March 31, 2017
(Unaudited) (Expressed in Canadian dollars)

	Notes		June 30, 2017		March 31, 2017
Assets					
Current Assets					
Cash		$	327,781	$	16,857
Trade receivable	9		37,106		70,867
Other receivable	9		1,000		1,000
GST receivable			22,798		21,648
			388,685		**110,372**
Long-term Assets					
Property, plant and equipment	8		794,148		794,148
Goodwill	6		2,480,788		2,480,788
Total Assets		**$**	**3,663,621**	**$**	**3,385,308**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	10	**$**	1,544,153	**$**	1,714,531
Due to related parties	11		164,441		433,746
Notes payable	12		905,916		448,930
			2,614,510		**2,597,207**
Long-term Liabilities					
Notes payable	12		-		305,490
Total Liabilities			**2,614,510**		**2,902,697**
Shareholders' Equity					
Share capital	13		2,478,089		1,927,013
Subscription receivable			(50,428)		-
Share-based payments reserve	13		680,924		394,749
Consideration payable	6		-		120,000
Accumulated other comprehensive loss			(31,263)		(36,368)
Deficit			(2,028,211)		(1,922,783)
Total Equity			**1,049,111**		**482,611**
Total Liabilities and Shareholders' Equity		**$**	**3,663,621**	**$**	**3,385,308**

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 18)

Approved and authorized by the Board on September 11, 2017

"Kelly Pladson"	"Donald Rainwater"
Kelly Pladson, Director	Donald Rainwater, Director

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

LIGHTNING VENTURES INC.

Condensed Consolidated Interim Statements of Operation and Comprehensive Loss
For the three month periods ended June 30, 2017 and 2016
(Unaudited) (Expressed in Canadian dollars)

	Notes		Three months period ended June 30, 2017		Three months period ended June 30, 2016
Revenues		$	47,999	$	71,657
Cost of Sales			21,444		11,655
Gross Profit			26,555		60,002
Expenses					
Interest expense			13,000		-
Office			19,778		36,258
Consulting fees			25,000		100,000
Filing fees			-		1,085
Professional fees			38,479		4,500
Transaction costs			-		1,019,796
Travel and entertainment			1,701		600
Salaries and wages			115,365		111,357
			(213,323)		(1,273,596)
Other item					
Gain on debt settlement	13		81,340		46,930
			81,340		46,930
Net loss for the period		$	(105,428)	$	(1,166,664)
Other comprehensive income:					
Foreign currency translation			31,263		-
Total comprehensive loss for the period		$	(74,165)	$	(1,166,664)
Loss per share - basic and diluted		**$**	**(0.00)**	**$**	**(0.02)**
Weighted average number of common shares outstanding			**105,584,510**		**72,655,895**

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

LIGHTNING VENTURES INC.
Condensed Consolidated Interim Statements of Shareholders' Equity (Deficiency)
For the three month periods ended June 30, 2017 and 2016
(Unaudited) (Expressed in Canadian dollars)

	Share Capital							
	Number of shares	Amount	Subscription receivable	Share-based payments reserve	Consideration payable	Translation	Deficit	**Total**
Balance at March 31, 2016	**58,490,428**	**$ 590,901**	**$ -**	**$ 264,363**	**$ -**	**$ -**	**$ (1,021,388)**	**$ (166,124)**
Shares issued on settlement of debt	2,346,500	36,720	-	33,676	-	-	-	70,396
Shares issued for acquisition of subsidiary	40,000,000	600,000	-	-	-	-	-	600,000
Comprehensive loss for the period	-	-	-	-	-	-	(1,166,664)	(1,166,664)
Balance at June 30, 2016	**100,836,928**	**$ 1,227,621**	**$ -**	**$ 298,039**	**$ -**	**$ -**	**$ (2,188,052)**	**$ (662,392)**
Balance at March 31, 2017	**103,886,928**	**$ 1,927,013**	**$ -**	**$ 394,749**	**$ 120,000**	**$ (36,368)**	**$ (1,922,783)**	**$ 482,611**
Shares issued on settlement of debt	3,155,000	127,750	-	-	-	-	-	127,750
Shares issued for private placement	28,975,000	293,326	(50,428)	286,174	-	-	-	529,072
Options exercised	200,000	10,000	-	-	-	-	-	10,000
Consideration payable on acquisitio of subsidiary	2,000,000	120,000	-	-	(120,000)	-	-	-
Currency translation adjustment	-	-	-	-	-	5,105	-	5,105
Net loss for the period	-	-	-	-	-	-	(105,428)	(105,428)
Balance at June 30, 2017	**138,216,928**	**$ 2,478,089**	**$ (50,428)**	**$ 680,923**	**$ -**	**$ (31,263)**	**$ (2,028,211)**	**$ 1,049,110**

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

LIGHTNING VENTURES INC.
Condensed Consolidated Interim Statements of Cash Flow
For the three month periods ended June 30, 2017 and 2016
(Unaudited) (Expressed in Canadian dollars)

		Three months period ended June 30, 2017		Three months period ended June 30, 2016
Operating activities				
Net loss for the period	$	(105,428)	$	(1,166,664)
Items not affecting cash:				
Gain on debt settlement		(81,340)		(46,930)
Transaction costs		-		1,019,796
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities		38,713		107,433
Trade receivables		33,761		-
Due to related parties		(269,305)		13,950
Due to employees		-		1,200
GST receivable		(1,150)		3,496
Net cash flows used in operating activities		**(384,749)**		**(67,719)**
Financing activities				
Proceeds on issuance of common shares		539,072		-
Proceeds from loans		151,496		(30,609)
Net cash flows provided by (used in) financing activities		**690,568**		**(30,609)**
Currency translation adjustment		5,105		-
Change in cash (bank indebtedness)		310,924		(98,328)
Cash, beginning of period		16,857		14
Cash (bank indebtedness), end of period	**$**	**327,781**	**$**	**(98,314)**

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

(Unaudited) (Expressed in Canadian dollars)

1. Description of Business and Nature of Operations

Lightning Ventures Inc. (the "Company") was incorporated under the laws of British Columbia on April 2, 2014. On May 18, 2014, the Company's common shares commenced trading on the CSE under the symbol "HMK". On September 2, 2014, the Company's common shares commenced trading on the Frankfurt Stock Exchange under the symbol 1HM. Its registered and records office is located at Suite 700 - 838 West Hastings Street, Vancouver, British Columbia V6C 0A6. In 2016 the Company was a nutraceutical company which is focused on bringing the health benefits of natural and herbal remedies to the market. In 2017 the Company became an oil and gas industrial services company.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2017, the Company has $47,999 revenue generated from operations, a working capital deficit of $2,225,825 (March 31, 2017 - $2,486,835) and an accumulated deficit of $2,028,211 (March 31, 2017 - $1,922,783). 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.

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of its Directors on September 11, 2017.

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 consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries, Highmark International Marketing Inc. and Lightning Industries, Inc. 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. All inter-company transactions and balances have been eliminated upon consolidation.

	Percentage owned*	
	June 30, 2017	**March 31, 2017**
Highmark International Marketing Inc.	100%	100%
Lightning Industries, Inc.	100%	100%

*Percentage of voting power is proportion to ownership.

2. Basis of Preparation (continued)

Basis of measurement

These condensed consolidated interim financial statements are stated in Canadian dollars, which is the parent company's presentation currency and functional currency. The functional currency of the Company's 100% owned subsidiary Lightning Industries, Inc. is the US dollar. The financial statements were prepared on a going concern basis, under the historical cost convention, unless otherwise specified.

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.

Significant estimates

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, inputs in accounting for share-based payment and other equity transactions, 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.

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.

3. Summary of Significant Accounting Policies (continued)

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 and receivables 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, due to shareholder and notes payable as other financial liabilities.

Revenue recognition

The Company recognizes the revenues from the sale of products upon shipment and subject to assurance of collection, which is when the Company can measure the amount of revenue reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the risks and rewards of ownership of the goods have been transferred to the buyer and the Company no longer retains control over the goods sold. Revenue is measured based on the price specified, net of sales commissions, trade discounts, and estimated returns at the time of sale. Historical experience is used to estimate allowances for returns. Based on historical experience, returns are negligible.

Payments received from customers in advance of meeting all of the recognition criteria are recorded as deferred revenue and subsequently recognized as these criteria are met.

Accounts receivable

Accounts receivable consist of amounts due from customers and are recorded upon the sale of product to customers. Credit terms are extended to customers in the normal course of business and no collateral is required. The Company estimates an allowance for doubtful accounts based on historical losses, the existing economic conditions and the financial stability of its customers. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

3. Summary of Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Freehold land is not depreciated.

Depreciation is provided over the assets' estimated useful life using the declining balance method at the following rates per annum:

Buildings	10%
Machinery and equipment	30%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted of appropriate, at each reporting date.

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

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.

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.

Warrants

Warrants included in units offered to subscribers in connection with financings are recorded at their fair values using the black-scholes method.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options granted to employees is measured as grant date, using the Black-Scholes option pricing model, and is recognized immediately that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Foreign currency translation

These consolidated financial statements are presented in Canadian dollars which is the Canadian parent company's presentation currency and functional currency. The functional currency of Lightning Industries, Inc. is the US dollar.

Translation and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income.

Translation of subsidiary results into the presentation currency

The operating results and statements of financial position of the Company's subsidiary are translated into the presentation currency arising on translation are included in the statement of comprehensive loss or income.

3. Summary of Significant Accounting Policies (continued)

Business combinations

At the time of acquisition of property, the Company considers whether the acquisition represents the acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

The cost of a business combination is measured as the aggregate of the consideration transferred at acquisition date fair value. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Company recognizes any contingent consideration to be transferred by the Company at its acquisition date fair value. Goodwill is initially measured at cost, being the excess of the purchase price over the fair value of the net identifiable assets acquired and liabilities assumed. Acquisition-related costs are expensed in the period incurred.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception.

Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which is subject to risks and rewards that are different from those of other segments. The Company considers that it has only one reportable segment, being in the business of manufacturing equipment related to the natural resources sector.

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 15 – Revenue from Contracts with Customers (effective January 1, 2018) provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise judgment and make estimates that affect revenue recognition.

IFRS 9 – Financial Instruments (effective January 1, 2018) 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.

4. Future Changes in Accounting Policies (continued)

IFRS 16 – Leases (effective January 1, 2019) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

5. Business Development

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 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 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.

Pursuant to cancellation of the shares, the Company reversed the $540,000 in asset investigation costs that were recorded upon issuance of the shares.

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 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 June 30, 2017.

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 June 30, 2017.

(Unaudited) (Expressed in Canadian dollars)

6. Lightning Acquisition

On February 1, 2016, the Company 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"**). The Company closed the arrangement on June 1, 2016, as noted in Note 13, share capital.

Key terms of the agreement

The agreement to acquire Lightning contains the following key terms:

- The Company will issue 40,000,000 common shares to Domenari for the acquisition of Lightning.

- The Company will issue a bonus of 2,000,000 common shares to Domenari if Lightning records a profit for a single fiscal year, in either the first or second full fiscal year starting January 1, 2015 with completion of audited annual financial statements.

- The Company will issue a second bonus of 2,000,000 common shares to Domenari if Lightning records $3,000,000 in revenues in the first, second or third full fiscal year immediately following the effective date with completed audited annual financial statements.

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

On June 1, 2016, the Company entered into a share purchase agreement with Domenari, pursuant to which the Company has acquired all of the issued and outstanding common shares of Lightning Industries Inc., representing a 100% interest in exchange for issuance of 40,000,000 common shares of the Company.

On June 27, 2017, the Company issued an additional 2,000,000 bonus shares to Domenari.

(Unaudited) (Expressed in Canadian dollars)

6. Lightning Acquisition and Transaction Costs (continued)

The table below summarizes the consideration exchanged for control and the determination of transaction costs.

Consideration paid		
40,000,000 common shares	$	1,200,000
2,000,000 bonus shares		120,000
Cash payments		89,405
Less: Fair value of identifiable net assets		
Bank indebtedness		(3,369)
Amounts receivable		168,614
Prepaid expenses		3,199
Property, plant and equipment		915,532
Trade and other payables		(1,259,700)
Notes payable		(895,659)
		(1,071,383)
Goodwill	$	(2,480,788)

7. 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.

(Unaudited) (Expressed in Canadian dollars)

8. Property, Plant and Equipment

Cost		Land		Buildings		Machinery and equipment		Total
Balance at March 31, 2016	$	-	$	-	$	-	$	-
Additions		150,546		421,085		343,901		915,532
Disposals		-		-		-		-
Balance March 31, 2017 and June 30, 2017	**$**	**150,546**	**$**	**421,085**	**$**	**343,901**	**$**	**915,532**

Accumulated depreciation and amortization		Land		Buildings		Machinery and equipment		Total
Balance at March 31, 2016	$	-	$	-	$	-	$	-
Additions		-		35,184		86,201		121,384
Disposals		-		-		-		-
Balance March 31, 2017 and June 30, 2017	**$**	**-**	**$**	**35,183**	**$**	**86,201**	**$**	**121,384**

Net carrying amounts		Land		Buildings		Machinery and equipment		Total
At March 31, 2016	$	-	$	-	$	-	$	-
At March 31, 2017 and June 30, 2017	**$**	**150,547**	**$**	**385,901**	**$**	**257,700**	**$**	**794,148**

9. Accounts Receivable

During the year ended March 31, 2017, management wrote-off accounts receivable totaling $19,518 as management deemed them uncollectible.

10. Accounts Payable and Accrued Liabilities

		June 30, 2017		March 31, 2017
Trade payable	$	544,743	$	704,239
Payroll and tax liabilities		999,410		1,010,292
	$	**1,544,153**	**$**	**1,714,531**

(Unaudited) (Expressed in Canadian dollars)

11. 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:

	Three months ended June 30, 2017	Three months ended June 30, 2016
Consulting fees	$ 25,000	$ -
	$ 25,000	**$ -**

For the three months period ended June 30, 2017, the Company paid $Nil (2016 - $Nil) for consulting services to GSS, a company with a common director.

For the three months period ended June 30, 2017, the Company paid $Nil (2016 - $Nil) for consulting services to RMDC, a director of the Company is a significant shareholder.

For the three months period ended June 30, 2017, the Company paid $10,000 (2016 - $Nil) for consulting services to Bridgemark, a company with a common director.

For the three months period ended June 30, 2017, the Company paid $5,000 (2016 - $Nil) for consulting services to Nia Capital Corp, a company with a corporate secretary and director.

For the three months period ended June 30, 2017, the Company paid $5,000 (2016 - $Nil) for consulting services to Donald Rainwater, CEO and director.

As at June 30, 2017, $22,500 (March 31, 2017 - $433,746) is included in due to related parties owing to those officers and directors for fees and expense reimbursements.

12. Notes Payable

	Three Months Ended June 30, 2017	Year Ended March 31, 2017
Secured loan payable, bearing interest at 22% per annum, past due	$ 171,366	$ 171,366
Unsecured loan payable, non-interest bearing, due on January 31, 2018	137,216	137,216
Secured loan payable, bearing interest at 4.25% per annum, due February 14, 2027	327,259	327,259
Unsecured cash advance with total interest of $33,601, past due	61,723	61,723
Unsecured, non-interest bearing loan, due on demand	161,496	-
Unsecured, non-interest bearing loan, due on demand	10,000	20,000
Unsecured, non-interest bearing loan, due on demand	10,000	10,000
Unsecured, non-interest bearing loan, due on demand	26,856	26,856
Balance	905,916	754,420
Less: Current portion	(905,916)	(448,930)
Long term portion	$ -	$ 305,490

12. Notes Payable (continued)

a) During the year ended March 31, 2017, the Company assumed, on the acquisition of Lightning (Note 6), a short-term note payable outstanding with an amount of $171,366. The note bears interest at a rate of 22% and is secured by the Company's equipment. The loan is currently past its maturity date. Subsequent to June 30, 2017, the lender commenced legal proceedings to collect the balance owing from the Company.

b) During the year ended March 31, 2017, the Company assumed, on the acquisition of Lightning (Note 6), a mortgage agreement with American State Bank with an aggregate amount of $327,259 (2016 - $Nil), bearing interest at a rate of 4.25% per annum and matures on February 14, 2027. The mortgage is secured by the Company's warehouse. At June 30, 2017, payments totaling $14,025 are past due.

c) During the year ended March 31, 2017, the Company assumed, on the acquisition of Lightning (Note 6), a cash advance agreement with Arch Capital Funding with an amount of $61,723 (2016 - $Nil). The Company was required to make payments of $892 daily, 31% of which relate to interest. The balance is currently past due.

d) The Company assumed, on the acquisition of Lightning (Note 6), a short-term note payable outstanding with the Company's plant manager in the amount of $137,216 (2016 - $Nil). The note is unsecured, non-interest bearing and is due on January 31, 2018. On March 31, 2017, the loan begins to accrue interest at a rate of 6% per annum, and beginning January 31, 2018 any overdue amount will accrue interest at the highest rate legally allowable.

e) During the year ended March 31, 2017, the Company entered into short-term notes payable outstanding with an aggregate amount of $208,352 (2016 - $Nil). The notes are unsecured, non-interest bearing and due on demand.

f) During the year ended March 31, 2017, the Company assumed, on the acquisition of Lightning (Note 6), a cash advance agreement with Complete Business with an amount of $7,324 (2016 - $Nil). The Company was required to make payments of $733 daily, 22% of which relate to interest. The balance was paid off during the year ended March 31, 2017.

g) During the year ended March 31, 2017, the Company assumed, on the acquisition of Lightning (Note 6), a cash advance agreement with Complete Business with an amount of $33,120 (2016 - $Nil). The Company was required to make payments of $700 daily, 29% of which relate to interest. The balance was paid off during the year ended March 31, 2017.

h) During the year ended March 31, 2017, on the acquisition of Lightning Industries (Note 6) notes payable with an aggregate amount of $185,966 that were immediately assumed from the Company by related parties. The balance was paid off during the year ended March 31, 2017.

13. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued common shares

a) On September 28, 2015, the Company closed the first tranche of a 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.

b) 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.

c) On May 5, 2016, the Company 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 Company units at a deemed price of $0.05 per unit. The closing of the debt conversion occurred 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 $0.075 per common share.

The Company allocated $59,862 of the proceeds to share capital and $57,463 to the warrants based on their relative fair values, with a deemed fair value for the shares of $0.03. Fair value of the warrants was calculated using the black-scholes method.

13. Share Capital (continued)

d) On June 1, 2016**,** the Company 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.

In connection with the share exchange agreement, the Company issued 40,000,000 common shares to Domenari Capital, LLC, in exchange for 100% of the shares in Lightning. The shares had a fair value of $0.03 per unit for a total of $1,200,000.

e) In July 2016, the Company entered into a series of debt conversion agreements with creditors in order to settle $152,500 in outstanding debt through the issuance of 3,050,000 Company units at a fair value of $0.05 per unit. The closing of the debt conversion occurred on July 19, 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 $0.075 per common share.

The Company allocated $76,250 of the proceeds to the shares and $72,923 to the warrants based on their fair values. The shares had a deemed fair value of $0.025 and the warrants were valued using the black-scholes method. A gain of $3,327 was recorded on the transaction.

f) On June 27, 2017, the Company has closed an oversubscribed non-brokered private placement financing for total gross proceeds of $579,500 involving key strategic investors. The Company has allotted and issued 28,975,000 units at a price of two cents per unit. Each unit comprises one common share and one-half of one non-transferable share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to 12 months at a price of five cents per share, subject to accelerated expiry. Also at that date, the Company issued 2,000,000 bonus shares to the former shareholder of Lightning Industries pursuant to the purchase agreement (Note 6).

g) During the three months period ended June 30, 2017, the Company has entered into debt settlement agreements with officers, consultants and directors of the Company whereas the Company has issued 1,000,000 common shares at two cents and 2,155,000 common shares at $0.05 to settle an aggregate $127,750 of debt and recorded a gain on debt settlement of $81,340.

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the three months period ended June 30, 2017 was based on the net loss attributable to common shareholders of $105,428 (2016 - $1,166,664) and the weighted average number of common shares outstanding of 105,584,510 (2016 - 72,655,895).

(Unaudited) (Expressed in Canadian dollars)

13. 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 three months period ended June 30, 2017 are as follows:

	Number of Options	Weighted Average Exercise Price
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**
Options expired	(700,000)	$ 0.0400
Balance, March 31, 2017	**884,000**	**$ 0.0391**
Options expired	(540,000)	$ 0.0500
Options exercised	(200,000)	$ 0.0500
Balance, June 30, 2017	**144,000**	**$ 0.0250**

During the three months period ended June 30, 2017, 540,000 options expired early because they were held by former directors and officers who left the Company and 200,000 options were exercised by a former director of the Company.

The following table summarizes the options outstanding at June 30, 2017:

Number of options	Exercise price	Expiry date
144,000	$0.0250	May 1, 2019

The remaining contractual life of the outstanding options at June 30, 2017 is 2.08 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.

(Unaudited) (Expressed in Canadian dollars)

13. Share Capital (continued)

During the year ended March 31, 2017, the Company recognized share-based compensation expense of $Nil (2016 - $22,431) 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.

	March 31, 2016
Risk free interest rate	1.07% - 1.64%
Expected life (in years)	1.00 - 5.00
Expected volatility	130.01 - 295.68
Expected dividend yield	0%

Warrants

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.

On May 5, 2016, the Company 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 Company units at a deemed price of $0.05 per unit (the "debt conversion"). The closing of the debt conversion occurred 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 $0.075 per common share.

The Company allocated $59,862 of the proceeds to share capital and $57,463 to the warrants based on their relative fair values, with a deemed fair value for the shares of $0.03. Fair value of the warrants was calculated using the black-scholes method.

(Unaudited) (Expressed in Canadian dollars)

13. Share Capital (continued)

Warrants (continued)

In July 2016, the Company entered into a series of debt conversion agreements with creditors in order to settle $152,500 in outstanding debt through the issuance of 3,050,000 Company units at a deemed price of $0.05 per unit. The closing of the debt conversion occurred on July 19, 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 $0.075 per common share.

The Company allocated $76,250 of the proceeds to the shares and $72,923 to the warrants based on their fair values. The shares had a deemed fair value of $0.025 and the warrants were valued using the black-scholes method. A gain of $3,327 was recorded on the transaction.

On June 27, 2017, the Company has closed an oversubscribed non-brokered private placement financing for total gross proceeds of $579,500 involving key strategic investors. The Company has allotted and issued 28,975,000 units at a price of two cents per unit. Each unit comprises one common share and one-half of one non-transferable share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to 12 months at a price of five cents per share, subject to accelerated expiry.

The changes in warrants for the three months period ended June 30, 2017 are as follows:

	Number of Warrants
Balance, March 31, 2015	**5,013,028**
Warrants expired	(4,365,128)
Warrants issued	1,357,200
Balance, March 31, 2016	**2,005,100**
Warrants expired	(607,200)
Warrants issued	5,396,500
Balance, March 31, 2017	**6,794,400**
Warrants issued	14,487,500
Balance, June 30, 2017	**21,281,900**

The following table summarizes the warrants outstanding at June 30, 2017:

Number of warrants	**Exercise price**	**Expiry date**
647,900	$0.15	December 30, 2017
14,487,500	$0.05	June 27, 2018
750,000	$0.08	March 7, 2019
2,346,500	$0.08	May 6, 2019
3,050,000	$0.08	July 19 2019
21,281,900	**$0.06**	

The remaining contractual life for the outstanding warrants at June 30, 2017 is 1.50 years.

(Unaudited) (Expressed in Canadian dollars)

13. Share Capital (continued)

Warrants (continued)

The range of assumptions used in calculating the fair value of the warrants is as follows:

	March 31, 2017	March 31, 2016
Risk free interest rate	0.46% - 0.57%	0.51%
Expected life (in years)	3.00	1
Expected volatility	257.07 - 257.17	209.52
Expected dividend yield	0%	0%

14. 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.

15. 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. The carrying amount of trade and other payables, due to shareholder, and notes payable 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.

15. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid assets to meet its commitments associated with financial liabilities. The Corporation retains sufficient cash and cash equivalents to maintain liquidity. As at June 30, 2017, the Company has insufficient cash to settle its current liabilities. The Company is funded through share issuances and is currently investigating financing opportunities so that it has sufficient liquidity to meet its liabilities when due. Trade and other payables are due within one year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risks are primarily cash, accounts receivable, accounts payable and loans that are held in foreign currency. A change in foreign currency exchange rates can have an impact on net income and comprehensive income. The result of sensitivity analysis shows an increase or decrease of 5% in exchange rates, with all other variables held constant, could have increased or decreased the net income and comprehensive income by approximately $31,263 (2016 - $Nil)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has notes payable with variable rates of interest of $327,259.

16. Settlement

On February 24, 2012 the Company reached a settlement with a supplier over materials purchased in the amount of $47,855. The settlement amount accrues interest at a rate of 4%. As at June 30, 2017 the amount has increased to $55,088 due to fees and interest. As of the date of these financial statements, payment has not been made on the settlement.

(Unaudited) (Expressed in Canadian dollars)

17. Segmented Information

The Company operates in one industry, the oil and gas industrial services industry, which are located in Canada and Dominican Republic. Total assets and the net loss were segmented geographically as follows:

At June 30, 2017	**Canada**	**USA**	**Total**
Assets	$2,800,758	$862,862	$3,663,621
At March 31, 2017	**Canada**	**USA**	**Total**
Assets	$2,503,831	$881,477	$3,385,308
At June 30, 2017	**Canada**	**USA**	**Total**
Net loss (income)	$(40,046)	$145,473	$105,428
At June 30, 2016	**Canada**	**USA**	**Total**
Net loss	$1,166,664	-	$1,166,664

18. Subsequent Events

On July 5, 2017, the Company contracted Industrial Aldake SA de CV to provide a Lightning hot oil trailer for demonstration to Petroleos Mexicanos (Pemex) for Pemex's testing and evaluation. Testing commenced during the last week of July.

In addition, the Company continues to clean its balance sheet and previous debt and has entered into a debt settlement agreement with a corporation in which the Company's president and CEO is a partner, whereas the Company has allotted and issued 1,369,520 common shares at a deemed price of seven cents to settle $95,866 of debt. The Company determined to satisfy this outstanding indebtedness with shares in order to preserve its cash for operations. All securities issued under the debt settlement are subject to a four-month-and-one-day hold period expiring on November 6, 2017.