HIGHMARK MARKETING INC.

(FORMERLY HIGHMARK ACQUISITIONS LTD.)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2015 and 2014

Expressed in Canadian Dollars

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charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of

Highmark Marketing Inc.

We have audited the accompanying consolidated financial statements of Highmark Marketing Inc., which comprise the consolidated statements of financial position as at March 31, 2015 and 2014 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Highmark Marketing Inc. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"

CHARTERED ACCOUNTANTS

Vancouver, Canada

July 29, 2015

HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)
Consolidated Statement of Financial Position
As at March 31, 2015
(Expressed in Canadian dollars)

	Notes		March 31, 2015		March 31, 2014
Assets					
Current Assets					
Cash		$	31	$	146,871
Other receivables			1,000		-
GST receivable			21,955		519
Prepaid expenses			35,000		-
		$	**57,986**	**$**	**147,390**
Long-term Assets					
Intellectual property	5	$	10,000	$	-
Due from related parties	7		48,984		-
Investment in subsidiaries			100		-
			59,084		**-**
Total Assets		**$**	**117,070**	**$**	**147,390**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities		$	64,461	$	3,500
Due to related party	7		290		-
Total Liabilities		$	**64,751**	**$**	**3,500**
Shareholders' Equity					
Share capital	9		1,056,500		158,500
Share-based payments reserve	9		214,343		-
Deficit			(1,218,524)		(14,610)
Total Shareholders' Equity			**52,319**		**143,890**
Total Liabilities and Shareholders'		**$**	**117,070**	**$**	**147,390**

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

Approved and authorized by the Board on July 29, 2015

"Marc Branson"
Marc Branson, Director

"David Taylor"
David Taylor, Director

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

Consolidated Statements of Comprehensive Loss
Years Ended March 31, 2015 and 2014
(Expressed in Canadian dollars)

	Notes		March 31, 2015		March 31, 2014
Expenses					
Meals and entertainment		$	16,898	$	-
Investor relations and promotion			142,828		-
Asset investigation costs (Note 5)			659,900		-
Office			17,057		-
Consulting fees	7		340,226		-
Filing fees			31,461		-
Professional fees			161,331		14,610
Share-based compensation			214,343		-
Travel			4,279		-
Foreign exchange loss			909		-
Inventory write off	8		3,316		-
		$	(1,592,548)	$	(14,610)
Other items					
Gain from disposition		$	388,634	$	-
			388,634		-
Net loss and comprehensive loss for the year			(1,203,914)		(14,610)
Loss per share - basic and diluted		$	**(0.02)**	$	**(0.00)**
Weighted average number of common shares outstanding			**53,712,546**		**8,666,668**

HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUSITIONS LTD.)
Consolidated Statements of Changes in Shareholders' Equity
Years Ended March 31, 2015 and 2014
(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	**Total**
Balance at March 19, 2014 (date of incorporation)	**-**	$ -	$ -	$ -	$ -
Shares issued for cash (Note 5)	37,700,000	158,500	-	-	158,500
Comprehensive loss for the year	-	-	-	(14,610)	(14,610)
Balance at March 31, 2014	**37,700,000**	**158,500**	**-**	**(14,610)**	**143,890**
Shares issued for cash (Note 5)	14,987,428	609,927	-	-	609,927
Shares issued for acquisition of assets (Note 5)	11,120,000	779,900	-	-	779,900
Shares issued for services (Note 5)	500,000	65,000	-	-	65,000
Shares issued on exercise of options (Note 5)	56,000	1,400	-	-	1,400
Shares issued on settlement of debt (Note 5)	500,000	47,500	-	-	47,500
Share issuance costs (Note 5)	-	(47,093)	-	-	(47,093)
Reduction to capital (Note 5)	-	(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**

HIGHMARK MARKETING INC.
(FORMERLY HIGHMARK ACQUISITIONS LTD.)
Consolidated Statements of Cash Flow
Years Ended March 31, 2015 and 2014
(Expressed in Canadian dollars)

	Note	March 31, 2015	March 31, 2014
Operating activities			
Net loss		$ (1,203,914)	$ (14,610)
Items not affecting cash			
Share based compensation		214,343	-
Asset investigation costs		659,900	-
Gain from disposition		(558,634)	-
Unrealized FX		714	
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		222,747	3,500
Other receivables		(1,000)	-
Prepaid expenses		(35,000)	-
Due from related parties		(48,694)	-
GST receivable		(21,436)	(519)
Net cash flows used in operating activities		**(770,974)**	**(11,629)**
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			
Shares issued for cash		611,327	158,500
Shares issued for acquisition of assets, net		120,000	-
Shares issuance costs	9	(47,093)	-
Net cash flows from financing activities		**684,234**	**158,500**
Increase (decrease) in cash		(146,840)	146,871
Cash, beginning of year		146,871	-
Cash, end of year		**$ 31**	**$ 146,871**

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

1. Description of Business and Nature of Operations

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

These 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, 2015, the Company has not generated revenues from operations, and has a working capital of ($41,765) (2014: $143,890) and an accumulated deficit of $1,218,524 (2014:$14,610). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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

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

i. Highmark International acquired all of the 10,000 issued and outstanding common shares of the Company from Gorilla (the "Purchase Shares") for $10,000;

ii. The Company and Highmark International exchanged securities on a 1:1 basis, such that all issued and outstanding common shares of Highmark International were exchanged by their holders for the same number of shares of the Company;

iii. Gorilla and the Company exchanged securities, as follows: Gorilla issued 4 common shares to the Company and the Company issued 4,000 common shares to Gorilla (collectively, the "Exchange Shares"); and

iv. The Purchase Shares and the Exchange Shares were cancelled.

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

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.

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 8).

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

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

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

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

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

These consolidated financial statements were authorized for issue in accordance with a resolution of its Directors on July 29, 2015.

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 subsidiary Highmark International Marketing, Inc., who owns 100% interest in RMDC Holdings Corp.

Significant estimates and assumptions

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

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

Significant judgements

The preparation of 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 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.

3. Summary of Significant Accounting Policies (continued)

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 consolidated 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.

(Expressed in Canadian dollars)

5. Intellectual Property

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

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

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

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

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

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

6. Subsidiaries

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

7. Related Party Transactions

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

During the years ended March 31, 2015 and 2014, the Company entered into transactions with related parties comprised of directors and companies with common directors as follows:

Related party		Nature of transaction
Global Strategy Solutions	("GSS")	Consulting fees for the services provided by a common director.
RMDC Holding Corp.	("RMDC")	Consulting fees for the services provided by a director of the Company is a significant shareholder.

(Expressed in Canadian dollars)

7. Related Party Transactions (continued)

For the year ended March 31, 2015, the Company paid $97,857 (2014: $Nil) for consulting services to GSS, a company with a common director.

For the year ended March 31, 2015, the Company paid $28,690 (2014: $Nil) for consulting services to RMDC, a director of the Company is a significant shareholder

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the year ended March 31, 2015 are as follows:

	March 31, 2015
Share-based compensation	$ 34,925

As at March 31, 2015, $290 (March 31, 2014 - $Nil) is included in accounts payable and accrued liabilities owing to those officers and directors for fees and expense reimbursements.

The amounts due from related parties consists of the following:

a) As at March 31, 2015, MJ Bioscience owed the Company $24,492 (2014: Nil)

b) As at March 31, 2015, Highmark Technologies owed the Company $24,492 (2014: Nil)

8. Inventory

The Company's wholly owned subsidiary, Highmark International, acquired, as a part of the asset purchase agreement (Note 5), 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.

9. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued common shares

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

9. Share Capital (continued)

(a) On March 19, 2014, the Company issued 2,000,000 common shares at a price of $0.005 per common share for total proceeds of $10,000.

(b) On March 31, 2014, the Company issued 7,425,000 common shares at a price of $0.02 per share for total proceeds of $148,500

(c) On April 2, 2014 the Company issued 1,000,000 common shares at a price of $0.05 per share for total proceeds of $50,000.

(d) On April 16, 2014, the Company issued 1,600,000 common shares at a price of $0.10 per common share for total proceeds of $160,000.

(e) On May 29, 2014, the Company and Highmark International exchanged securities on a 1:1 basis, such that all issued and outstanding common shares of Highmark International were exchanged by their holders for the same number of shares of the Company.

(f) On July 7, 2014, the Company completed the first tranche of a non-brokered private placement by issuing 999,607 units at a price of 35 cents per unit for gross proceeds of $349,862. Each unit consists of one common share and one full share purchase warrant.

(g) On August 5, 2014, the Company issued 30,000 common shares at a price of $0.33 per share as a deposit for a pending acquisition. The acquisition did not proceed and total value of $9,900 was expensed.

(h) On August 9, 2014, the Company issued 300,000 common shares at a price of $0.45 per share for consulting services.

(i) On October 15, 2014, the Issuer 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.

(Expressed in Canadian dollars)

9. Share Capital (continued)

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

(m) On January 12, 2015 the Company entered into a debt conversion agreement with Richard Penn, the debt conversion agreement provides that of the total amount owed to Richard Penn, $47,500 be converted to 500,000 common shares of Highmark at a deemed price per share of $0.095.

(n) On February 19, 2015, the Company closed the share exchange agreement with BCBud Producers Inc. and Blue Moon Advertising Inc. and completed the acquisition of BCBud. Highmark, BCBud and Blue Moon entered into the share exchange agreement on Aug. 5, 2014, whereby Highmark agreed to acquire 100 per cent of the authorized share capital of BCBud from its shareholder, Blue Moon. Upon closing the Share Exchange Agreement, Highmark issued an additional 9,000,000 common shares to Blue Moon. The common shares will be held in escrow and will be released as follows:

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

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

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2015 was based on the loss attributable to common shareholders of $1,203,914 and the weighted average number of common shares outstanding of 553,712,546.

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, 2015 are as follows:

(Expressed in Canadian dollars)

9. Share Capital (continued)

	Options	Weighted Average Exercise Price
Balance, March 31, 2014	-	-
Options issued	3,800,000	$.067
Options cancelled	(200,000)	$.1325
Options exercised	(56,000)	$.025
Balance, March 31, 2015	**3,544,000**	**$.064**

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

Number of options	Exercise price	Expiry date
1,544,000	$0.0250	May 1, 2019
1,600,000	$0.0875	June 3, 2015
200,000	$0.1250	June 19, 2015
200,000	$0.1150	July 21, 2015
3,544,000	**$0.064**	

The remaining contractual life for the outstanding options at March 31, 2015 is 1.88 years.

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

	March 31, 2015
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 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 unto one common share for a period of 12 months from the date of issuance at a price of $0.60 per share. An additional 91,675 warrants have been issued as finders' warrants.

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

The changes in warrants for the year ended March 31, 2015 are as follows:

(Expressed in Canadian dollars)

9. Share Capital (continued)

	Number of Warrants
Balance, March 31, 2014	-
Warrants issued	5,013,028
Balance, March 31, 2015	**5,013,028**

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

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

The remaining contractual life for the outstanding warrants at March 31, 2015 is 0.59 year.

9. Income taxes

a) Current Income Taxes

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

		March 31, 2015	March 31, 2014
Net loss for the period	$	(1,203,914)	(14,610)
Expected tax recovery at a statutory rate of 26.00%		(313,018)	(3,799)
Net adjustments for deductible and non-deductible items		136,663	-
Tax benefit not recognized		176,355	(3,799)
Deferred income tax recovery	$	–	–

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, 2015	March 31, 2014
Deferred income tax assets:			
Non-capital loss carry forwards	$	189,948	3,799
Share issuance costs		9,795	-
Net deferred income tax asset not recognized	$	199,743	3,799

At March 31, 2015, the Company has share issuance costs of $47,093 (2014: $Nil), and non-capital losses of $730,959 (2014: $14,610) available for carry forward. At March 31, 2015, 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 2035.

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.

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, 2015, the Company is funded through share issuances and remains available to satisfy all current obligations. Trade and other payables are due within one year.

11. Financial instruments (continued)

Currency risk

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

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

12. Subsequent Events

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