

MJ BIOSCIENCE CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended April 30, 2015

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 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.

MJ BIOSCIENCE CORP.

Condensed Interim Statements of Financial Position

As at April 30, 2015

(Unaudited) (Expressed in Canadian dollars)

	Notes	April 30, 2015	October 31, 2014
Assets			
Current Assets			
Cash	\$	-	\$ 50
GST receivable		2,616	1,018
		2,616	1,068
Long-term Assets			
Intellectual property		279,317	-
		279,317	-
Total Assets	\$	281,933	\$ 1,068
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	\$	16,119	\$ 1,000
Due to related parties	5	22,842	22,792
Total Liabilities		38,961	23,792
Shareholders' Equity			
Share capital	6	299,317	50
Deficit		(56,345)	(22,774)
Total Shareholders' Equity		242,972	(22,724)
Total Liabilities and Shareholders' Equity	\$	281,933	\$ 1,068

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 9)

Approved and authorized by the Board on June 29, 2015

“Marc Branson”

Marc Branson, Director

“David Taylor”

David Taylor, Director

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

MJ BIOSCIENCE CORP.

Condensed Interim Statements of Comprehensive Loss
For the three and six month periods ended April 30, 2015
(Unaudited) (Expressed in Canadian dollars)

	Notes	Three month period ended April 30, 2015	Six month period ended April 30, 2015
Expenses			
Filing fees		\$ 4,538	\$ 4,538
Professional fees		29,005	29,033
Net loss and comprehensive loss for the period		(33,543)	(33,571)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		14,204,493	7,259,660

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

MJ BIOSCIENCE CORP.

Condensed Interim Statements of Changes in Shareholders' Equity

For the three and six month period ended April 30, 2015

(Unaudited) (Expressed in Canadian dollars)

	Share Capital		Deficit	Total
	Number of shares	Amount		
Balance at October 15, 2014 (date of incorporation)	-	\$ -	\$ -	\$ -
Shares issued for cash (Note 6)	10,000	50	-	50
Comprehensive loss for the period	-	-	(22,774)	(22,774)
Balance at October 31, 2014	10,000	\$ 50	\$ (22,774)	\$ (22,724)
Shares issued for acquisition of property (Note 6)	13,965,857	279,317	-	279,317
Repurchase of shares	(10,000)	(50)	-	(50)
Shares issued for debt settlement	1,000,000	20,000	-	20,000
Comprehensive loss for the period	-	-	(33,571)	(33,571)
Balance at April 30, 2015	14,965,857	\$ 299,317	\$ (56,345)	\$ 242,972

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

MJ BIOSCIENCE CORP.

Condensed Interim Statements of Cash Flow

For the three and six month periods ended April 30, 2015

(Unaudited) (Expressed in Canadian dollars)

	Note	Three month period ended April 30, 2015	Six month period ended April 30, 2015
Operating activities			
Net loss		(33,543)	(33,571)
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		15,119	15,119
Due to related parties		-	50
GST receivable		(1,597)	(1,598)
Net cash flows used in operating activities		(20,021)	(20,000)
Investing activities			
Intellectual property		-	(279,317)
Net cash flows used in investing activities		-	(279,317)
Financing activities			
Shares issued	6	20,000	299,267
Net cash flows from financing activities		20,000	299,267
Decrease in cash		(21)	(50)
Cash, beginning of period		21	50
Cash, end of period		-	-

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

MJ BIOSCIENCE CORP.

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

1. Description of Business and Nature of Operations

MJ Bioscience Corp. (the “Company”) was incorporated under the laws of British Columbia on October 15, 2014. Its registered and records office is located at Suite 1820 – 925 West Georgia, Vancouver, British Columbia V6C 3L2. The Company is currently engaged in the business of cannabis research and development in British Columbia, Canada. On January 12, 2015, the Company became a reporting issuer in Alberta, British Columbia and Ontario, Canada.

These condensed 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 April 30, 2015, the Company has not generated any revenues from operations, and has a working capital deficit of \$36,345 and an accumulated deficit of \$56,345. 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.

On April 27, 2015, the Company announced that it has entered into an agreement (the “**Agreement**”) with Lightning Industries Inc. (“**Lightning**”) to acquire 100% of its authorized share capital from the sole shareholder of Lightning, Domenari Capital, LLC (“**Domenari**”).

These financial statements were authorized for issue in accordance with a resolution of its Director on June 29, 2015.

2. Basis of Preparation

Statement of compliance

These condensed 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 financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

Basis of measurement

These 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.

Significant estimates and assumptions

The preparation of 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.

MJ BIOSCIENCE CORP.

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

2. Basis of Preparation (continued)

Significant judgments

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

3. Summary of Significant Accounting Policies

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

Cash

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

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.

MJ BIOSCIENCE CORP.

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

3. Summary of Significant Accounting Policies (continued)

Non-derivative financial instruments (continued)

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value.

Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company has classified cash as loans and receivables.

iii) Other financial liabilities

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

Income taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Basic and diluted loss 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.

MJ BIOSCIENCE CORP.

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

4. Future Changes in Accounting Policies

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

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

5. Related Party Transactions

On October 16, 2014, Highmark Marketing Inc. (the “Parent”) entered into an arrangement agreement with the Highmark Technologies Corp (“HTC”) and the Company, and has approved a private placement offering. All three companies are members of the same group and therefore considered related parties as per IAS 24.9(i).

Plan of Arrangement

The arrangement agreement includes a statutory plan of arrangement. The Parent proposes to reorganize its business by completing a spin-off of certain assets by distributing all the shares in the Company and HTC to the Parent’s shareholders as a return of paid in capital. In return, the shareholders of the Parent will receive 1/3 common share in the Company. It is intended that upon completing the Plan of Arrangement both the Company and HTC will each seek a listing upon the Canadian Securities Exchange, subject to meeting listing requirements.

As a result of plan of arrangement, the Parent will transfer all of the intellectual property related to its cannabis research and development to the Company. In return, the Company will issue enough shares to Highmark Marketing so the company can distribute the shares on a 1 to 1 basis.

The proposed Plan of Arrangement is subject to approval by the Parent’s shareholders and the Supreme Court of British Columbia. The Plan of Arrangement shall be carried out in accordance with provisions of the British Columbia Business Corporations Act, securities rules and stock exchange policies.

On January 28, 2015, pursuant to the Arrangement Agreement that was entered into on October 16, 2014 with Highmark Marketing and Highmark Technologies (the “Arrangement Agreement”), the Company issued 13,965,857 common shares of its capital stock as consideration for the acquisition of all Highmark Marketing’s intellectual property relating to cannabis research for a total amount of \$279,317.

As at April 30, 2015, the Company owed \$22,842.00 to its parent, Highmark Marketing Inc. for working capital purposes.

MJ BIOSCIENCE CORP.

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

6. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued common shares

	Number of Shares	\$
At inception – October 15, 2014	-	-
Share capital	14,965,857	299,317
Balance, April 30, 2015	14,965,857	299,317

On October 15, 2014, the Company issued 10,000 common shares at a price of \$0.005 per common share for total proceeds of \$50.

On January 28, 2015, pursuant to the Arrangement Agreement that was entered into on October 16, 2014 with Highmark Marketing and Highmark Technologies (the “Arrangement Agreement”), the Company issued 13,965,857 common shares of its capital stock as consideration for the acquisition of all Highmark Marketing’s intellectual property relating to cannabis research for a total amount of \$279,317.

On April 9, 2015, the Company issued 1,000,000 common shares to settle debt amounting to \$20,000.

7. 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.

8. 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).

MJ BIOSCIENCE CORP.

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

8. Financial Instruments (continued)

- 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 related parties are measured using level 3 measurements. The carrying amount of trade and other payables and due to related parties 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 April 30, 2015, the Company is funded through share issuances and remains available to satisfy all current obligations. Trade and other payables are due within one year.

Currency risk

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

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

9. Subsequent Events

On May 22, 2015, the Company announced that it has entered into an amendment agreement dated May 21, 2015 with Lightning Industries Inc. (“**Lightning**”) and the sole shareholder of Lightning, Domenari Capital, LLC (“**Domenari**”) to amend the acquisition agreement entered into between MJ Bioscience, Lightning and Domenari on April 24, 2015. Under to the acquisition agreement, the parties agreed to terms for MJ Bioscience to acquire 100% of its authorized share capital of Lightning.

Pursuant to the amendment agreement, the financing terms for closing the acquisition agreement have been amended. MJ Bioscience will now complete non-brokered private placements for between 3,000,000 and 5,000,000 common shares of MJ Bioscience consisting of the following offerings:

- up to 2,000,000 common shares of MJ Bioscience at a price of \$0.05 per share; and
- up to 3,000,000 common shares of MJ Bioscience at a price of up to \$0.10 per share.