

# INFORMATION AND DISCLOSURE STATEMENT

Pursuant to Rule 15c2-(11)(a)(5) under the Securities Exchange Act of 1934

Period Ending  
March 31, 2017



# Medical Marijuana, Inc.

12255 Crosthwaite Circle  
Poway, CA 92064

CUSIP: 58463A105  
Trading Symbol: MJNA

**INFORMATION AND DISCLOSURE STATEMENT PURSUANT TO**  
**RULE 15c2-(11)(a)(5)**

All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c211(a)(5) promulgated under the Securities Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the rule.

**FORWARD LOOKING STATEMENTS**

This Quarterly Report contains forward-looking statements. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as “expects”, “plans”, “may,”, “anticipates”, “believes”, “should”, “intends”, “estimates”, and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with the share exchange our ability to raise additional capital to finance our activities; the effectiveness, profitability and; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the OTC Markets (the “OTC”), or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

## **FOOD AND DRUG ADMINISTRATION DISCLOSURE (FDA)**

The statements found herein have not been evaluated by the Food and Drug Administration (FDA) and are not intended to diagnose, treat, cure or prevent any disease or medical condition.

### **1. NAME OF ISSUER AND ITS PREDECESSORS (IF ANY)**

Medical Marijuana, Inc. (the “Company”, “we”, “our”, “us”, “MJNA”) was originally incorporated in Oregon in 2005 as Berkshire Collection, Inc. Subsequently, we changed our name on two separate occasions prior to changing our name to Medical Marijuana, Inc. and trading symbol to “MJNA” on April 28, 2009.

### **2. ADDRESS OF ISSUER PRINCIPAL EXECUTIVE OFFICES**

#### **Company Headquarters:**

Address: 12255 Crosthwaite Circle  
Poway, CA 92064  
Phone: (866) 273-8502  
Email: [info@medicalmarijuanainc.com](mailto:info@medicalmarijuanainc.com)  
Website: [www.medicalmarijuanainc.com](http://www.medicalmarijuanainc.com)

### **3. SECURITY INFORMATION**

Trading Symbol: MJNA  
Exact title and class of securities outstanding: Common Stock  
CUSIP: 58463A105  
Par or Stated Value: \$.001 per share of Common Stock

Total shares authorized: 5,000,000,000  
Total shares outstanding: 3,155,562,845 (as of March 31, 2017)

#### **Transfer Agent:**

Action Stock Transfer Corporation  
2469 E. Fort Union Blvd., Suite 214  
Salt Lake City, UT 84121  
Telephone: (801) 274-1088  
Fax: (801) 274-1099  
Email: [info@actionstocktransfer.com](mailto:info@actionstocktransfer.com)

#### **Is the Transfer Agent registered under the Exchange Act?**

Yes. Action Stock Transfer Corporation is registered under the Exchange Act with the Securities Exchange Commission as a Registrar and Transfer Agent.

**Describe any trading suspension orders issued by the SEC in the past 12 months:**

None

**List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the last 12 months:**

None

**4. ISSUANCE HISTORY**

For the period ended March 31, 2017 the Company issued 30,375,464 shares of common stock as follows; (i) 6,063,546 shares for a partial conversion of \$500,000 face value of a convertible note; (ii) 4,741,898 shares for the partial conversion of \$500,000 face value of a convertible note; (iii) 9,701,493 shares for the conversion of a \$375,000 convertible note; (iv) 9,368,527 shares for the conversion of a \$375,000 convertible note and (v) 500,000 shares for the settlement of a \$85,000 obligation for services rendered.

**5. FINANCIAL STATEMENTS**

The Company's Financial Statements are attached at the end of this Disclosure Statement and incorporated herein by reference.

**6. DESCRIBE THE ISSUER'S BUSINESS, PRODUCTS AND SERVICES**

**A. Description of the issuer's business operations.**

1. Medical Marijuana Inc. (OTC Pink Sheets; MJNA) is the first publicly held company vested in the cannabis and industrial hemp space in America. Through its subsidiaries and investment holdings the Company focuses on the development, sale and distribution of hemp oil that contains naturally occurring cannabinoids, including cannabidiol ("CBD") and other products containing CBD-rich hemp oil ("Legal Hemp"). Company products are formulated for the pharmaceutical, nutraceutical and cosmeceutical industries, including dietary supplements, prescription-based hemp oil for sale in countries that have legalized our hemp oil for the treatment of various illnesses and conditions (such as Brazil and Mexico) and skin care products. The Company is not in the business of selling or dispensing either recreational or medical marijuana, directly or indirectly, so long as marijuana remains a federally controlled substance, however, we are poised and consider ourselves well-positioned for eventual cannabis legalization (the Company's products contain only those substances that are derived from the part of the cannabis plant that is excluded from the definition of marijuana under the Controlled Substances Act and are both federally legal and outside of the purview of the Drug Enforcement Administration).

2. The Company is in the development stage.

3. To the best of our knowledge the Company is not, nor has ever been, a “shell company.”

4. The effect of existing or probable government regulations on the business of the Company is not known at this time. Due to the nature of the business of the Company, it is anticipated that there may be increasing regulation upon the business of the Company and that may cause the company to have to take serious corrective actions, changes in business plan, or even close or stop its business practices and/or operations.

5. The Company, on a consolidated basis, has 67 employees (including subsidiaries) as of March 31, 2017.

**B. Date and state of incorporation:**

The Company was originally incorporated in Oregon in 2005 as “Berkshire Collection, Inc.”

**C. The issuer's primary and secondary SIC Codes:**

7380, Miscellaneous Business Services.

**D. The issuer's fiscal year end date:** December 31<sup>st</sup>.

**E. Principal products or services and their markets:**

The Company is comprised of a diversified portfolio of products, services, technology and businesses solely focused on the Legal Hemp industry. The Company's services include development of cannabinoid based health and wellness products, and the development of medical grade compounds.

1. **Company Subsidiaries.** The Company operates through the following fully or partially (50% or more) owned subsidiaries:

- i. HempMedsPX, LLC (100%)
- ii. Wellness Managed Services, LLC (80%)
- iii. Red Dice Holdings, LLC (100%)
- iv. CanChew® Biotechnologies, LLC (50%)
- v. Hempwire, LLC (50%)
- vi. Kannaway, LLC (100%)
- vii. HempVap, LLC (50%)
- viii. HempMeds Brazil (93.4%)

The following is a brief description of each of the Company subsidiary operations:

**i. HempMeds PX™, LLC  
(100% owned by the Company)**

HempMeds PX, LLC is the Company's primary distributor, through its subsidiaries and

affiliates (which include HempMeds Puerto Rico and HempMeds Mexico), for the Company's portfolio of Legal Hemp products. This division may utilize sub-distributors, where advisable, to distribute the Company's portfolio of products.

### Real Scientific Hemp Oil™

HempMedsPX™ flagship product is Real Scientific Hemp Oil™ (RSHO™). RSHO™ is a full spectrum, complete CBD hemp oil, containing the highest quality natural Hemp Oil in the industry. RSHO™ CBD hemp oil supplements contain from 10-30% CBD content, and is offered in 3 varieties. RSHO™ Blue Label is the most popular version of the Company's CBD hemp oil, going through a decarboxylation process before being made ready for consumption. RSHO™ Gold Label is decarboxylated like our Blue Label product, then goes through an additional filtration process, creating a golden oil with great taste and smoother consistency. RSHO™ Green Label is the non-decarboxylated, raw variety of our Real Scientific Hemp Oil™, and is as close as you can get to juicing the hemp plant.

**ii. Wellness Managed Services™, LLC  
(80% owned by the Company and 20% owned by Hemp Deposit and Distribution Corporation.)**

Wellness Managed Services, LLC provides management support and services to cooperatives, collectives, health and wellness facilities, and medical clinics. The services offered range from management to product distribution. Wellness Managed Services, LLC owns 50% of MPS International™, Inc. MPS International is a consulting firm and security firm that provides consulting and security services to businesses and individuals in the legal cannabis industry.

**iii. Red Dice Holdings™  
(100% owned by the Company)**

Red Dice Holdings, LLC owns the Dixie Botanical™ brand of consumable products. The Company provides all of the necessary hemp-based CBD oil to Red Dice Holdings™ brands. The products can be found at retail locations throughout Colorado. Once brand awareness is further established through online presence and media presence, the company anticipates offers from national and international marketing and distribution companies, at which time the company may need to re-evaluate and modify its sales and marketing strategies to conform to a more typical sales and distribution organization.

**iv. CanChew® Biotechnologies, LLC  
(50% owned by the Company)**

CanChew Biotechnologies, LLC focuses on the treatment of pain and other medical disorders with the application of chewing gum-based cannabis/cannabinoid medical products. The company is focused on the R&D and execution of their clinical development plan and the out-licensing of their technology. Clinical development focuses on the R&D of the formulation, production and the development of chewing gum-based products for the treatment of issues like pain, nausea and vomiting, anorexia, spasticity and various other medical issues.

## Product Development

CanChew® gum was brought to market first for over-the-counter use. MedChewRX™ is being developed for medical purposes, specifically pain treatment associated with a variety of long-term, chronic or degenerative diseases whereby cannabinoid therapy is finding increasing application in a global marketplace.

## CanChew® Advantage

The CanChew® formulation offers a unique, socially acceptable, patient-friendly, taste-masked and convenient delivery format for delivery of cannabidiol (CBD) via the oral mucosal membranes.

### Advantages of Oral-Mucosal Delivery System for MedChewRX™:

- Bypass of the gastrointestinal tract and hepatic portal system, increasing the bioavailability of orally-administered drugs that otherwise undergo hepatic first-pass metabolism.
- Drug is protected from degradation due to pH and digestive enzymes of the middle gastrointestinal tract.
- Improved patient compliance due to the elimination of associated pain with injections.
- Sustained drug delivery.
- A relatively rapid onset of action can be achieved relative to the oral route.
- Oral mucosal systems exhibit a faster initiation and decline of delivery than do transdermal patches.
- The large contact surface of the oral cavity contributes to rapid and extensive drug absorption.

CanChew is currently seeking a GMP pharmaceutical manufacturer for its MedChewRX™ pharmaceutical drug, as well as a partner for clinical development and trials. The two require different GMP certifications. The pharmaceutical drug GMP certification is much more strenuous and is required for MedChewRX's™ clinical development.

CanChew started its MedChewRX™ clinical trials in Europe in 2014, with the overall clinical development taking three to five years. The company has a significant strategic advantage to its product and the development of this business:

1. CanChew has already developed an over-the-counter product (CanChew®), which is available for sale currently. Most companies developing a pharmaceutical drug do not also have a product for sale on the over-the-counter market. This gives CanChew® Biotechnologies the

ability to fuel its own growth and the growth of its pharmaceutical unit.

2. Gum-based delivery has a much greater efficacy over traditional methods of consuming cannabinoid-based products.

3. The safety profile of MedChewRX's™ APIs allows for more attractive sponsoring opportunities for research universities and doctors.

**v. Hempwire™, LLC  
(50% owned by the Company)**

Hempwire, LLC is a joint venture between the Company and Cannalink, Inc. (Cannalink, Inc. acquired its 50% stake in Hempwire from LiveWire Ergogenics in late 2015) for the marketing and distribution of CBD-rich hemp oil functional food sales and nutritional supplements distributed through HempWire.

**vi. Kannaway™, LLC  
(100% owned by the Company)**

Kannaway, LLC is a multi-level marketing company which distributes quality cannabidiol (“CBD”) hemp oil-based products that promote a healthy lifestyle and financial independence. Kannaway utilizes Relationship Marketing, or multi-level marketing as a business model that has Independent Distributors market goods to consumers. Capital normally allocated for advertising and internal sales is paid directly to the distributor sales force. This model not only pays distributors a commission for their own sales, but it allows them to build a sales organization and receive commissions or bonuses on the sales generated by the distributors in the organizations. As the first and only Cannabis based MLM Company, Kannaway has become what is termed as a “Category Creator” in the space. Kannaway markets its products in the U.S. and is planning on expanding into Europe, Spain, Mexico, Canada, Japan, Portugal and the U.K. Kannaway made its first sale in April 2014.

Kannaway’s products are made from a full-spectrum cannabinoid blend, extracted from the harvested hemp plant and packaged pure with no other ingredients or additives. A combination of raw and decarboxylated hemp oils.

Kannaway’s primary products are:

1. **rev!ve™**: an advanced nutritional product, powered by an exclusive Bi-Bong™ herbal formula, organic MCT oil, and natural CBD from hemp.;

2. **Kannaway Energy Chews**: Kannaway has combined our award-winning CBD hemp oil with energizing caffeine and B vitamins to create a healthy, low calorie energy chew. Controlled release of 100 mg of caffeine (about the same as a strong cup of coffee) provides sustainable energy without the crash or extra calories of energy drinks and other supplements

3. **Defined Transformation™**: an anti-aging skin care line using proprietary formulations passed down through generations of master herbalists. This uplifting blend of natural and organic botanicals are revered for their skin-renewing properties, and include detoxifying herbs that work harmoniously with CBD oil for smooth, refreshed skin.



4. **HempVap™**: the first hemp-based CBD vaporizing product on the market. This cool and sleek-looking custom designed vaporizer doesn't use high-nicotine for an intense "buzz" like other vapes, electronic cigarettes, and hookahs do.

5. **Kannactiv™**: a natural, healthy alternative to most products available on the market for the treatment of troubled skin. Kannaway has a five-year exclusive sales agreement with the maker of Kannactiv.

6. **Kannaway's Pure CBD**: This line contains our pure cannabidiol blend for completely THC-free daily use CBD products. Designed for customers looking to avoid even trace amounts of THC in their hemp oil products, The Kannaway Pure CBD line is the CBD supplement of choice among those subject to drug tests, like competing athletes, members of the military, and first responders, due to its zero-THC content. In fact, Kannaway Pure CBD Liquid is able to pass the tight THC testing restrictions set forth by the World Anti-Doping Agency (WADA) for competitive athletes.

7. **Kannaaway Salve**: This salve is exactly what you need! It contains a unique bi-bong™ herbal formulation that works synergistically with Hemp CBD Oil for ultimate results.

**vii. HempVap® LLC  
(50% owned by the Company)**

HempVap, LLC manufactures, markets and distributes a first of its kind hemp-based CBD-oil vaporizer pen that vaporizes a flavored high-CBD hemp oil.

**viii. HempMeds Brazil, LLC  
(93.4% owned by the Company)**

HempMeds Brazil specializes in the sales and distribution of cannabis products in the Brazilian marketplace. To date HempMeds Brazil has received approvals for the import, marketing and sales as a prescription medication by a doctor for 10 medical conditions. These products are also paid for and covered under the Brazilian health care system. The Brazilian health care system is HempMeds Brazil's single largest client. The company was the first to be allowed access and first to be approved for import to Brazil. It is believed to also be the world's first prescription cannabis product for Epilepsy, Parkinson's, and pain.

**2. Company Investment Holdings.** The Company has investment holdings in the following companies:

- i. KannaLife Sciences™, Inc. (16.7%)
- ii. Axim Biotechnologies™, Inc. (43.0%)

**i. Kannalife Sciences, Inc.** As of March 31, 2017, the Company owns an approximate 16.7% equity stake in Kannalife Sciences, Inc. ("Kannalife"). Kannalife is a bio-pharmaceutical and phyto-medical company involved in the research and development of novel new therapeutic agents designed to reduce oxidative stress, and act as immuno-modulators and neuroprotectants. Kannalife currently holds two licenses with National Institutes of Health – Office of Technology Transfer for the Commercialization of U.S. Patent #6630507, "Cannabinoids as Antioxidants and Neuroprotectants". The first license, issued in June 2012, is an exclusive license

to develop commercial drug candidates for the treatment of Hepatic Encephalopathy (“HE”). The second license, issued in July 2014, is a license to develop commercial drug candidates for the treatment of Chronic Traumatic Encephalopathy (“CTE”). KannaLife is currently conducting research and development at the Bucks County Pennsylvania Biotechnology Center in Doylestown, PA, and has filed its first PCT (“Patent Cooperation Treaty”) Application with the United States Patent and Trademark Office (the “USPTO”) for an international patent covering Kannalife’s novel cannabidiol-like target drug candidates for the treatment of certain neurological disorders and as a novel neuroprotectant for the treatment of HE and CTE. HE and CTE are both neurodegenerative and oxidative stress related diseases that affects the hippocampus which controls cognitive and behavioral functions in humans.

ii. **Axim Biotechnologies, Inc.** As of March 31, 2017, the Company owns an approximate 43% equity stake (22,669,100 shares of common stock) in Axim Biotechnologies, Inc. (“Axim” - OTCBB: AXIM). Axim is an innovative biotechnology company working on the treatment of pain, spasticity, anxiety and other medical disorders with the application of cannabinoids based products as well as focusing on research, development and production of pharmaceutical, nutraceutical, oral health and cosmetic products as well as procurement of genetically and nano-controlled active ingredients. Axim intends to broaden its current operations to include pharmaceutical products, manufacturing facilities, genetically controlled botanical products, extraction and purification of biomaterials technologies.

## **7. DESCRIBE THE ISSUER'S FACILITIES**

The Company’s executive offices and 4,200 square foot warehouse and distribution center are located in Poway, California.

### **A. Legal Proceedings**

In the ordinary course of business the Company defends against and prosecutes various legal actions. The following is a summary of outstanding, potentially material, legal actions the Company is a party to.

**Medical Marijuana, Inc. & HempMeds PX, LLC v. CannLabs, Inc.** Medical Marijuana, Inc. has filed a \$100,000,000 California Superior Court libel action against Project CBD.com, Aaron Miguel Cantu and Martin Lee for damages resulting from false and libelous statements made by the defendants in regard to HempMeds PX, LLC’s RSHO product.

The Company intends to vigorously prosecute and defend all actions.

## **8. OFFICERS, DIRECTORS, CONTROL PERSONS, MANAGEMENT AND ADVISORY BOARD**

### **A. Board of Directors**

The Company’s Board of Directors is comprised of highly qualified and industry professionals. The Board assists the Management team in making appropriated decisions and taking effective action. Currently there are five (5) members on the board:

Stuart W. Titus, PhD  
Michelle Sides  
Timothy R. Scott, PhD  
Robert L. Cunningham  
Chris Prine

Ms. Sides and Mr. Titus are shareholders of the Company.

The Company has and continues to search for qualified individuals that will provide guidance and leadership lending to the success of the business objectives.

## **B. Company Officers**

The Company's officers are as follows:

Stuart W. Titus, PhD	Chief Executive Officer President Acting Chief Financial Officer
Michael L. Corrigan	Secretary
Blake N. Schroeder	Vice President of Operations

## **C. Professional Background**

**Stuart W. Titus, PhD -**      **Chairman of the Board**  
   **Chief Executive Officer**  
   **President**  
   **Acting Chief Financial Officer**

Mr. Titus began his association with our family of companies in 2009, playing a pivotal role in raising capital among several other duties. Mr. Titus' expertise in finance was forged on Wall Street, where he worked as a bond trader for eleven years, managing a trading and underwriting department as a V.P. for CS First Boston Corp. Mr. Titus is a graduate of Rollins College in Winter Park, Florida, where he majored in Economics and minored in Business Administration. He earned his PhD degree from the Open International University which is a World Health Organization (WHO) chartered affiliate.

Mr. Titus also has a unique background in health. Following his work on Wall Street he worked as a British Physiotherapist for over 15 years having run clinics that specialized in integrative pain management and injury rehabilitation. Stuart remains active in the medical community with specific interest in electro-physiotherapy as well as in anti-aging medicine. He holds a Fellowship with the American Academy of Pain Management and clinical association with the American Association of Integrative Medicine. Stuart has unique first-hand experience with hemp oil products as nutritional supplements, having found great relief from a nerve-related

disorder after beginning a regimen of high-concentration CBD therapeutic hemp products combined with hemp oil (health food store).

A talented golfer in his youth, Stuart is a twelve time club golf champion. Stuart currently resides in La Jolla, California.

**Michael L. Corrigan – Secretary**

Mr. Corrigan is a businessman and attorney whose work has focused on representation of emerging high technology and other operating companies in a broad range of industries, including computer hardware and software, telecommunications, multimedia, action sports, restaurant, entertainment and sporting goods manufacturing. In addition, Mr. Corrigan has represented several regional investment banking, advisory and management firms in securities and underwriting transactions. Mr. Corrigan received his undergraduate degree from the University of Notre Dame, where he majored in finance. Thereafter, he attended the University of Denver where he received both a J.D. and M.B.A. degree. While at the University of Denver, he was an editor of the Denver Journal of International Law & Policy and clerked at the U.S. Securities & Exchange Commission. Mr. Corrigan is a member of the California bar, a 1988 graduate of the San Diego LEAD program and sits on the Medical Bioethics Committee of Sharp Memorial Hospital. He previously sat on the Board of Directors of the National Kidney Foundation of Southern California, the Board of Directors of United Way/CHAD, the Board of Trustees of the California Ballet Association, the Board of Trustees of the San Diego Repertory Theatre and the Eagle Scout review board.

**Blake N. Schroeder - Vice President Operations**

Mr. Schroeder's career has been in marketing natural products, and opening international marketplaces to those products. Before joining Kannaway, Mr. Schroeder was the Chief Operating Officer of Forevergreen International, where he was responsible for global operation of the multinational organization, including oversight of a global supply chain. He holds a B.S. in Finance from Utah State University and a law degree from Syracuse University College of Law.

**Michelle Sides - Director**

Prior to joining Medical Marijuana Inc., Ms. Sides was Chief Operating Officer for HDDC (d.b.a. CannaBANK™), located in San Diego, California. She earned her law degree from Nova Southeastern University. She is a member of the Florida State Bar Association. Ms. Sides holds a Bachelor of Science from Palm Beach Atlantic College, majoring in Business and Organizational Management. Michelle spent six years on the Board of Directors, as Executive Vice President, and as General Counsel for EH Building Group II, LLC, which was nationally recognized as one of the fastest-growing developers in 2006-08, winning numerous awards for production, design, and marketing. Prior to EH, Michelle honed her legal expertise as Legal and Operations Manager for the Commonwealth Network Corporation, as well as the Director of Legal Affairs for Power Sports, Inc. Both of these positions focused mainly on corporate and real estate transactional law.

**Timothy R. Scott, PhD – Director**

From September 2001 to May 2008, Dr. Scott served on the Board of Directors of Naturewell, Incorporated, a publicly traded company engaged in the nutraceutical and homeopathic drug business. From April 1998 to June 2000, Dr. Scott served as a member of the Board of Directors of ICH Corporation, an American Stock Exchange listed company which owned 265 fast food and family dining restaurants having approximately \$265 million in revenues and 7,800 employees, and as a member of ICH's compensation committee. Dr. Scott currently serves as Chairman of the Board of Directors, President and Senior Pastor of a 1,200-member church located in San Diego, California and as Chairman and President of Project Reach World, Inc., a 501(c)(3) charitable organization. Dr. Scott received his Ph.D. in theology from Christian University in 1981, and served as a professor of philosophy and religion at Pacific International College from 1981 to 1985.

**Robert L. Cunningham – Director**

Robert “Bob” Cunningham has over 40 years of executive management experience in financial services and venture capital. He currently is the Chief Executive Officer of Preferred Dealer Programs LLC, a venture funded firm developing electronic payment technologies for banks. Prior to joining PDP he was the founding partner in Placer Financial Group, a nationwide mortgage and real estate development company. Mr. Cunningham also served as Trustee for the U.S. Department of Justice, and as a member of the board for numerous firms, including Allied Commercial Corporation, Vermillion Development, Pacific Building Industries Corporation and Bond HD Hospitality Group.

**Chris Prine - Director**

From 1994 until the present Mr. Prine has operated his own company, Prines Lines, which acts as a manufacturers’ representative for five furniture manufacturing companies located within the United States. From 1988 to 1994 Mr. Prine served as Marketing Director for the Cleator Corporation, an office furniture manufacturer with approximately \$10 million in annual sales. From 1986 to 1988 Mr. Prine served as the Old Globe Theatre’s Director of marketing and from 1983 to 1985 served as Audience Development Manager for the Old Globe. Chris received his BA in Communications from the University of Wisconsin in 1977.

**D. Advisory Board and CanChew® Management**

The Company has an informal Advisory Board that is available to provide business advice and counseling to the management team of the Company. The Advisory Board is appointed by the President and does not involve itself in any matters involving corporate governance or day to day operations of the Company. There are currently three Advisors to the Board:

Dr. George Anastassov  
Lekhram Changoer  
Dr. Philip A. Van Damme

Messrs. Anastassov, Changoer and Van Damme are shareholders of the Company and also serve as the management team of AXIM Biotechnologies, Inc. and CanChew® Biotechnologies, LLC.

#### **Dr. George E. Anastassov**

Dr. Anastassov is the Chief Executive Officer of AXIM Biotechnologies, Inc. Prior to that Dr. Anastassov was one of the founders and the CEO of CanChew Biotechnologies, LLC in 2012. Dr. Anastassov is also one of the founders and a Board Member and a general partner of Sanammad Foundation and Sanammad Pharmaceuticals; both companies originated and located in The Netherlands since 2009 and 2014, respectively. He is one of the developers of the first-in-the-world cannabinoid-containing chewing gum-based delivery system. Dr. Anastassov possesses Medical and Dental Doctorates as well as an Executive MBA. Dr. Anastassov has been recognized in “Who’s Who in Medicine” as well as “Who’s Who in Business Professionals” numerous times. He is the recipient of multiple national and international professional and humanitarian awards. Dr. Anastassov has been actively involved in Research and Development in Medicine and Biotechnologies since 1987.

#### **Lekhram Changoer**

Lekhram Changoer is the Chief Technology Officer of AXIM Biotechnologies, Inc. He holds a Bachelor’s Degree in Analytical/Organic Chemistry and a Master’s Degree in Organic Chemistry. He was one of the founders of CanChew Biotechnologies, LLC in 2012 and is board member and partner of Sanammad Foundation and Sanammad Pharmaceuticals BV; both companies originated and located in The Netherlands since 2009 and 2014, respectively. He is the originator of multiple patents including patent-pending technology on chewing gum compositions comprising cannabinoids, together with his Sanammad partners. He has over 20 years of experience in the area of Sales & Marketing, R&D, product development, and quality assurance of technical, consumer healthcare and pharmaceutical products – all servicing European and other international markets. During his career he has co-founded different intellectual property-based pharmaceutical and dental companies in different stages from clinical development to the global sales of registered products.

#### **Dr. Philip A. Van Damme**

Dr. Philip. A. Van Damme is Chief Scientific/Medical Officer of AXIM Biotechnologies Inc. Prior to that, Dr. Van Damme was one of the founders and CSO of CanChew Biotechnologies LLC, in 2012. He is also one of the founders and President/Director of Sanammad Foundation and Sanammad Pharmaceuticals, both originated and located in The Netherlands since 2009 and 2014, respectively. He is one of the developers of the first-in-the-world cannabinoid-containing chewing gum-based delivery systems. Dr. Van Damme possesses Dental and Medical Doctorates as well as a PhD in Medical Sciences, and has been actively involved in Research and Development in Dentistry, Medicine and Biotechnologies since 1983.

#### **E. No Legal/Disciplinary History**

None of the named persons in this section have been the subject of: a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding within the past five years; the entry of an order, judgment or decree not subsequently reversed, suspended or vacated by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, securities, commodities, or banking activities; a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated or; the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

**F. Beneficial Ownership.** Beneficial Ownership of Officers, Directors and Shareholders of 5% or more based upon 3,155,562,845 shares outstanding as of March 31, 2017.

<b>Name</b>	<b>Address</b>	<b># Shares</b>	<b>%</b>
Stuart W. Titus	12255 Crosthwaite Circle Poway, CA 92064	28,130,000	(1)
Michelle Sides, Esq.	12255 Crosthwaite Circle Poway, CA 92064	21,345,077	(1)
Timothy R. Scott, PhD	12255 Crosthwaite Circle Poway, CA 92064	0	0
Robert L. Cunningham	12255 Crosthwaite Circle Poway, CA 92064	0	0
Chris Prine	12255 Crosthwaite Circle Poway, CA 92064	0	0
Michael L. Corrigan	512255 Crosthwaite Circle Poway, CA 92064	500,000	(1)
Blake N. Schroeder	12255 Crosthwaite Circle Poway, CA 92064	10,008,000	(1)
Columbia & Beech Corporation ("C&B"), General Hemp, LLC, GH Investments, LLC <sup>(2)</sup>	12255 Crosthwaite Circle Poway, CA 92064	1,390,918,925	44.1%

(1) Less than 1%.

(2) Includes shares owned by C&B (fka Hemp Deposit and Distribution Corporation), General Hemp, LLC and GH Investments, LLC, entities under common control of Michael R.

Llamas as director, officer and controlling shareholder and/or member of each entity and Stuart W. Titus as director, member and/or officer of each entity. Does not include the 28,130,000 shares shown owned by Mr. Titus individually.

**9. THIRD PARTY PROVIDERS.**

**SEC Counsel:**

Law Offices of Michael Corrigan  
Michael Corrigan, Esq.  
550 West C Street, Suite 2040  
San Diego, CA, 92101

**Shareholder Inquiries:** Please call: (888) 764-0700

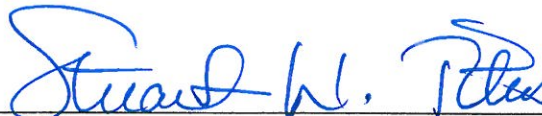


**10. ISSUER CERTIFICATION**

I, Stuart W. Titus, Director and President, certify that:

1. I have reviewed this disclosure statement of Medical Marijuana, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, which have been prepared by the Company's financial and accounting personnel and advisors, present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 22, 2017



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By: Stuart W. Titus  
Its: Chief Executive Officer  
Its: Director

**Medical Marijuana, Inc.**  
**Consolidated Balance Sheets**  
**As of March 31, 2017**

**ASSETS**

Current Assets	
Cash	\$ 1,175,569
Accounts Receivable	238,928
Other Current Assets	
Prepaid Assets	34,305
Inventory	3,403,823
Merchant Account Reserves	30,000
Notes and Loans Receivable	6,147,620
Total Other Current Assets	\$ <u>9,615,748</u>
Total Current Assets	<u>11,030,245</u>
Total Fixed Assets Net of Accumulated Depreciation	\$ <u>773,812</u>
Other Assets	
Convertible Discount Asset	\$ 400,000
Business Investments	
HempMeds Mexico	50,000
HempMeds Puerto Rico	50,000
HempMeds Brazil	140,100,000
Kannaway LLC	26,534,880
Investments - Equity Securities	307,824,395
Extract Dev, Marketing	3,524,085
HempVAP	4,726
HempMeds PX	10,671,099
Kannalife	500,000
Red Dice Holdings	2,327,632
CanChew Biotech	2,195,279
Total Business Investments	\$ <u>493,782,097</u>
Total Other Assets	\$ <u>494,182,097</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>505,986,154</u></u></b>

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable	\$ 784,675
Accrued Liabilities	213,745
Total Payables	\$ <u>998,420</u>

Other Current Liabilities

Notes Payable	
Note Payable	\$ <u>802,003</u>
Total Other Current Liabilities	\$ <u>802,003</u>

The accompanying notes are an integral part of the financial statements

Total Current Liabilities		1,800,423
Long Term Liabilities		
Convertible Notes	\$	<u>13,282,019</u>
Total Long Term Liabilities	\$	<u>13,282,019</u>
<b>Total Liabilities</b>	<b>\$</b>	<b><u>15,082,442</u></b>
Equity		
Unrealized Accumulated Comprehensive Income (Loss)	\$	299,784,624
Common Stock		3,155,563
Additional Paid in Capital		167,299,572
Retained Earnings		<u>20,663,953</u>
<b>Total Equity</b>	<b>\$</b>	<b><u>490,903,712</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$</b>	<b><u><u>505,986,154</u></u></b>

The accompanying notes are an integral part of the financial statements

**Medical Marijuana, Inc.**  
**Statements of Operations**  
**For The Three Months Ending March 31, 2017**

<b>Ordinary Income/Expense</b>	
Total Income	\$ <u>3,612,739</u>
Total COGS	<u>1,067,510</u>
<b>Gross Profit</b>	<b>\$ 2,545,229</b>
Expense	
Advertising and Promotion	\$ 207,529
General and Administrative	1,036,588
Depreciation Expense	151,582
Professional Fees	2,068,449
Rent Expense	<u>74,842</u>
<b>Total Expense</b>	<b>\$ 3,538,990</b>
<b>Net Ordinary Income (Loss)</b>	<b>(993,761)</b>
<b>Other Income/Expense</b>	
Interest Income	\$ 6,283
Interest Expense	(1,150,340)
Litigation Settlement Expense	(85,000)
<b>Total Other Income or Expense</b>	<b>\$ <u>(1,229,057)</u></b>
<b>Net Income Income</b>	<b>\$ <u><u>(2,222,818)</u></u></b>
Comprehensive Income (Loss)	\$ 107,855,648
<b>Net Comprehensive Income</b>	<b><u><u>105,632,830</u></u></b>

The accompanying notes are an integral part of the financial statements

**Medical Marijuana, Inc.**  
**Consolidated Statements of Cash Flows**  
**For The Three Months Ending March 31, 2017**

<b>OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$	(2,222,818)
Adjustments to reconcile Net Income to net cash provided by operations:		
Inventory		6,878
Notes Receivable		(2,675,079)
Accounts Receivable		(40,559)
Prepaid Expenses		32,760
Accounts Payable		75,588
Accrued Liabilities		(98,101)
Notes and Loans Payable		(1,955,969)
Net cash provided (used) by Operating Activities	\$	<u>(6,877,300)</u>
<b>INVESTING ACTIVITIES</b>		
Business Investments	\$	(108,255,648)
Fixed Assets		151,582
Net cash provided (used) by Investing Activities	\$	<u>(108,104,066)</u>
<b>FINANCING ACTIVITIES</b>		
Notes Payable	\$	2,961,046
Convertible Notes		(235,944)
Comprehensive Income (loss)		107,855,648
Common Stock		30,375
Additional Paid in Capital		4,443,426
Net cash provided (used) by Financing Activities	\$	<u>115,054,551</u>
Net cash increase (decrease) for period		73,185
Cash at beginning of period		<u>1,102,384</u>
Cash at end of period	\$	<u><u>1,175,569</u></u>

The accompanying notes are an integral part of the financial statements

**Medical Marijuana, Inc.**  
**Segmented Consolidated Balance Sheets**  
**As of March 31, 2017**

	U.S. Operations incl. Puerto Rico	Kannaway LLC	Wellness Managed Services	TOTAL
<b>ASSETS</b>				
Current Assets				
Checking/Savings	\$ 1,160,599	\$ 1,290	\$ 13,680	\$ 1,175,569
Accounts Receivable	184,292	165	54,471	238,928
Other Current Assets				
Inventory	1,832,355	1,566,084	5,383	3,403,822
Merchant Account Reserves	30,000	-	-	30,000
Notes and Loans Receivable	6,123,257	-	24,363	6,147,620
Deposits	24,488	6,500	3,317	34,305
Total Other Current Assets	<u>\$ 8,010,100</u>	<u>\$ 1,572,584</u>	<u>\$ 33,064</u>	<u>\$ 9,615,748</u>
Total Current Assets	<u>\$ 9,354,991</u>	<u>\$ 1,574,039</u>	<u>\$ 101,215</u>	<u>\$ 11,030,245</u>
Total Fixed Assets Net of Accumulated Depreciation	<u>\$ 477,606</u>	<u>\$ 263,335</u>	<u>\$ 32,872</u>	<u>\$ 773,813</u>
Other Assets				
Convertible Discount Asset	\$ 400,000			\$ 400,000
Business Investments				
HempMeds Mexico	50,000			50,000
HempMeds Puerto Rico	50,000			50,000
HempMeds Brazil	140,100,000			140,100,000
Kannaway LLC	26,534,880	-	-	26,534,880
Investments - Equity Securities	307,824,395	-	-	307,824,395
Extract Dev, Marketing	3,524,085	-	-	3,524,085
HempVAP	4,726	-	-	4,726
HempMeds PX	10,671,099	-	-	10,671,099
Kannalife	500,000	-	-	500,000
Red Dice Holdings	2,327,632	-	-	2,327,632
CanChew Biotech	2,195,279	-	-	2,195,279
Business Investments - Other	-	-	-	-
Total Business Investments	<u>\$ 493,782,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,782,097</u>
Total Other Assets	<u>\$ 494,182,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,182,097</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 504,014,693</u></u>	<u><u>\$ 1,837,374</u></u>	<u><u>\$ 134,087</u></u>	<u><u>\$ 505,986,154</u></u>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				

Accounts Payable	\$	682,141	\$	51,817	\$	50,718	\$	784,676
Accrued Liabilities		15,040		198,705		-		213,745
Other Current Liabilities								
Notes Payable								
Note Payable/Receivable Intercompany		(2,544,867)		2,544,867		-		-
Note Payable		802,003		-		-		802,003
Total Notes Payable	\$	<u>(1,742,864)</u>	\$	<u>2,544,867</u>	\$	<u>-</u>	\$	<u>802,003</u>
Total Other Current Liabilities	\$	<u>(1,742,864)</u>	\$	<u>2,544,867</u>	\$	<u>-</u>	\$	<u>802,003</u>
Total Current Liabilities	\$	(1,045,683)	\$	2,795,389	\$	50,718	\$	1,800,424
Long Term Liabilities								
Convertible Notes	\$	<u>13,282,019</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>13,282,019</u>
Total Long Term Liabilities	\$	<u>13,282,019</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>9,652,688</u>
Total Liabilities	\$	12,236,336	\$	2,795,389	\$	50,718	\$	15,082,443
Equity								
Unamortized Accumulated Comprehensive Income (Loss)	\$	299,784,624	\$	-	\$	-	\$	299,784,624
Common Stock		3,155,563		-		-		3,155,563
Additional Paid in Capital		166,122,988		1,097,850		78,733		167,299,571
Retained Earnings		<u>22,715,182</u>		<u>(2,055,866)</u>		<u>4,636</u>		<u>20,663,952</u>
Total Equity	\$	<u>491,778,357</u>	\$	<u>(958,016)</u>	\$	<u>83,369</u>	\$	<u>490,903,709</u>
TOTAL LIABILITIES & EQUITY	\$	<u><u>504,014,693</u></u>	\$	<u><u>1,837,374</u></u>	\$	<u><u>134,087</u></u>	\$	<u><u>505,986,153</u></u>

**Medical Marijuana, Inc.**  
**Segmented Statements of Operations**  
**For The Three Months Ending March 31, 2017**

	U.S. Operations incl. Puerto Rico	Kannaway LLC	Wellness Managed Services	TOTAL
Ordinary Income/Expense				
Total Income	\$ 1,871,186	\$ 1,741,553	\$ -	\$ 3,612,739
Total COGS	<u>605,659</u>	<u>461,851</u>	<u>-</u>	<u>1,067,510</u>
Gross Profit	\$ 1,265,527	\$ 1,279,702	\$ -	\$ 2,545,229
Expense				
Advertising and Promotion	\$ 198,183	\$ 74,291	\$ -	\$ 272,474
General and Administrative	843,134	128,509	-	971,643
Depreciation Expense	52,400	99,182	-	151,582
Professional Fees	1,278,518	789,931	-	2,068,449
Rent Expense	<u>62,842</u>	<u>12,000</u>	<u>-</u>	<u>74,842</u>
Total Expense	\$ <u>2,435,077</u>	\$ <u>1,103,913</u>	\$ <u>-</u>	\$ <u>3,538,990</u>
Net Ordinary Income (Loss)	(1,169,550)	175,789	-	(993,761)
Other Income/Expense				
Interest Income	\$ 6,283	\$ -	\$ -	\$ 6,283
Interest Expense	(1,150,340)	-	-	(1,150,340)
Litigation Settlement Expense	(85,000)	-	-	(85,000)
Total Other Income or Expense	\$ <u>(1,229,057)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,229,057)</u>
Net Income (Loss)	\$ <u>(2,398,607)</u>	\$ <u>175,789</u>	\$ <u>-</u>	\$ <u>(2,222,818)</u>
Comprehensive Income (Loss)	107,855,648	-	-	107,855,648
Net Comprehensive Income (Loss)	<u>105,457,041</u>	<u>175,789</u>	<u>-</u>	<u>105,632,830</u>



**Medical Marijuana, Inc.**  
**Segmented Consolidated Statements of Cash Flows**  
**For The Three Months Ending March 31, 2017**

	U.S. Operations incl. Puerto Rico	Kannaway LLC	Wellness Managed Services	TOTAL
<b>OPERATING ACTIVITIES</b>				
Net Income (Loss)	\$ (2,398,607)	\$ 175,789	\$ -	\$ (2,222,818)
Adjustments to reconcile Net Income to net cash provided by operations:				
Inventory Asset	(17,081)	23,962	-	6,879
Notes Receivable	(2,675,079)	-	-	(2,675,079)
Accounts Receivable	(40,559)	-	-	(40,559)
Security Deposit	25,374	7,386	-	32,760
Accounts Payable	(40,602)	116,188	-	75,586
Accrued Liabilities	(93,710)	(4,391)	-	(98,101)
Notes and Loans Payable	(1,537,853)	(418,116)	-	(1,955,969)
Net cash provided (used) by Operating Activities	\$ (6,778,117)	\$ (99,182)	\$ -	\$ (6,877,300)
<b>INVESTING ACTIVITIES</b>				
Business Investments	\$ (108,255,648)	\$ -	\$ -	\$ (108,255,648)
Fixed Assets	52,400	99,182	-	151,582
Net cash provided (used) by Investing Activities	\$ (108,203,248)	\$ 99,182	\$ -	\$ (108,104,066)
<b>FINANCING ACTIVITIES</b>				
Note Payable	\$ 2,961,046	\$ -	\$ -	\$ 2,961,046
Convertible Note	(235,944)	-	-	(235,944)
Comprehensive Income (Loss)	107,855,648	-	-	107,855,648
Common Stock	30,375	-	-	30,375
Additional Paid in Capital	4,443,426	-	-	4,443,426
Retained Earnings	-	-	-	-
Net cash provided (used) by Financing Activities	\$ 115,054,551	\$ -	\$ -	\$ 115,054,551
Net cash increase (decrease) for period	73,186	(0)	-	73,185
Cash at beginning of period	1,087,413	1,290	13,680	1,102,384
Cash at end of period	\$ <u>1,160,599</u>	\$ <u>1,290</u>	\$ <u>13,680</u>	\$ <u>1,175,569</u>

# MEDICAL MARIJUANA, INC.

## Notes to Financial Statements

### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations.

Marijuana Inc. ("MJNA" or "Company") is an Oregon corporation, which through its subsidiaries and investment holdings focuses on the development, sale and distribution of hemp oil that contains naturally occurring cannabinoids, including cannabidiol ("CBD") and other products containing CBD-rich hemp oil ("Legal Hemp"). Company products are formulated for the pharmaceutical, nutraceutical and cosmeceutical industries, including dietary supplements, skin care products and prescription-based hemp oil for sale in countries (such as Brazil and Mexico) that have approved, by doctor prescription, the Company's flagship hemp oil product, RSHO™, for the treatment of various illnesses and conditions. The Company is not in the business of selling or dispensing either recreational or medical marijuana, directly or indirectly, so long as marijuana remains a federally controlled substance (the Company's products contain only those substances that are derived from the part of the cannabis plant that is excluded from the definition of marijuana under the Controlled Substances Act and are both federally legal and outside of the purview of the Drug Enforcement Administration). Finally, MJNA services include the licensing of its proprietary testing, genetics, labeling, and packaging, tracking, production and standardization methods for the medicinal cannabinoid industry.

Basis of Financial Statement Presentation. The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash Equivalents. Holdings of highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Marketable Securities. Management classifies all investments as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains and losses included in accumulated comprehensive income (loss) in shareholders' equity.

Inventories. Inventories are valued at cost. Inventory consists of finished goods and raw materials.

Property, Plant, and Equipment. Property, plant, and equipment are recorded at cost less depreciation and amortization. Depreciation and amortization are primarily accounted for on the straight-line method based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals which extend the life of the asset are capitalized whereas maintenance and repairs and small renewals are expensed as incurred.

Revenue Recognition. Revenue is recognized in the financial statements (and the customer billed) either when materials are shipped from stock or when the vendor bills the Company for the order. Net sales are arrived at by deducting discounts, and sales taxes from gross sales.

Supplementary Information. A breakdown of consolidating balance sheet by subsidiary has been included along with consolidating statements of income and cash flow.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **Note 2: Inventories**

Inventories are comprised of hemp-based raw materials and finished goods. Inventory is valued at cost.

## **Note 3: Warrants, Options and Stock-Based Compensation.**

At March 31, 2017 the Company had no warrants or options outstanding and did not pay any stock-based compensation.

## **Note 4: Common Stock**

The Company has 5,000,000,000 authorized shares of common stock and 3,155,562,845 shares outstanding as of March 31, 2017.

## **Note 5: Notes Payable – Short Term**

Short term notes payable of \$802,003 consists of a demand note issued to a third-party, which accrues interest at the rate of 3% per annum.

## **Note 6: Notes Payable – Long Term**

At March 31, 2017 long term notes payable totaling \$13,282,019 consisted of; (i) a convertible note issued to a third party lender having a balance of \$3,757,812 including interest accrued thereon. The note is convertible at holder's option at any time at a conversion price equal to 70% of the average of the three (3) lowest closing bid prices in the 20-days prior to conversion, however, conversions under the note are subject to a restriction if such conversion would result in holder and its affiliates owning more than 9.99% of the Company's common stock and further limited to a \$300,000 maximum on the amount of any conversion in any one month period. The note accrues interest at the rate of 8% per annum until maturity on October 17, 2018; (ii) a series of nine (9) convertible notes issued to a third party lender having an aggregate balance of \$3,666,269, including interest accrued thereon, as follows:

(1) \$375,000 face value, 04/01/2028 maturity, conversion at lesser of \$.0365 or 80% of the lowest closing price in the 10 days prior to conversion;

(2) \$375,500 face value, 05/01/2028 maturity, conversion at lesser of \$.0385 or 80% of the lowest closing price in the 10 days prior to conversion;

(3) \$375,500 face value, 06/01/2028 maturity, conversion at lesser of \$.0447 or 80% of the lowest closing price in the 10 days prior to conversion;

(4) \$375,000 face value, 07/01/2028 maturity, conversion at lesser of \$.0415 or 80% of the lowest closing price in the 10 days prior to conversion;

(5) \$375,000 face value, 08/01/2028 maturity, conversion at lesser of \$.0450 or 80% of the lowest closing price in the 10 days prior to conversion;

(6) \$375,000 face value, 09/01/2028 maturity, conversion at lesser of \$.0444 or 80% of the lowest closing price in the 10 days prior to conversion;

(7) \$600,000 face value, 10/01/2028 maturity, conversion at lesser of \$.0640 or 80% of the lowest closing price in the 10 days prior to conversion;

(8) \$375,000 face value, 12/01/2028 maturity, conversion at lesser of \$.0700 or 80% of the lowest closing price in the 10 days prior to conversion;

(9) \$375,000 face value, 3/01/2029 maturity, conversion at lesser of \$.0700 or 80% of the lowest closing price in the 10 days prior to conversion;

Conversions under the 9 notes listed above are subject to a restriction if such conversion would result in holder and its affiliates owning more than 9.99% of the Company's common stock; (iii) three (3) convertible notes having an aggregate balance of \$347,938, including interest accrued thereon (\$112,000 face value each). The notes accrue interest at the rate of 6% per annum until maturity of February 3, 2018 and are convertible at the greater of \$.05 per share or 75% of the closing price of the Company's common stock on the date of conversion; and (iv) a convertible note payable to a third party lender, face value, \$5,510,000. The note is unsecured and accrues interest at the rate of 8% per annum until maturity on July 31, 2019. Under the terms of the note, the lender has the right to redeem up to \$300,000 per month of the Note beginning upon the earlier of one-year from the date of issuance (March 29, 2017) or upon the payment in full of the convertible note described in section (i) of Footnote 6 ("Notes Payable - Long Term"). The Company has the option to pay the monthly redemption requests in cash or in stock, and if paid in stock, at a conversion price equal to 70% of the average of the three (3) lowest closing bid prices in the 20-days prior to conversion. Conversions under the note are subject to a restriction if such conversion would result in holder and its affiliates owning more than 9.99% of the Company's common stock (the holder of the convertible note described in section (i) of Footnote 6 is an affiliate of the holder of the Note).

#### **Note 7: Notes and Loans Receivable**

Notes and loans receivable totaling \$6,147,620 consist of the following; (i) demand notes totaling \$1,299,152, including interest accrued thereon, payable by Axim Biotechnologies, Inc. (OTCBB: AXIM) to Canchew® Biotechnologies, LLC ("Canchew"), a subsidiary of which the Company owns 50%. The Note accrues interest at the average rate of 3% per annum until payable upon demand; (ii) a demand note for \$60,000 (50% of a \$120,000 demand note held by Canchew) owed to Canchew by the CEO of Axim Biotechnologies, Inc., which accrues interest at the rate of 3% per annum beginning on January 1, 2017 (see also Footnote 8 - "Related Party Transactions"); (iii) \$4,000,000 notes receivable from a third party borrower, which party is the lender on a \$5,510,000 convertible notes described in Footnote 6 - "Long term - Notes Payable"; (iv) a demand note receivable from General Hemp, LLC in the amount of \$255,738 which accrues interest at the rate of 3% per annum; and (v) various loans and notes receivable totaling \$532,730.

## **Note 8: Related Party Transactions**

The Company has a demand note receivable from General Hemp, LLC in the amount \$255,738 which accrues interest at the rate of 3% per annum.

Canchew® Biotechnologies, LLC loaned \$120,000 to its Chief Executive Officer (who is also the Chief Executive Officer of Axim Biotechnologies, Inc.) in the form of a demand note. The Company is a 50% owner of Canchew and accordingly records one half of the \$120,000 (\$60,000) as a note receivable.

The Company receives management consulting services from General Hemp, LLC ("GH") which consists of consultancy in a variety of areas including but not limited to; management and personnel, marketing and sales, investment banking, mergers and acquisitions, legal and accounting, corporate finance, media and public relations and investor services. In addition, General Hemp provides approximately 9,100 square feet of Class A office space for the use of the Company and its subsidiaries. Currently the Company pays General Hemp a monthly fee in the amount of \$250,000 to provide such services which includes the use of the office space and other various hard costs incurred by GH. General Hemp has allowed the Company to pay all or part of the monthly fee by the issuance of promissory notes, as reflected in the notes payable to General Hemp. For the period ending March 31, 2017 the Company paid \$750,000 to General Hemp under the management consulting arrangement (in a combination of cash and promissory notes). The Company believes that it achieves financial efficiencies and cash management flexibility (due to the ability to pay using promissory notes, as needed) under the consulting arrangement and that General Hemp provides a wide array of invaluable, accumulated expertise in the hemp industry. The monthly fee is evaluated on an ongoing basis to determine if adjustments are appropriate.

## **Note 9: Stock Issuances**

For the period ended March 31, 2017 the Company issued 30,375,464 shares of common stock as follows; (i) 6,063,546 shares for a partial conversion of \$500,000 face value of a convertible note; (ii) 4,741,898 shares for the partial conversion of \$500,000 face value of a convertible note; (iii) 9,701,493 shares for the conversion of a \$375,000 convertible note; (iv) 9,368,527 shares for the conversion of a \$375,000 convertible note and (v) 500,000 shares for the settlement of a \$85,000 obligation for services rendered.

## **Note 10: Litigation**

In the ordinary course of business the Company defends against and prosecutes various legal actions. The following is a summary of outstanding, potentially material, legal actions the Company is a party to.

**Medical Marijuana, Inc. & HempMeds PX, LLC v. CannLabs, Inc.** Medical Marijuana, Inc. has filed a \$100,000,000 California Superior Court libel action against CannLabs, Inc., Rifle Mountain, LLC, Genifer Murray, Jason Cranford, Project CBD.com, Aaron Miguel Cantu and Martin Lee for damages resulting from false and libelous statements made by the defendants in regard to HempMeds PX, LLC's RSHO product.

The Company intends to vigorously defend and prosecute all actions.

**Note 11: Other Income/Expense**

In the period ending March 31, 2017 the Company recorded a net loss of \$1,229,057 under Other Income/Expense. All other income and expense items set forth in Other Income/Expense are non-cash items.

**Note 12: Comprehensive Income**

The Company reports accumulated and unrealized comprehensive income (loss) in its shareholders' equity section of the balance sheet, which is comprised of unrealized gains or losses on available-for-sale securities reported held as "Investments – Equity Securities". The Unrealized Comprehensive Gain for the period ended March 31, 2017 totaled \$107,855,648. The gain was comprised primarily of unrealized gain in the Company's holdings of stock in Axim Biotechnologies, Inc. (OTCBB: AXIM). The Company holds 22,669,100 shares of AXIM as of March 31, 2017. Accumulated unrealized comprehensive gain totals \$299,784,624 as of March 31, 2017.