

INFORMATION AND DISCLOSURE STATEMENT

**Medical Marijuana, Inc.
June 30, 2018**



**CUSIP: 58463A105
Trading Symbol: MJNA
Pursuant to Rule 15c2-(11)(a)(5) under the Securities Exchange Act of 1934**

**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: 13831 Danielson, Poway, CA 92064
Phone: (866) 273-8502
Email: info@medicalmarijuanainc.com
Website: 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: 3,444,369,867 (as of June 30, 2018)

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

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.

List any restrictions on the transfer of security:

None

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 June 30, 2018, the Company issued 44,897,829 shares of common stock as follows:

(i) 100,000 shares as payment for bonus compensation (ii) 31,464,495 shares for the conversion of \$2,175,000 face value of convertible notes, plus interest accrued thereon, (iii) 3,333,333 restricted shares granted to executives, manager or directors tied to twelve months vesting schedules, (iv) 10,000,000 restricted shares issued in exchange for cash of \$100,000.

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 approximately 85 employees (including subsidiaries) as of June 30, 2018.

B. Date and State of incorporation:

The Company was originally incorporated in Oregon in 2005.

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

7380, Miscellaneous Business Services.

D. The issuer's fiscal year end date:

December 31st.

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 as described below.

Kannaway[®], LLC (100% owned by the Company)

Kannaway[®], LLC is a direct selling company which distributes quality cannabidiol (“CBD”) hemp oil-based products for the entire family, including pets, that promote a healthy lifestyle. As the first Cannabis based direct selling company, Kannaway[®] has become what is termed as a “Category Creator”. Kannaway[®] markets its products in the United States and the European Union and will look to expand in Canada and Mexico in the near future.

Kannaway[™] DE Mexico S.A. DE C.V. (100% owned by the Company)

Kannaway[™] DE Mexico S.A DE C.V. is the Company’s Mexican based subsidiary which will operate Kannway[™]’s Mexico operations.

Kannaway Europe B.V. (100% owned by the Company)

Kannaway Europe B.V. is the Company’s European based subsidiary which is located in The Netherlands and operates Kannaway[®]’s European operations. A Polish subsidiary has also been established by the Company to provide customer support, marketing and logistics for European operations.

HempMeds[®] PX, LLC (100% owned by the Company)

HempMeds[®] PX, LLC is the Company's retail distributor, through its subsidiaries and affiliates (which includes HempMeds[®] Mexico), for the Company's portfolio of Legal Hemp products.

Real Scientific Hemp Oil®

HempMeds®PX 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.

HempMeds® Mexico S.A. DE C.V. (100% owned by the Company)

HempMeds Mexico S.A. DE C.V. is the Company's Mexico based subsidiary which operates HempMed's Mexico operations.

HempMeds™ Brazil, LLC (93.4% owned by the Company)

HempMeds™ Brasil currently has three cannabis products approved for importation into Brazil as a prescription medication for multiple conditions including; Epilepsy, Parkinson's, Chronic Pain, Psoriasis, Cancer, Alzheimer's, Diabetes, ALS, Multiple Sclerosis and Migraines. The Brazilian health care system is HempMeds™ Brazil's single largest client. The company had the first-ever cannabis product allowed for import into Brazil and its products are currently subsidized by the Brazilian government, under their health care system, for the medical indications listed above. It is believed to also be the world's first prescription cannabis product for Epilepsy, Parkinson's, and pain. HempMeds™ Brazil is working on additional approvals for multiple indications.

HempMeds™ Columbia, LLC (100% owned by the Company)

HempMeds™ Colombia, LLC is the Company's Colombia based subsidiary which will operate Hempmed™'s Colombia future operations.

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

CanChew® Biotechnologies, LLC ("CanChew® Biotech") 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.

In May of 2015, CanChew® Biotech entered into a 50 year, worldwide, exclusive intellectual property licensing agreement ("Agreement") with Axim® Biotechnologies, Inc. (OTCQB: AXIM) whereby it licensed all of its intellectual properties to AXIM®, including its proprietary CanChew® formulation of gum-based oral mucosal delivery system. As compensation for the Agreement, CanChew® Biotech received (i) 5,826,706 shares of AXIM®'s common stock of which 4.7 million shares were distributed to, and are wholly owned by, the Company (1,126,706 shares were distributed to Sanammad Foundation, the owner of 50% of CanChew® Biotech), and (ii) a royalty fee of approximately 2-3% of all gross sales derived from products produced under the Agreement. Should AXIM® remain in compliance with the Agreement, it has the option to purchase the licensed intellectual property after 5 years at a purchase price equal to fifty percent (50%) of the annual royalty fee paid.

2. Company Investment Holdings. The Company has investment holdings in companies described below.

i. Kannalife™ Sciences, Inc. (The Company holds an approximate 36% equity stake)

The Company owns an approximate 36% 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. (The Company holds an approximate 43% equity stake)

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.

F. 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.

1. *Medical Marijuana, Inc. & HempMeds® PX, LLC v. CannLabs, Inc.* Medical Marijuana, Inc. and HempMeds PX, LLC 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.

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.

8. OFFICERS, DIRECTORS, CONTROL PERSONS AND MANAGEMENT

A. Names of Officers, Directors and Control Persons.

i. 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 (Chairman)
Michelle Sides
Timothy R. Scott, PhD
Robert L. Cunningham
Chris Prine

ii. Company Officers

The Company's officers are as follows:

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

iii. 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.

**Blake N. Schroeder - Executive Vice President
Chief Operating Officer**

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.

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.

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.

B. No Legal/Disciplinary History

None of the Company’s officers identified above 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.

C. Beneficial Ownership. Beneficial Ownership of Officers, Directors and Shareholders of 5% or more based upon 3,444,369,867 shares outstanding as of June 30, 2018.

Name	Address	# Shares	%
Stuart W. Titus (1)	13831 Danielson Poway, CA 92064	68,000,000	1.97%
Michelle Sides, Esq. (2)	13831 Danielson Poway, CA 92064	31,345,077	(3)
Timothy R. Scott, PhD	13831 Danielson Poway, CA 92064	750,000	(3)
Robert L. Cunningham	13831 Danielson Poway, CA 92064	750,000	(3)
Chris Prine	13831 Danielson Poway, CA 92064	750,000	(3)
Michael L. Corrigan	13831 Danielson Poway, CA 92064	500,000	(3)
Blake N. Schroeder	13831 Danielson Poway, CA 92064	42,008,000	1.22%
Columbia & Beech Corporation	550 West C Street, Suite 2040 Poway, CA 92064	454,047,389	13.18%
General Hemp, LLC (4)	550 West C Street, Suite 2040 San Diego, CA 92101	755,788,203	21.80%

(1) Does not include any shares held by General Hemp, LLC ("GH") of which Mr. Titus is a 9.42% owner and member of a three-person Executive Committee that manages the affairs of GH (GH has a two-member Special Committee having sole voting and dispositive authority over GH's investments in the Company. Dr. Titus is not a member of the Special Committee).

(2) Does not include any shares held by Columbia & Beech Corporation (formerly known as Hemp Deposit and Distribution Corporation), of which Ms. Sides claims a 50% ownership interest.

(3) Less than 1%.

(4) Does not include the 68,000,000 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: August 20, 2018



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

Medical Marijuana, Inc.
Consolidated Balance Sheet
As of June 30, 2018

ASSETS		6/30/2018
Current Assets		
Cash	\$	3,035,937
Accounts Receivable		411,981
Other Current Assets		
Prepaid Assets		233,340
Inventory		2,768,319
Merchant Account Reserves		756,233
Notes and Loans Receivable		4,731,368
Deposits		52,744
Total Other Current Assets	\$	8,542,003
Total Current Assets		<u>11,989,921</u>
Total Fixed Assets Net of Depreciation	\$	<u>390,788</u>
Other Assets		
Convertible Discount Asset		200,000
Goodwill		45,367,477
Business Investments		
Investments - Equity Securities		64,153,624
Total Business Investments	\$	<u>64,153,624</u>
Total Other Assets	\$	<u>109,721,101</u>
TOTAL ASSETS	\$	<u><u>122,101,810</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$	736,375
Accrued Liabilities		1,394,090
Deferred Taxes		6,102
Total Payables	\$	<u>2,136,568</u>
Other Current Liabilities		
Total Current Liabilities	\$	2,136,568
Long Term Liabilities		
Convertible Notes	\$	10,021,420
Total Long Term Liabilities	\$	<u>10,021,420</u>
Total Liabilities	\$	<u>12,157,988</u>
Equity		
Unrealized accumulated Comprehensive Income/(Loss)		32,096
Common Stock	\$	3,444,270
Additional Paid in Capital		182,944,067
Retained Earnings		(76,476,610)
Total Equity	\$	<u>109,943,823</u>
TOTAL LIABILITIES & EQUITY	\$	<u><u>122,101,810</u></u>

Medical Marijuana, Inc.
Consolidated Statement of Operations
For the Three Months Ending June 30, 2018

Ordinary Income/(Expense)	
Total Income	\$ 14,800,166
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Total COGS	\$ 6,238,908
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Gross Profit	\$ 8,561,258
Expense	
Sales & Marketing	\$ 7,153,767
General & Administrative	3,412,810
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Total Expense	\$ 10,566,577
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Net Ordinary Income/(Loss)	\$ (2,005,319)
Other Income/Expense	
Interest Income	38,151
Interest Expense	(231,326)
Other Expense	(24,701)
Bad Debt Expense	(155,278)
Litigation Settlement - Expense	11,413
Gain/(Loss) on Investments	(18,704,941)
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Total Other Income or Expense	\$ (19,066,681)
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Net Income/(Loss)	\$ (21,072,000)
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Medical Marijuana, Inc.
Consolidated Statement of Cash Flows
For the Three Months Ending June 30, 2018

OPERATING ACTIVITIES

Net Income/(Loss)	\$ (21,072,000)
Adjustments to reconcile Net Income to net cash provided by operations:	
Depreciation	4,112
Stock Compensation Expense	663,790
Inventory Adjustment	2,187,963
Changes in operating assets and liabilities:	
Inventory	(815,596)
Accounts Receivable	(165,833)
Prepaid Expenses	(181,739)
Merchant Account Reserve	(132,927)
Deposits	(1,372)
Deferred Taxes	6,102
Accounts Payable	(242,040)
Accrued Liabilities	161,603
Net cash Provided (Used) by operating Activities	<u>\$ (19,587,937)</u>

INVESTING ACTIVITIES

Gain/Loss on Investments	\$ 18,704,941
Convertible Notes	\$ (1,960,866)
Capital Purchases	30,616
Gain/Loss Currency Exchange	(315,756)
Net cash provided (used) by Investing Activities	<u>\$ 16,458,935</u>

FINANCING ACTIVITIES

Notes Receivable	255,694
Proceeds from sale of common stock	2,504,314
Net cash provided (used) by financing activities	<u>\$ 2,760,008</u>

Net cash increase (decrease) for the period	(368,994)
Cash at beginning of period	3,404,931
Cash at end of period	<u><u>\$ 3,035,937</u></u>

Medical Marijuana, Inc.
Consolidated Balance Sheet
As of June 30, 2018

ASSETS				
Current Assets	US Operations	HempMeds	Kannaway	Total
Cash	\$ 1,493,503	\$ 180,890	\$ 1,361,544	\$ 3,035,937
Accounts Receivable	75,837	240,318	95,826	411,981
Other Current Assets				
Prepaid Assets	458,199	70,324	(295,183)	233,340
Inventory	1,552,749	-	1,215,570	2,768,319
Merchant Account Reserves	-	123,272	632,961	756,233
Notes and Loans Receivable	4,731,368	-	-	4,731,368
Deposits	35,006	11,238	6,500	52,744
Total Other Current Assets	<u>\$ 6,777,322</u>	<u>\$ 204,834</u>	<u>\$ 1,559,847</u>	<u>\$ 8,542,003</u>
Total Current Assets	<u>8,346,662</u>	<u>626,042</u>	<u>3,017,217</u>	<u>11,989,921</u>
Total Fixed Assets Net of Depreciation	<u>\$ 106,363</u>	<u>\$ 255,699</u>	<u>\$ 28,726</u>	<u>\$ 390,788</u>
Other Assets				
Convertible Discount Asset	200,000	-	-	200,000
Goodwill	9,259,348	10,671,099	25,437,030	45,367,477
Business Investments				
Investments - Equity Securities	64,153,624	-	-	64,153,624
Total Business Investments	<u>\$ 64,153,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,153,624</u>
Total Other Assets	<u>\$ 73,612,972</u>	<u>\$ 10,671,099</u>	<u>\$ 25,437,030</u>	<u>\$ 109,721,101</u>
TOTAL ASSETS	<u>\$ 82,065,997</u>	<u>\$ 11,552,841</u>	<u>\$ 28,482,973</u>	<u>\$ 122,101,810</u>

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Deferred Taxes	\$ 6,102		-	6,102
Accounts Payable	\$ 468,907	\$ 103,908	\$ 163,561	\$ 736,375
Accured Liabilities	447,953	153,967	792,171	1,394,090
Total Payables	\$ 922,962	\$ 257,874	\$ 955,731	\$ 2,136,568

Other Current Liabilities

Notes Payable

Note Payable/Receivable Intercompany	\$ (6,324,039)	4,403,278	1,920,761	\$ -
Total Current Liabilities	\$ (5,401,077)	\$ 4,661,153	\$ 2,876,492	\$ 2,136,568

Long Term Liabilities

Convertible Notes	\$ 10,021,420	\$ -	\$ -	\$ 10,021,420
Total Long Term Liabilities	\$ 10,021,420	\$ -	\$ -	\$ 10,021,420

Total Liabilities

	\$ 4,620,343	\$ 4,661,153	\$ 2,876,492	\$ 12,157,988
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Equity

Unrealized accumulated Comprehensive Income/(Loss)	\$ 32,096			\$ 32,096
Common Stock	\$ 3,444,270	\$ -	\$ -	\$ 3,444,270
Additional Paid in Capital	145,738,088	10,671,099	26,534,880	\$ 182,944,067
Retained Earnings	(71,768,800)	(3,779,411)	(928,399)	\$ (76,476,610)

Less: Non Ownership Portion Subsidiaries

Total Equity	\$ 77,445,654	\$ 6,891,688	\$ 25,606,481	\$ 109,943,823
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TOTAL LIABILITIES & EQUITY

	\$ 82,065,997	\$ 11,552,841	\$ 28,482,973	\$ 122,101,810
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Medical Marijuana, Inc.
Consolidated Statement of Operations
For the Three Months Ending June 30, 2018

Ordinary Income/Expense	<u>US Operations</u>	<u>HempMeds</u>	<u>Kannaway</u>	<u>Total</u>
Total Income	\$ 1,691,155	\$ 1,679,030	\$ 11,429,981	\$ 14,800,166
Total COGS	\$ 2,595,886	\$ 578,283	\$ 3,064,739	\$ 6,238,908
Gross Profit	\$ (904,731)	\$ 1,100,747	\$ 8,365,242	\$ 8,561,258
Expense				
Sales & Marketing	\$ 724,548	\$ 569,217	\$ 5,860,001	\$ 7,153,767
General & Administrative	903,753	334,393	2,174,664	3,412,810
Total Expense	\$ 1,628,301	\$ 903,610	\$ 8,034,666	\$ 10,566,577
Net Ordinary Income / (Loss)	\$ (2,533,032)	\$ 197,136	\$ 330,576	\$ (2,005,319)
Other Income/Expense				
Interest Income	38,151	-	-	38,151
Interest Expense	(230,761)	(109)	(456)	(231,326)
Other Expense	27,754	-	(52,454)	(24,701)
Bad Debt Expense	(99,457)	(54,885)	(936)	(155,278)
Litigation Settlement - Expense	15,000	-	(3,587)	11,413
Gain/(Loss) on Investments	(18,704,941)	-	-	(18,704,941)
Total Other Income or Expense	\$ (18,954,254)	\$ (54,993)	\$ (57,433)	\$ (19,066,681)
Net Income/(Loss)	\$ (21,487,286)	\$ 142,143	\$ 273,142	\$ (21,072,000)

Medical Marijuana, Inc.
Consolidated Statement of Cash Flows
For the Three Months Ending June 30, 2018

OPERATING ACTIVITIES	US Operations	HempMeds	Kannaway	Total
Net Income/(Loss)	\$ (21,487,286)	\$ 142,143	\$ 273,142	\$ (21,072,000)
Adjustments to reconcile Net Income to net cash provided by operations:				
Depreciation	(18,746)	17,483	5,375	4,112
Stock Compensation Expense	663,790			663,790
Inventory Adjustment	2,187,963			2,187,963
Prior Period Adjustment	92,427	11,146	(103,573)	
Changes in operating assets and liabilities:				
Inventory	(3,485,839)	2,314,947	355,295	(815,596)
Accounts Receivable	49,390	(65,404)	(149,819)	(165,833)
Prepaid Expenses	(340,512)	(70,324)	229,097	(181,739)
Merchant Account Reserve	1	(34,035)	(98,892)	(132,927)
Deposits	(1,372)	-	-	(1,372)
Deferred Taxes	6,102			6,102
Accounts Payable	(223,656)	(40,538)	22,155	(242,040)
Accrued Liabilities	(140,521)	41,078	261,047	161,603
Intercompany	2,544,340	(2,264,274)	(280,066)	-
Net cash Provided (Used) by operating Activities	<u>\$ (20,153,919)</u>	<u>\$ 52,221</u>	<u>\$ 513,762</u>	<u>\$ (19,587,937)</u>
INVESTING ACTIVITIES				
Gain/Loss on Investments	\$ 18,704,941			\$ 18,704,941
Convertible Notes	\$ (1,960,866)			\$ (1,960,866)
Capital Purchase	\$ 30,616	(0)		\$ 30,616
Gain/Loss Currency Exchange	(315,756)		-	\$ (315,756)
Net cash provided (used) by Investing Activities	<u>\$ 16,458,935</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 16,458,935</u>
FINANCING ACTIVITIES				
Gain/Loss on Investments	\$ 255,694			\$ 255,694
Convertible Notes	2,504,314			\$ 2,504,314
Net cash provided (used) by financing activities	<u>\$ 2,760,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,760,008</u>
Net cash increase (decrease) for the period	(934,977)	52,221	513,762	(368,994)
Cash at beginning of period	2,428,480	128,669	847,782	3,404,931
Cash at end of period	<u><u>\$ 1,493,503</u></u>	<u><u>\$ 180,890</u></u>	<u><u>\$ 1,361,544</u></u>	<u><u>\$ 3,035,937</u></u>

MEDICAL MARIJUANA, INC.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations.

Medical 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 equity investments at fair value and recognizes any changes in fair value in net income pursuant to ASU 2016-01 which went into effect in March of 2018.

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.

Goodwill. The fair market value of the Company's investments in its subsidiaries that is in excess of the Company's consolidated tangible assets is recorded as goodwill. The Company tests goodwill for impairment on an annual basis.

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.

For the period ending June 30, 2018 the Company had no warrants or options outstanding and incurred \$663,790 of stock based compensation expense related to the vesting of restricted shares of common stock and \$10,000 for bonus compensation.

Note 4: Common Stock

The Company has 5,000,000,000 authorized shares of common stock and 3,444,369,867 shares outstanding as of March 31, 2018.

Note 5: Notes Payable – Long Term Convertible Notes

At June 30, 2018 long term convertible notes payable totaling \$10,021,420 consists of two convertible notes issued to a third party lender including interest accrued thereon. Each of the notes is unsecured, pays interest of 8% per annum, and 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 "blocking provision", which restricts conversion of the notes if such conversion(s) would result in holder and its affiliates owning more than 9.99% of the Company's common stock in the aggregate. The two notes are as follows: (a) a convertible note having a balance due of \$4,261,036 at June 30, 2018 that matures on July 31, 2019, which is limited by to a maximum monthly conversion amount of \$300,000 in addition to the 9.99% blocking provision, and (b) a convertible note having a balance due of \$5,760,384 at June 30, 2018 that matures on April 12, 2020, which is limited to a maximum monthly conversion amount of \$400,000 in addition to the 9.99% blocking provision.

Note 6: Notes and Loans Receivable

Notes and loans receivable totaling \$4,731,368 consist of the following; (i) demand notes totaling \$1,246,369, including interest accrued thereon, payable by Axim Biotechnologies, Inc. (OTCBB: AXIM) to Canchew® Biotechnologies, LLC ("Canchew"), a subsidiary of which the Company owns

50% (accordingly, the Company records 50% of the demand notes which total \$2,492,338). The Notes accrue 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 7- "Related Party Transactions"); (iii) \$2,090,506 of notes receivable from a third party borrower (which party is the lender on a convertible note issued to the Company having a balance of \$5,760,384 as of June 30, 2018 which is described further in Footnote 5 - "Long term - Notes Payable", Section (i)(b)); (iv) a demand note receivable from General Hemp, LLC in the amount of \$1,205,072 which accrues interest at the rate of 3% per annum (see also Footnote 7 - "Related Party Transactions"); (v) three secured promissory notes, each having a face value of \$7,500, issued to the Company by its three independent directors, totaling \$22,852, including interest thereon (see also Footnote 7 - "Related Party Transactions"); (vi) a promissory note totaling \$105,526, including interest accrued thereon, payable by the Company's CEO. The note accrues interest at a rate of 2% per annum and matures on March 30, 2023 (see also Footnote 7 - "Related Party Transactions").

Note 7: Related Party Transactions

The Company has a demand note receivable from General Hemp, LLC in the amount \$1,205,072 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.

In the period ending June 30, 2018 the Company issued 10 million restricted shares of common stock to an affiliate of the Company in exchange for \$100,000 in cash. The Company retains the right to re-acquire all of the shares purchased at a purchase price of \$.01 per share, provided however, such right is decreased by one-third of the number of shares subject to re-acquisition from for every 14 months of continuous service by the affiliate.

In the period ending March 31, 2018 the Company issued 100 million restricted shares of common stock to three individuals who are employees, officers and/or directors of the Company in exchange for \$1,000,000 in cash (50 million shares to Stuart W. Titus Chairman and CEO of the Company, 40 million shares to Blake Schroeder, COO of the Company and 10 million shares to Michelle Sides, a member of the board of directors of the Company). The Company retains the right to re-acquire all of the shares purchased by each individual at a purchase price of \$.01 per share, provided however, such right is decreased by one-third of the number of shares subject to re-acquisition from each individual for every 14 months of continuous employment/service by the individual.

The Company has an unsecured promissory note receivable from Stuart W. Titus, Chairman and CEO of the Company with a principal balance of \$105,000. The note accrued interest at a rate of 2% per annum and matures of March 30, 2023.

In the year ended December 31, 2017, each of the Company's three independent directors, (Messrs. Scott, Cunningham and Prine) issued a secured promissory note to the Company, each having a face value of \$7,500 (\$22,500 in the aggregate), in exchange for the purchase of 750,000

shares of restricted common stock (2,250,000 shares in the aggregate). At March 31, 2018 the aggregate balance due on the three notes is \$22,710.

Note 8: Stock Issuances

For the quarter ended June 30, 2018 the Company issued 44,897,829 shares of common stock as follows: (i) 31,464,495 shares for the conversion of \$2,175,000 face value of convertible notes, plus interest accrued thereon, (ii) 3,333,333 restricted shares granted to executives tied to twelve month vesting schedules, (iii) 10,000,000 restricted shares issued in exchange for cash of \$100,000 (see also Footnote 7- "Related Party Transactions"), (iv) 100,000 shares issued as bonus compensation

Note 9: 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 10: Other Income/Expense

In the period ending June 30, 2018 the Company recorded a net loss of \$19,000,755 under Other Income/Expense. Such expenses are primarily non-cash items that are comprised of changes in the fair value of publicly traded equity investments held by the Company. Under prior applicable accounting standards, the Company previously reported such changes in fair value as comprehensive income (loss) and accumulated and unrealized comprehensive income (loss) in its shareholder equity section of the balance sheet. The Comprehensive Income reported at December 31, 2017 was \$204,574,404, which is now recognized in retained earnings as is the net loss for the period ending June 30, 2018.