

DISCLOSURE STATEMENT

# MEDICAL MARIJUANA, INC.

AN OREGON CORPORATION

3974 Sorrento Valley Blvd, #910889, San Diego, CA 92191, (866) 273-8502

www.medicalmarijuanainc.com | info@medicalmarijuanainc.com | SIC Code: 7383

Quarterly Report for the Period Ending: June 30, 2020



As of the current reporting date of June 30, 2020, the number of shares outstanding of our Common Stock was:	3,866,316,936
As of the prior reporting date of March 31, 2020, the number of shares outstanding of our Common Stock was:	3,729,735,531
As of the most recent completed fiscal year end date of December 31, 2020, the number of shares outstanding of our Common Stock was:	3,648,435,109
Indicate by check mark whether the company is a shell company (as defined by Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Indicate by check mark whether the company's shell status has changed since the previous reporting period.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Indicate by check mark whether a Change in Control of the company has occurred over this reporting period.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

## **FORWARD LOOKING STATEMENTS**

This Disclosure Statement 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.

## **GOVERNMENT REGULATION**

The effect of existing or probable government regulations on our business is not known at this time. Due to the nature of our business, it is anticipated that there may be increasing government regulation 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.

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

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 THE 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. on April 28, 2009.

<b>Has the issuer or any of its Predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years:</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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## 2. SECURITY INFORMATION

<b>Trading Symbol:</b>	MJNA	
<b>Exact title and class of securities outstanding:</b>	Common Stock	
<b>CUSIP:</b>	58463A105	
<b>Par or Stated Value:</b>	\$.01 per share	
<b>Common Stock</b>		
Total shares authorized:	5,000,000,000	As of June 30, 2020
Total shares outstanding:	3,866,316,936	As of June 30, 2020
Number of shares in the public float:	2,784,156,642	As of June 30, 2020
Total number of shareholders of record:	1,007 <sup>(1)</sup>	As of June 30, 2020
<b>Preferred Stock</b>		
Total shares authorized:	50,000,000	As of June 30, 2020
Total shares of Series A Redeemable Preferred Stock authorized:	1,000,000	As of June 30, 2020
Total shares of Series A Redeemable Preferred Stock outstanding:	1,000,000	As of June 30, 2020

<sup>(1)</sup> This number does not include all beneficial holders of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these record holders.

### 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

<b>Is the Transfer Agent registered under the Exchange Act?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
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**Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:**

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

### 3. ISSUANCE HISTORY

#### A. Changes to the Number of Outstanding Shares

<b>Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:</b>	<input type="checkbox"/>
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The Changes to the Number of Outstanding Shares is attached as **Exhibit A** to this Disclosure Statement.

#### B. Debt Securities, Including Promissory and Convertible Notes

<b>Check this box if there are no outstanding promissory, convertible notes or debt arrangements:</b>	<input type="checkbox"/>
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The Debt Securities, Including Promissory and Convertible Notes is attached as **Exhibit B** to this Disclosure Statement.

### 4. FINANCIAL STATEMENTS

Our Financial Statements are attached as **Exhibit C** to this Disclosure Statement.

A. The Financial Statements were prepared in accordance with: U.S. GAAP.

B. The Financial Statements for this reporting period were prepared by: Brooke Beers, CFO of Medical Marijuana, Inc.

C. Medical Marijuana, Inc. is not now, nor has it ever been, a “shell company.”

### 5. ISSUER’S BUSINESS, PRODUCTS AND SERVICES

#### A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

Medical Marijuana, Inc. (OTCMarkets: MJNA) manufactures and distributes CBD products via e-commerce, direct sales, retail and wholesale distribution channels throughout the world.

Medical Marijuana Inc. is the first publicly held company vested in the cannabis and industrial hemp space in America. We have brought about many industry firsts, including establishing in 2012 the world’s first supply chain of industrial hemp-derived cannabidiol (CBD) consumer products. Subsequently, we were awarded the first distribution rights for these products into the countries of Brazil (April 2014) and Mexico (February 2016). In the U.S., we developed and marketed the first fully THC-free version of CBD products. Soon thereafter, the *World Anti-Doping Agency* approved CBD for professional sport and Olympic competition. We maintain our leadership through our international expansion efforts where today we now ship to over 40 countries worldwide making branded products available through e-commerce, direct sales, retail and wholesale distribution channels.

Medical Marijuana, Inc. was the first company to receive historic import permits for CBD products from the governments of Brazil, Mexico, Argentina, and Paraguay and in many countries has been directly responsible for changing laws and regulations to allow hemp-based CBD consumer products to be marketed. In November 2017, our HempMeds® Co-CEO Raul Elizalde addressed the *World Health Organization* at its hearings on CBD – with favorable outcomes for the CBD movement.

**B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference.**

As discussed below, the Company operates in numerous countries throughout the world and has established operating subsidiaries in order to comply with local laws and tax authorities. These subsidiary entities are controlled by the Company and are maintained for compliance purposes.

**C. Describe the issuers' Principal products or services and their markets.**

The Company operates primarily through three divisions: Medical Marijuana, Inc., HempMeds, and Kannaway. These divisions, as well as the Company's investment portfolio, are discussed below.

Divisions

1. Medical Marijuana, Inc.

Medical Marijuana, Inc. is the parent company of all the operating divisions. Medical Marijuana, Inc. operates an ecommerce website for sales of its CBD products and also maintains an online presence to provide investor relations and educational information and news relating to medical marijuana and the cannabis industry.

2. HempMeds®

HempMeds® distributes products directly in the US and through wholly owned subsidiaries internationally (primarily in Mexico and Brazil). Distribution is accomplished primarily through online presence and its sales staff.

The HempMeds® 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® is offered in 3 varieties: Green, Blue, Green and Gold.

RSHO® Green 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.

RSHO® Blue is the most popular version of our CBD hemp oil products, going through a decarboxylation process before being made ready for consumption.

RSHO® Gold is decarboxylated like our Blue product, then goes through an additional filtration process, creating a golden oil with great taste and smoother consistency.

Mexico.

In Mexico, the HempMeds® RSHO-X™ (the "X" denotes non-detectable THC content) product is available with a prescription and HempMeds® facilitates the process for qualifying patients who are interested in accessing CBD hemp oil.

Brazil.

In Brazil, HempMeds<sup>®</sup> has three 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<sup>®</sup> Brazil's single largest client. We 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<sup>®</sup> Brazil is working on additional approvals for multiple indications.

White Label and Private Production.

In addition to manufacturing distribution its own branded CBD products, HempMeds<sup>®</sup> offers White Label and Private production services. At the request of its customers, many of the HempMeds<sup>®</sup> products can be rebranded to the name of the customer. In addition, HempMeds<sup>®</sup> offers Private Production services whereby the Company's FDA registered manufacturing facility can create, formulate and manufacture custom CBD products made to the customer's unique specifications.

### 3. Kannaway<sup>®</sup>

Kannaway<sup>®</sup> is our direct selling division which was the first Cannabis based direct selling company. Kannaway is our largest division and sells our CBD products worldwide, including, but not limited to the US, Europe, and Asia.

### Investment Portfolio

The Company's investment portfolio consists of two fully reporting public companies: Kannalife, Inc. and AXIM Biotechnologies, Inc.

1. Kannalife, Inc. Kannalife<sup>™</sup>, Inc. ("Kannalife"<sup>™</sup>) (OTCBB: KLFE) 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<sup>™</sup> 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<sup>™</sup> 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") as the receiving office for an international phase entry patent application covering Kannalife<sup>™</sup>'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. The Company currently owns approximately 31% of Kannalife's<sup>™</sup> issued and outstanding common stock.

2. AXIM<sup>®</sup> Biotechnologies, Inc. AXIM<sup>®</sup> Biotechnologies, Inc. (“AXIM<sup>®</sup>”) (OTCBB: AXIM). AXIM<sup>®</sup> Founded in 2014, AXIM<sup>®</sup> is a vertically integrated oncology company developing diagnostic tests for the early detection of cancer, proprietary small molecules drugs not only to treat cancer but also to block metastasis and developing novel antibodies for therapeutic and diagnostic uses. AXIM is also developing new cannabinoid molecules for oncological therapeutics. Currently, the Sapphire Biotech, Inc. diagnostic tool is being used to study the company's enzyme biomarker to detect pancreatic cancer earlier than circulating tumor cells. The Company currently owns approximately 18% of AXIM's<sup>®</sup> issued and outstanding common stock.

## 6. ISSUER'S FACILITIES

We lease the following office and warehouse space:

15,847 square feet of corporate office space in San Diego, CA. The lease term runs through March 2024. Future minimum obligation on the lease totals \$2,447,601.

16,663 square feet of warehouse in Lindon, Utah which includes warehouse and manufacturing and distribution operations. The lease term runs through March 2023. Future minimum obligation on the lease totals \$393,632.

238 square meters of office space in Warsaw Poland. The lease term runs through September 2020. Future minimum obligation on the lease totals 17,400 EUR.

280 square meters of office space in Monterrey Mexico. The lease term runs through December 2020 then automatically renews on a month to month basis. Future minimum obligation on the lease totals \$424,560 Pesos.

82 square meters of office space in Sao Paolo Brazil. The lease term runs through October 2022. Future minimum obligation on the lease totals 168,000 Real.

## 7. OFFICERS, DIRECTORS, AND CONTROL PERSONS

### Beneficial Ownership

The following table indicates the Beneficial Ownership of our Officers, Directors and Shareholders of 5% or more based upon 3,866,316,936 shares outstanding as of June 30, 2020.

Name	Affiliation	Address	# Shares	Type	%
Stuart W. Titus (1)	Chairman CEO President	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	18,000,000	Common	(3)
Blake N. Schroeder	COO	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	0	N/A	(3)
Brooke Beers	CFO	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	2,500,000	Common	(3)
Michael L. Corrigan	SEC	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	500,000	Common	(3)
Michelle Sides, Esq. (2)	Director	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	79,283,877	Common	2.05%
Timothy R. Scott, PhD	Director	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	1,000,000	Common	(3)
Robert L. Cunningham	Director	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	1,000,000	Common	(3)
Chris Prine	Director	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	1,000,000	Common	(3)
Columbia & Beech Corporation	Affiliate	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	454,047,389	Common	11.74%
General Hemp, LLC (4)	Affiliate	3974 Sorrento Valley Blvd. #910889 San Diego, CA 92191	375,928,203	Common	9.72%

(1) Does not include any shares held by General Hemp, LLC ("GH") of which Dr. 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 90% ownership interest.

(3) Less than 1%.

(4) Does not include the 18,000,000 shares shown owned by Dr. Titus individually.



## **Professional Background of our Officers and Directors**

### **Stuart W. Titus, PhD - Chairman of the Board, CEO, President**

Dr. Titus began his association with our family of companies in 2009, playing a pivotal role in raising capital among several other duties. Dr. 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. Dr. 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.

Following his work on Wall Street Dr. Titus worked as a British Physiotherapist for over 15 years having run clinics that specialized in integrative pain management and injury rehabilitation. Dr. Titus 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, now known as the Academy of Integrative Pain Management. Dr. Titus 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 hemp products combined with hemp seed oil.

### **Blake N. Schroeder, J.D. - 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.

### **Brooke Beers – Chief Financial Officer**

Mr. Beers is a finance professional with more than 20 years of experience ranging from start-ups to fortune 100 companies. Prior to his role with the Company Mr. Beers held CFO and Controller positions with technology start-ups Brain Corporatino and Astute Networks and was the CFO for EMC Corporation's Consumer and Small Business Products Division. Mr. Beers began his career at PricewaterhouseCoopers providing audit and advisory services. Mr. Beers holds an MBA and MA of Accounting from the Graduate School of Professional Accounting at Northeastern University in Boston.

### **Michael L. Corrigan, J.D., M.B.A. – Secretary**

Mr. Corrigan is an 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, J.D. - Director**

Prior to joining Medical Marijuana Inc., Ms. Sides was Chief Operating Officer for HDDC (d.b.a. CannaBANK<sup>®</sup>), 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 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 and President of Hope Rescue a charitable organization involved in community development. 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. Currently, Mr. Cunningham provides business, banking and investments advisory services to various clients. Mr. Cunningham was the founding partner in Placer Financial Group, a nationwide mortgage and real estate development company and has served as Trustee for the U.S. Department of Justice, and 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.

## **8. LEGAL/DISCIPLINARY HISTORY**

**A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of the following:**

None of the individuals identified in Section 7 above have, in the past 10 years, been the subject of:

1. a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding;
2. 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;

3. 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;

4. 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.

## **9. THIRD PARTY PROVIDERS.**

### **Securities Counsel:**

Law Offices of Michael L. Corrigan  
Michael L. Corrigan, Esq.  
10525 Vista Sorrento Parkway, #210  
San Diego, CA, 92121

### **Transfer Agent:**

Action Stock Transfer Corp.  
2469 E. Fort Union Blvd, Suite 214  
Salt Lake City, UT 84121  
(801) 274-1088  
<http://www.actionstocktransfer.com>

### **Shareholder Inquires:**

Please call (888) 764-0700

## 10. ISSUER CERTIFICATION

### *Principal Executive Officer and Principal Financial Officer*

I, 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.

August 18, 2020

*/s/ Stuart W. Titus*

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

August 18, 2020

*/s/ Brook Beers*

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By: Brooke Beers  
Its: Chief Financial Officer

**Exhibit A**  
**Changes to the Number of Outstanding Shares**

Number of shares outstanding as of 6/30/18 3,444,369,867		Opening Balance Common: 3,399,472,038 Preferred: 0							
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type
7/6/2018	New	4,277,160	C	0.0701	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
7/11/2018	New	200,000	C	0.0990	N	Beate Emmer	Compensation	R	4(a)(2)
7/11/2018	New	100,000	C	0.0990	N	Renita Brannan	Compensation	R	4(a)(2)
8/6/2018	New	5,106,122	C	0.0588	Y	Chicago Venture Partnes-John Fife	Debt Conversion	R	4(a)(2)
8/21/2018	New	700,000	C	0.1027	N	Juraj Mojzis	Compensation	R	4(a)(2)
8/21/2018	New	200,000	C	0.1027	N	Beate Emmer	Compensation	R	4(a)(2)
8/21/2018	New	100,000	C	0.1027	N	Renita Brannan	Compensation	R	4(a)(2)
8/21/2018	New	100,000	C	0.1027	N	Franz & Hana Pollak	Compensation	R	4(a)(2)
9/7/2018	New	1,000,000	C	0.0909	N	Jeff Lessard	Compensation	R	4(a)(2)
9/7/2018	New	1,000,000	C	0.0909	N	Valerie Aloisio	Compensation	R	4(a)(2)
9/7/2018	New	200,000	C	0.0909	N	Franz & Hana Pollak	Compensation	R	4(a)(2)
9/7/2018	New	100,000	C	0.0909	N	Karen Boger	Compensation	R	4(a)(2)
9/7/2018	New	100,000	C	0.0909	N	Jill Levine	Compensation	R	4(a)(2)
9/10/2018	New	4,774,257	C	0.0628	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
9/27/2018	New	500,000	C	0.0909	Y	Peter and Diane Woodard	Compensation	R	4(a)(2)
9/27/2018	New	2,000,000	C	0.0909	Y	Dion Markgraaff	Compensation	R	4(a)(2)
10/1/2018	New	100,000	C	0.0652	Y	Melissa Marie Temple	Compensation	R	4(a)(2)
10/1/2018	New	500,000	C	0.0888	Y	Levan Darjania	Compensation	R	4(a)(2)
10/1/2018	New	100,000	C	0.0888	N	Bill Wilkinson	Compensation	R	4(a)(2)
10/1/2018	New	700,000	C	0.0969	N	Randy Schroeder	Compensation	R	4(a)(2)
10/1/2018	New	200,000	C	0.0969	N	Juraj Mojzis	Compensation	R	4(a)(2)
10/1/2018	New	700,000	C	0.1035	N	Valerie Aloisio	Compensation	R	4(a)(2)
10/3/2018	New	4,804,612	C	0.0624	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
10/31/2018	New	5,146,945	C	0.0583	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
11/6/2018	New	100,000	C	0.1081	N	Lene West	Compensation	R	4(a)(2)
11/7/2018	Cancel	(200,000)	C	0.1027	N	Beate Emmer	Compensation	R	4(a)(2)
11/14/2018	New	1,666,667	C	0.0800	N	Stephen Jones	Compensation	R	4(a)(2)
11/14/2018	New	1,250,000	C	0.0800	Y	Brooke Beers	Compensation	R	4(a)(2)
11/14/2018	New	416,667	C	0.0800	Y	Mary Suzanne Thibodeau	Compensation	R	4(a)(2)
11/14/2018	New	666,667	C	0.0800	Y	Robert Brannin	Compensation	R	4(a)(2)
11/16/2018	New	100,000	C	0.9400	N	Csaba Devenyi	Compensation	R	4(a)(2)
11/16/2018	New	5,585,240	C	0.0537	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
12/4/2018	New	6,593,407	C	0.0455	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
11/7/2018	Cancel	(100,000)	C	0.1027	N	Renita Brannan	Compensation	R	4(a)(2)
12/7/2018	New	700,000	C	0.1055	N	Samantha Schroeder	Compensation	R	4(a)(2)
12/13/2018	New	100,000	C	0.1090	N	Larjos Farkas	Compensation	R	4(a)(2)
12/13/2018	New	400,000	C	0.1090	N	Franz & Hana Pollak	Compensation	R	4(a)(2)
12/13/2018	New	1,000,000	C	0.1090	N	Juraj Mojzis	Compensation	R	4(a)(2)
12/18/2018	New	8,900,757	C	0.0449	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
12/31/2018	New	57,938,800	C	-	Y	Michelle L. Sides	Compensation	R	4(a)(2)
1/4/2019	New	6,513,244	C	0.0461	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
1/10/2019	New	8,419,812	C	0.0475	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
2/5/2019	New	5,489,780	C	0.0546	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
2/14/2019	New	7,319,706	C	0.0546	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
2/20/2019	New	1,000,000	P	0.1000	N	Juniper & Ivy Corporation	Purchase	R	4(a)(2)
3/5/2019	New	6,024,943	C	0.0498	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
3/12/2019	New	8,074,772	C	0.0495	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
4/22/2019	New	9,471,267	C	0.0422	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
5/6/2019	New	7,127,076	C	0.0421	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
5/9/2019	New	12,166,560	C	0.0329	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
6/4/2019	New	9,124,920	C	0.0329	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
6/6/2019	New	11,661,808	C	0.0343	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
7/1/2019	New	8,316,469	C	0.0361	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
8/1/2019	New	12,755,102	C	0.0314	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
8/28/2019	New	1,000,000	C	0.0409	Y	Samantha Schroeder	Compensation	R	4(a)(2)
8/30/2019	New	10,452,962	C	0.0287	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
9/11/2019	New	250,000	C	0.0413	Y	Tim Scott	Compensation	R	4(a)(2)
9/11/2019	New	250,000	C	0.0413	Y	Bob Cunningham	Compensation	R	4(a)(2)
9/11/2019	New	250,000	C	0.0413	Y	Chris Prine	Compensation	R	4(a)(2)
9/20/2019	New	7,408,231	C	0.0270	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
10/1/2019	Cancel	(50,000,000)	C	0.0100	Y	Stuart W. Titus	Purchase	R	4(a)(2)
10/1/2019	Cancel	(40,000,000)	C	0.0100	Y	Blake N. Schroeder	Purchase	R	4(a)(2)
10/1/2019	Cancel	(10,000,000)	C	0.0100	Y	Michelle L. Sides	Purchase	R	4(a)(2)
10/8/2019	New	11,137,346	C	0.0224	Y	Chicago Venture Partnes-John Fife	Debt Conversion	NO	4(a)(2)
10/9/2019	New	833,333	C	0.0301	Y	Aleksay Grapov	Compensation	R	4(a)(2)
10/9/2019	New	833,334	C	0.0301	Y	Chelsea Grapov	Compensation	R	4(a)(2)
10/9/2019	New	1,666,667	C	0.0301	Y	James Gibson	Compensation	R	4(a)(2)
10/9/2019	New	1,666,667	C	0.0301	Y	Stephen Jones	Compensation	R	4(a)(2)

**Exhibit A**  
**Changes to the Number of Outstanding Shares**

10/9/2019	New	1,250,000	C	0.0301	Y	Brooke Beers	Compensation	R	4(a)(2)
10/9/2019	New	416,667	C	0.0301	Y	Mary Suzanne Thibodeau	Compensation	R	4(a)(2)
10/9/2019	New	666,667	C	0.0301	Y	Robert Brannin	Compensation	R	4(a)(2)
10/31/2019	New	8,928,571	C	0.0301	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
11/22/2019	New	16,573,596	C	0.0301	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
12/31/2019	New	10,188,441	C	0.0301	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
1/9/2020	New	13,937,282	C	0.0144	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
1/27/2020	New	13,937,282	C	0.0144	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
2/10/2020	New	14,051,851	C	0.0142	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
2/28/2020	New	19,347,973	C	0.0103	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
3/12/2020	New	20,026,034	C	0.0099	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
4/20/2020	New	20,408,163	C	0.0980	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
5/13/2020	New	21,978,022	C	0.0910	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
5/20/2020	New	23,548,805	C	0.0849	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)
5/26/2020	New	47,097,610	C	0.0849	Y	Atlas Sciences, LLC - John Fife	Debt Conversion	No	4(a)(2)
6/4/2020	New	23,548,805	C	0.0849	Y	Chicago Venture Partnes-John Fife	Debt Conversion	No	4(a)(2)

Number of shares outstanding as of 06/30/2020 3,866,316,936	Ending Balance Common: 3,866,316,936 Preferred: 1,000,000	
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Exhibit B  
Debt Securities, Including Promissory and Convertible Notes

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
12/11/2017	\$695,967	\$5,500,000	\$4,009	4/12/2020	70% of the average three (3) lowest closing bid prices in the 20-days prior to conversion	Chicago Venture Partners, L.P. - John Fife	Working Capital
11/28/2018	\$9,207,124	\$8,810,000	\$397,124	8/29/2021	70% of the average three (3) lowest closing bid prices in the 20-days prior to conversion	Atlas Sciences, LLC - John Fife	Working Capital
12/31/2018	\$511,645	\$500,000	\$11,645	12/31/2021	Fixed rate of \$0.0747 per share	General Hemp, LLC - John Huemoeller	Magement Fees
5/4/2020	\$1,376,776	\$1,374,598	\$2,178	5/3/2020	1% interest deferred for six (6) months - eligible for forgiveness under SBA Payment Protection Program	Esquire Bank, N.A.	Working Capital

## Exhibit C

**Medical Marijuana, Inc.**  
**Consolidated Balance Sheet**

	As of June 30, 2020	As of June 30, 2019
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	4,549,899	5,499,384
Accounts Receivable	889,768	474,820
Other Current Assets		
Prepaid Assets	3,573,720	2,299,393
Inventory	4,974,867	5,033,598
Merchant Account Reserves	377,473	1,067,918
Notes and Loans Receivable	4,866,563	5,354,213
Investment in Joint Venture	27,490	
Deposits	100,409	104,257
Deferred Taxes	854,331	630,531
Total Other Current Assets	14,774,853	14,489,910
<b>Total Current Assets</b>	<b>20,214,520</b>	<b>20,464,115</b>
Total Fixed Assets Net of Depreciation	1,452,626	1,664,733
Other Assets		
Other Asset		
Convertible Discount Asset	200,000	300,000
Convertible Notes Receivable	4,792,142	4,032,986
Goodwill	45,366,733	45,367,477
Investments - Equity Securities	27,827,312	18,588,682
Total Other Assets	78,186,187	68,289,146
<b>TOTAL ASSETS</b>	<b>99,853,333</b>	<b>90,417,993</b>
<b><u>LIABILITIES &amp; EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	4,108,344	3,091,364
Accrued Liabilities	454,206	1,592,546
Deferred Revenue	1,254,904	2,175,840
Sales Tax Payable	99,069	95,260
Other Current Liability	4,618,200	1,619,300
Total Payables	10,534,722	8,574,310
Convertible Notes	9,903,090	13,277,081
Convertible Notes- Related Party	511,644	253,795
Long Term Liability	1,376,776	
Total Long Term Liabilities	11,791,511	13,530,875
<b>Total Liabilities</b>	<b>22,326,233</b>	<b>22,105,186</b>
Equity		
Common Stock	38,617,880	36,735,775
Pref Stock - Series A	10,000	10,000
Additional Paid in Capital	159,104,300	160,530,268
Retained Earnings	(120,205,080)	(128,963,235)
<b>Total Equity</b>	<b>77,527,100</b>	<b>68,312,808</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>99,853,333</b>	<b>90,417,993</b>

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



## Exhibit C

**Medical Marijuana, Inc.**  
**Consolidated Statement of Operations**  
**For the Three Months Ending**

	Three Months Ending June 30, 2020	Three Months Ending June 30, 2019
<b>Ordinary Income/(Expense)</b>		
Total Revenue	10,986,012	20,687,080
Total COGS	2,234,158	5,321,438
<b>Gross Profit</b>	<b>8,751,854</b>	<b>15,365,641</b>
Expense		
Sales & Marketing	5,701,765	10,883,245
General & Administrative	4,317,313	3,494,709
Research & Development	6,701	107,724
<b>Total Expense</b>	<b>10,025,778</b>	<b>14,485,677</b>
<b>Net Ordinary Income/(Loss)</b>	<b>(1,273,924)</b>	<b>879,964</b>
Interest Income	103,281	106,064
Interest Expense	(171,366)	(235,328)
Other Expense	(224,828)	(94,368)
Bad Debt	(75,396)	(181,042)
Litigation Settlement		(300,353)
Gain/(Loss) on Investments	11,341,786	(15,188,314)
<b>Total Other Income or Expense Gain/(Loss)</b>	<b>10,973,476</b>	<b>(15,893,341)</b>
<b>Net Income/(Loss)</b>	<b>9,699,552</b>	<b>(15,013,377)</b>

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

**Medical Marijuana, Inc.**  
**Consolidated Statement of Stockholders' Deficit**

	Common Stock		Series A Redeemable Preferred Stock		Additional Paid in Capital	Other Comprehensive Income	Accumulated Defecit	Total
	Shares	Amount	Shares	Amount				
<b>Balance at December 31, 2019</b>	<b>3,648,435,109</b>	<b>\$36,444,462</b>	<b>1,000,000</b>	<b>\$10,000</b>	<b>\$158,944,944</b>	<b>\$28,789</b>	<b>(\$39,083,832)</b>	<b>\$156,344,362</b>
Common stock issued against common stock to be issued in redemption of note	81,300,422	\$807,604.2			\$192,396	(\$28,789)	\$28,789	\$1,000,000
Common stock issued to executives or senior management					\$67,143			\$67,143
Cumulative Translation Adjustment							(\$373,998)	(\$373,998)
Net Income							(\$90,806,457)	(\$90,806,457)
<b>Balance at March 31, 2020</b>	<b>3,729,735,531</b>	<b>\$37,252,066</b>	<b>1,000,000</b>	<b>\$10,000</b>	<b>\$159,204,482</b>	<b>\$0</b>	<b>(\$130,235,498)</b>	<b>\$66,231,050</b>
	Common Stock		Series A Redeemable Preferred Stock		Additional Paid in Capital	Other Comprehensive Income	Accumulated Defecit	Total
	Shares	Amount	Shares	Amount				
Common stock issued against common stock to be issued in redemption of note	136,581,405	\$1,365,814			(\$165,814)		\$0	\$1,200,000
Common stock issued to executives or senior management					\$67,143			\$67,143
Cumulative Translation Adjustment							\$329,355	\$329,355
Net Income							\$9,699,552	\$9,699,552
<b>Balance at June 30, 2020</b>	<b>3,866,316,936</b>	<b>\$38,617,880</b>	<b>0</b>	<b>\$10,000</b>	<b>\$159,105,811</b>	<b>\$0</b>	<b>(\$120,206,591)</b>	<b>\$77,527,100</b>

## Exhibit C

**Medical Marijuana, Inc.**  
**Consolidated Statement of Cash Flows**

	Three Months Ending June 30, 2020	Three Months Ending June 30, 2019
<b>OPERATING ACTIVITIES</b>		
Net Income/(Loss)	9,699,552	(15,013,377)
Adjustments to reconcile Net Income to net cash provided by operations:		
Depreciation	(123,505)	(45,214)
Stock Compensation Expense	(67,293)	(688,571)
Inventories Adjustment	10,389	
Changes in operating assets and liabilities:		
Inventories	(536,279)	626,211
Accounts Receivable	792,660	810,811
Prepaid Expenses	(2,014)	90,392
Merchant Account Reserve	(93)	292
Deposits	(257)	(23,712)
Deferred Tax	(210)	
Accounts Payable	(943,723)	(792,207)
Deferred Revenue	(399,044)	412,679
Deferred Taxes	(120,094)	(285,510)
Accrued Liabilities	(484,568)	289,742
Other Current Liability	1,321,796	301,893
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(371,827)</b>	<b>1,430,591</b>
<b>INVESTING ACTIVITIES</b>		
Gain/Loss on Investments	(11,239,374)	15,188,314
Capital Purchases	168,577	(521,118)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(11,070,798)</b>	<b>14,667,195</b>
<b>FINANCING ACTIVITIES</b>		
Notes Receivable	(62,006)	(127,618)
Convertible Notes Receivable	10,801	15,236
Conv Note - Rlated Pty LT	1,974	1,915
Convertible Notes	(1,033,670)	(1,577,712)
Long Term Liability	1,376,776	
Other Comprehensive Income		
Proceeds from Sale of Stock	1,616,241	3,177,143
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>1,910,115</b>	<b>1,488,963</b>
Net Cash Increase (Decrease) for the Period	(13,365)	1,839,587
Cash At Beginning of Period	4,563,264	3,659,798
<b>Cash at End of Period</b>	<b>4,549,899</b>	<b>5,499,384</b>

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

MEDICAL MARIJUANA, INC.

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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 does not sell or dispense recreational or medical marijuana, directly or indirectly. The Company's products are derived from the parts of the cannabis plant which are excluded from the definition of marijuana under the Controlled Substances Act.

Basis of Financial Statement Presentation. The accompanying unaudited condensed financial statements have been prepared in accordance with United States generally accepted accounting principles. 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. Cash equivalents are stated at cost, which approximates quoted market value and includes amounts held in money market funds.

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.

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.

Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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.

Examples of significant estimates include plant and equipment, the recoverability of intangible assets and other long-lived assets, fair value measurements, including those related to financial instruments, goodwill, and intangible assets, unrecognized tax benefits, contingencies and identification and valuation of assets acquired and liabilities assumed in connection with business combinations.

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. Impairment testing for goodwill is performed annually in the fourth fiscal quarter or more frequently if impairment indicators are present.

Income Taxes: Our effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations and tax planning strategies available to us in the various jurisdictions in which we operate. Significant management judgment is required in evaluating our tax positions and in determining our effective tax rate.

Deferred income taxes are provided for temporary differences in the basis between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at tax rates in effect for the years in which those tax assets and liabilities are expected to be realized or settled. We record valuation allowances to reduce our deferred tax assets to the amount that is more likely than not to be realized.

## **Note 2: Inventories**

Inventories are comprised of hemp-based raw materials and finished goods held for sales, which is carried at the lower of cost or net realizable value.

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

For the quarter ending June 30, 2020 the Company had no warrants or options outstanding and incurred \$67,143 of stock-based compensation related to the vesting of restricted shares of common stock.

## **Note 4: Capital Stock**

### Common Stock

The Company has 5,000,000,000 authorized shares of common stock. As of June 30, 2020, there are 3,866,316,936 shares outstanding of common stock, of which 1,082,160,294 shares are restricted.

### Preferred Stock

The Company has 50,000,000 authorized shares of "blank check" preferred stock. As of June 30, 2020, there are 1,000,000 shares outstanding of Series A Redeemable Preferred Stock, of which 1,000,000 shares are restricted. On February 19, 2019, pursuant to authority expressly granted to the Board by the shareholders under the Company's articles of incorporation, the Company created 1,000,000 shares of Series A Redeemable Preferred Stock and set forth the rights, privileges and preferences of the Series A Preferred in the amendment to the articles of incorporation that effected the creation of the Series A Preferred. On February 19, 2019 the

Company sold 1,000,000 shares of the Series A Redeemable Preferred Stock to Juniper & Ivy Corporation for \$100,000 (\$.10 per share). Juniper & Ivy is one third owned by each of Axim Biotechnologies, Inc. (Symbol: AXIM - OTCQB), Kannalife, Inc. (Symbol: KLFE) and John W. Huemoeller II, the Chief Executive Officer of AXIM. The Series A Redeemable Preferred Stock is non-convertible, non-transferable without the consent of the Board of Directors of the Company, redeemable by the Company at any time after February 15, 2023 at a price of \$.10 per share and the holders of the Series A Preferred are entitled to cast 5,000 votes per share on any matter that is presented to the shareholders of the Company for a vote.

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

### Convertible Notes Payable

At June 30, 2020, long term convertible notes payable totaling \$9,903,090, consists of two convertible notes issued to a third-party lender including interest accrued thereon. Each of the third party 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 notes are as follows:

- a. A third-party convertible note having a balance due of \$695,967 at June 30, 2020 that matures on August 12, 2020, which is limited to a maximum monthly conversion amount of \$400,000 in addition to the 9.99% blocking provision.
- b. A third-party convertible note having a balance due of \$9,207,124 at June 30, 2020 that matures on July 21, 2021, which is limited to a maximum monthly conversion amount of \$400,000 in addition to the 9.99% blocking provision.

### Convertible Notes Payable Related Party

Related-party convertible notes having a balance due of \$511,645 at June 30, 2020 consist of one note that matures on December 31, 2024, accrues interest at the rate of 3% per annum and is convertible at a fixed rate of \$0.0747 per common share (see also Footnote 7 - "Related Party Transactions").

### Notes Payable

Long term notes payable totaling \$1,376,776 consist of one note payable from a wholly owned subsidiary of the Company payable to a lender under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") provisions set forth in section 1102 of the Coronavirus Aid Relief, and Economic Security Act with a principal balance of \$1,374,598. The note matures on May 4<sup>th</sup>, 2022 and accrues interest at a rate of 1%. Repayment of the note is deferred for six months and is then payable over eighteen (18) consecutive monthly payments. The Company may be entitled to forgiveness of some or all of the loan, pursuant to the PPP. The lender is awaiting further direction from Congress, Treasury and the SBA to release legislation and guidance on the loan forgiveness process.

## Note 6: Notes and Loans Receivable

Notes and loans receivable – current totaling \$4,866,563 consisting of the following:

- (i) A note receivable having a balance of \$2,254,685 from a third-party borrower (which party is the lender on a convertible note issued to the Company having a balance of \$9,207,124 as of June 30, 2020 which is described further in Footnote 5 - "Long term - Notes Payable", Section (c).
- (ii) A demand note receivable from General Hemp in the amount of \$217,741 as of June 30, 2020, which accrues interest at a rate of 3% per annum (see also Footnote 7 - "Related Party Transactions").
- (iii) A subordinated secured promissory note receivable (the "Note") from General Hemp ("GH"), face value of \$2,314,043, having a balance of \$2,394,137, including interest accrued thereon of \$80,094. The Note, dated July 10, 2019, was received as reimbursement for legal expenses advanced by the Company on behalf of GH and interest and other financing costs incurred by the Company that were related to the advancement of the legal expenses. The Note accrues interest at a rate of 3.5% per annum and requires six (6) monthly installments of interest and principal beginning on August 15, 2019 until maturity on January 15, 2020. The Note has a subordinated security interest in all of GH's assets, including common shares issued to GH by the Company. GH has not made any of the scheduled payments and it and the Company are in discussions to reach a resolution on the default. There can be no assurance that the Company will be able to reach a resolution that is acceptable and may at some point need to foreclose upon the assets that are pledged as security for the note. (see also Footnote 7 – "Related Party Transactions").

Notes and loans receivable – Long Term totaling \$4,792,142 consisting of the following:

- (i) A promissory note receivable from Juniper & Ivy Corporation dated February 20, 2019, face value of \$435,000, having a balance of \$453,025. The note was received in exchange for partial payment of a purchase of 500 shares of Series C Preferred Stock of Axim Biotechnologies, Inc. The note accrues interest at a rate of 3% per annum and matures on February 20, 2024. The note is unsecured, however John W. Huemoller II, the CEO of Axim Biotechnologies, provided a personal guarantee for payment of the note. The Company has no recourse against the Series C Preferred Stock or the assets of Juniper & Ivy Corporation.
- (ii) A \$4,000,000 convertible note receivable from Axim Biotechnologies, Inc. dated November 20, 2018, having a balance of \$4,092,051. In June 2020 the Company entered into an addendum that modifies the note as follows: (1) interest on the Note will be accrued at 3.5% from May 1, 2019 until November 1, 2022, at which time it will thereafter be paid on a semi-annual basis, (ii) the maturity date of the Note was extended from November 1, 2021 to November 1, 2026 and (iii) the Conversion Price for the Note was reduced from \$1.50 to \$0.25 (see also Footnote 7 – "Related Party Transactions").
- (iii) A promissory note totaling \$79,875 including interest accrued thereon, payable by Kannalife Sciences, Inc.'s CEO. The note accrues interest at a rate of 3% per annum and matures on October 1, 2023 (see also Footnote 7 – "Related Party Transactions").
- (iv) Promissory notes from certain members of the Company's management team dated April 11, 2019 having an aggregate balance of \$167,191 including interest thereon.

The notes accrue interest at a rate of 3% per annum and mature on 4/30/2022. (see also Footnote 7 – “related Party Transaction”).

### **Note 7: Related Party Transactions**

In November, 2019, the Company and Executives Stuart Titus (“Titus”) Michelle Sides (“Sides”) and Blake Schroeder (“Schroeder”), agreed to rescind previous stock purchase agreements (entered into in February 2018) where such Executives acquired 100 million shares, in the aggregate, of the Company's common stock for \$.01 per share (Titus, 50 million shares; Sides, 10 million shares; Schroeder 40 million shares). Pursuant to the rescission, the Company refunded the purchase price that each Executive paid for their shares of MJNA and the shares will be returned to treasury. The rescission resulted in the recapture of \$1,864,286 of stock-based compensation previously expensed by the Company in 2019 through the period ending September 30, 2019. In November 2019 the Company entered into a binding term sheet (the "Transaction") to acquire Naturewell, Incorporated ("Naturewell") from a third party "Seller" which will be formed for the purpose of the Transaction. The Seller will be partly owned by Titus, Schroeder, Sides and Brooke Beers (the "Executives"), along with a private third-party investor and shareholder of the Company, and Kettner Investments, LLC (the Company's largest shareholder). Initially, the Executives will own, in the aggregate, approximately 19% of Seller, with rights to acquire up to 75% of Seller, in the aggregate, over a period of three years. Pursuant to the Transaction, the Company will: (i) acquire Naturewell by exchanging 200 million shares of its common stock for all the outstanding stock of Naturewell; and (ii) forgive \$250,000 of a \$2,314,043 promissory note dated July 10, 2019 (the "Note"), made by and between the Company and Kettner Investments, LLC (see Footnote 7 – “Notes and Loans Receivable (v)” for a description of the Note). The Transaction was scheduled to close on January 1, 2020, however the parties extended the Closing until September 1, 2020. Although the term sheet is binding and it is the intention of the parties to close the Transaction as scheduled, there can be no assurance that the Transaction will be completed on schedule or at all. Naturewell is engaged in the direct sale of MigraSpray, a homeopathic migraine medication, to healthcare practitioners. Although Naturewell's distribution business activity is not significant, the Company intends to build upon Naturewell's client base and sales approach to expand its distribution network for additional product sales. In addition, prior to the closing of the Transaction, Naturewell will own 2 million shares of Kannalife, Inc. free and clear of any liens or encumbrances. Currently the Company owns approximately 30.9% of Kannalife, Inc.

The Company has unsecured promissory notes receivable from certain members of the management team having a balance of \$167,691. The notes, dated April 11, 2019, accrue interest at a rate of 3.0% per annum and mature on April 30, 2022. The notes may collectively be drawn to an amount of \$300,000 (see also Footnote 6 – “Notes and Loans Receivable – Long Term (iv)”).

The Company has a demand note receivable from General Hemp having a balance of \$217,741. (see also Footnote 6 – “Notes and Loans Receivable (ii)”).

The Company has a promissory note receivable from General Hemp having a balance of \$2,394,137 that was received as reimbursement of legal costs, interest and other financing costs incurred. (see also Footnote 6 – “Notes and Loans Receivable (iii)”).

The Company received management and consulting services rendered by General Hemp for the fiscal years ending December 31, 2018 and December 31, 2019 in exchange for a \$250,000



convertible promissory notes issued December 31, 2018 and December 31, 2019, \$511,645 in aggregate, including interest accrued thereon (see also Footnote 5 – “Notes Payable – Long Term Convertible Notes Related Party”).

The Company received a \$4,000,000 convertible note receivable from Axim Biotechnologies, Inc., which has a balance outstanding of \$4,092,051 including interest accrued thereon (see also Footnote 6 “Notes and Loans Receivable – Long Term (ii)”), as payment from a third-party borrower (which party is the lender on a convertible note issued to the Company having a balance of \$9,207,124 as of June 30, 2020) which is described further in Footnote 5 - "Notes Payable - Long term Convertible Notes Payable (b)").

In the period ending December 31, 2018 the Company loaned \$75,000 to the Chief Executive Officer of Kannalife Sciences, Inc. in the form of a demand note. The demand note accrues interest at a rate of 3% per annum and matures October 1, 2023. (see also Footnote 6 “Notes and Loans Receivable – Long Term (iii)”).

In June of 2020, the Company entered into: (1) an Agreement with Axim Biotechnologies, Inc. and its subsidiaries (collectively, "AXIM"), and the three Series B Directors of AXIM along with their affiliates (the "Agreement"), and (2) an addendum to a \$4,000,000 convertible note issued to the Company by AXIM (the "Addendum").

Under the Agreement, the Company: (i) transferred and assigned its 50% interest in CanChew Biotechnologies, LLC ("CanChew") to the AXIM Series B Directors (or a party designated by the Series B Directors) for a nominal sum of \$100; and (ii) conveyed essentially all of its cannabis related intellectual property to CanChew as payment in full of two notes issued by AXIM to CanChew. The two notes included: (a) a demand note totaling \$1,706,884 of which the Company records its 50% interest of \$853,442; and (b) a promissory note totaling \$1,053,508 of which the Company records its 50% interest of \$526,754. (see also Footnote 7 - "Notes and Loans Receivable" for further discussion of the demand note and the promissory note). As part of the Agreement the Series B Directors and their affiliates: (i) agreed to forfeit back to AXIM 18,570,356 shares of AXIM common stock that they owned; (ii) resigned from their board and officer positions with AXIM, and (iii) sold their Series B Preferred Stock back to AXIM for \$65,000.

Pursuant to the Addendum, the \$4,000,000 convertible note issued to the Company by AXIM (the "Note") was modified as follows: (i) interest on the Note will accrue from May 1, 2019 until November 1, 2022, at which time it will thereafter be paid on a semi-annual basis, (ii) the maturity date of the Note was extended from November 1, 2021 to November 1, 2026, and (iii) the Conversion Price for the Note was reduced from \$1.50 to \$0.25. (see also Footnote 6 - "Notes and Loans Receivable – Long Term (ii) for further discussion of the Note)

#### **Note 8: Investment in Third Party**

On July 12, 2019 the Company entered into an operating agreement as 1/3 member of KAM Industries, LLC a Wyoming Limited Company. KAM Industries, LLC entered into a Joint Venture Agreement to receive a percentage of the industrial hemp harvest yield on a parcel of land in Wayne County, North Carolina owned by FarmShare, LLC with whom KAM contracted to purchase a percentage of the hemp harvest for the 2019 growing season. Once the hemp is harvested from the 2019 growing season the Company will get its 1/3 share at no additional cost. The agreement then expires unless renewed for 2020 with an additional payment. The Company

paid 33.3% of the KAM Industries, LLC payments due and recorded \$27,490 as current assets as of June 30, 2020.

#### **Note 9: Stock Issuances**

##### Common Stock

For the quarter ended June 30, 2020 the Company issued 136,581,405 shares of common stock for conversion of \$1,200,000 face value convertible notes, plus interest accrued thereon.

#### **Note 10: Litigation**

In the ordinary course of business, the Company defends against and prosecutes various legal actions. Currently the Company is not involved in any litigation that might have a material adverse effect upon the Company.

#### **Note 11: Other Income/Expense**

For the quarter ending June 30, 2020 the Company recorded a net gain of \$10,973,476 under Total Other Income or (Expense), which includes; (i) \$103,281 of interest income, (ii) \$171,366 of interest expense, (iii) \$224,28 of other expense, (iv) \$75,396 of bad debt expense, and (iv) a net gain on investments of \$11,341,786 which is a non-cash item that represents changes in the fair value of publicly traded equity investments held by the Company (a) a net gain of \$3,365,232 related to Axim Biotechnologies, Inc (OTCB: AXIM) and (b) a net gain of \$7,976,554 related to Kannalife, Inc. (OTCB: KLFE). 2,438,115 restricted shares of common stock of Kannalife were transferred to Columbia & Beach Corporation as a settlement to resolve a dispute. Kannalife, Inc. shares began trading on the OTCB in December 2019.