CANNAPHARMARX

VIRIDIAN CAPITAL & RESEARCH

CannaPharmaRx Endocannabinoid Science

An Emerging Leader in Cannabinoid Pharmaceutical Research and Discovery

CannaPharmaRx

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Phone:
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Status:
Public: (OTCQB: CPMD)

Website:
www.CannaPharmaRx.com

Key Contacts

Chief Executive Officer:
Gerry Crocker

Chief Financial Officer:
Chris Schnittker, CPA

Market / Industry Snapshot

Industry:
Human prescription-based cannabinoid medicines; specialty pharmacy operations; animal health, metadata clinical registry

Science:
Discovery of cannabinoid compounds for treating disease states via endocannabinoid receptor sites

Business Sectors:
- Human healthcare
- Animal healthcare
- Specialty pharmacy

Therapeutic Targets:
- Neurological Disorders
- Oncology
- Infectious Disease
- Pain Management
- Inflammatory Disease
- Gastrointestinal Disorders
- Ophthalmology

Market Size: (Cannabis)
2013: $1.43 Billion
2018E: $10.2 Billion

Key Financial Data

Trading/Stock Price:

Stock Price (4/1/15): $2.85
52-Wk.H/L: $4.98 - $0.40
Market Cap: $50 Million
Shares Outstanding: 17.68M

BUSINESS DESCRIPTION

CannaPharmaRx, Inc. is an early-stage pharmaceutical company whose purpose is to advance cannabinoid research and discovery using proprietary formulation and drug delivery technology currently in development. Cannabinoids are a class of chemicals that, once ingested, are active in humans and animals through the "endocannabinoid system" – one of the most widely expressed system of receptors in the human body. CannaPharmaRx is currently focused on targeting disease states where its delivery systems can have optimal impact with therapeutic differentiation among alternative cannabinoid therapies, including: neurological disorders, oncology, infectious disease, pain management, inflammatory disease, gastrointestinal disorders and ophthalmology.

➢ **Market Leading Position.** CannaPharmaRx is leading the emerging "mainstream" pharmaceutical pipeline development for cannabinoid medicines. It is the only endocannabinoid science pharmaceutical company who plans to offer vertically integrated resources in R & D, manufacturing, commercialization, distribution, marketing, and information technology to meet the needs of physicians, payers, pharmacists and target patient populations.

➢ **Developing Leading Technology and Valuable IP.** CannaPharmaRx will develop proprietary active pharmaceutical ingredient (API) formulations and delivery technology assets combined to provide sustainable protection over products' life cycle. The Company seeks R&D and commercial partnerships with other pharmaceutical companies to optimize CannaPharmaRx's proprietary cannabinoid formulations in combination with current and 'legend' off-patent products that have lost their exclusivity or through licensing and co-development arrangements.

➢ **Large Market Opportunity.** The consensus forecast of worldwide prescription drug sales is set to exceed one trillion dollars, reaching $1,017 billion by 2020, equating to an average growth of 5.1% per year from 2013 to 2020. There has been an upward revision in annual growth from the already healthy 3.8% (CAGR 2012 to 2018) predicted last year, to 4.4% growth per year (CAGR 2012 to 2018) this year. The year 2013 was the best year in history for new drug approvals. The quality of new drugs (NME/BLA) approved by the FDA in 2013 increased by 43%, versus 2012, with nine of the top ten forecast to reach blockbuster status (greater than $1billion sales in the US) five-years post launch.

➢ **Profitable Business Model.** The Company's unique business model drives revenues early on in our development establishing an economic engine through specialty and compounding pharmacy acquisitions to bridge the time required to bring these novel medicines to market via the FDA's clinical trial approval process and then through commercialization. CannaPharmaRx's mission is to provide the estimated 30 million plus underserviced patients' safe access to novel therapies with physicians prescribing and pharmacists dispensing our drugs in forms that are familiar to patients and professional healthcare providers.

➢ **Industry Best Management and Board.** CannaPharmaRx, Inc. has an excellent pedigree that builds from over 150 years of collective experience in the research, development, manufacture, sales, and distribution and marketing areas of the ethical healthcare business. Collectively, the Company's management has launched over 100 molecules for major pharmaceutical companies, managed distribution channels for $9 billion in annual sales, served as a network administrator for 240 specialty pharmacies, and raised more than $750 million in capital for startup pharmaceutical companies. CannaPharmaRx's strong knowledge in both the pharmaceutical and cannabinoid industries positions it to capitalize on the current and future needs of the healthcare and cannabinoid industries by producing consistent safe and effective products that are manufactured and distributed through the traditional healthcare system in full compliance with all applicable federal regulations.


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Research | Discovery | Medicine
Watch what science can do.
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EXECUTIVE SUMMARY

THE COMPANY

CannaPharmaRx, Inc. (OTCQB:CPMD), is a publicly-held, early-stage pharmaceutical company whose purpose and passion is to advance cannabinoid research and discovery with ultimate execution in patent protected products and services addressing selected diseases (including specialty disease states) to improve healthcare delivery to and outcomes for patients, healthcare providers, and payers/insurers.

CannaPharmaRx's products will service the human and animal health domestic and international markets. Its core business is the science, discovery, development and commercialization of cannabinoid drugs. CannaPharmaRx pipeline development positions us in the most active M&A pharmaceutical segments today. CannaPharmaRx has chosen to specialize in the emerging **cannabinoid** pharmaceutical business and NOT in the cannabis or "medical marijuana" business.

CannaPharmaRx's business model is highly collaborative in which CannaPharmaRx will engage other pharmaceutical companies in co-development, licensing, patent extension and marketing agreements.

Our unique business model will drive EBITDA and revenues produced by acquisitions in the specialty compounding pharmacy area. This enhances CannaPharmaRx's ability to create value for its shareholders, mitigate risk and provides a key component for the criteria for up listing.

CannaPharmaRx is seeking to leverage its leadership team's more than 150 years of combined expertise in pharmaceutical and proprietary healthcare to position the Company as a global leader in endocannabinoid system (eCS) research & development. The company's leadership team brings to the table their strengths, competencies, and proprietary knowledge in both pharmaceutical drug research and development as well as cannabinoid-specific research, including but not limited to pharmacokinetic/pharmacodynamics, Phase I through Phase V clinical study development, drug formulation and manufacturing, commercialization, customer segmentation, brand differentiation, health economic outcomes research and pharmacoeconomics outcomes initiatives, globalization, commercialization, and continuing medical/pharmacy education.

How is **CannaPharmaRx** UNIQUE in this space?

- A specialty pharmaceutical cannabinoid company created, managed and operated by industry experts under the aegis of the FDA, DEA and other Federal and State laws.
- Not a medical marijuana company, and not dependent upon botanical extractions or plant growing infrastructure.
- Vertically integrated from R&D through commercialization to specialty distribution, through planned pharmacy acquisitions, to service end users.
- Products & services solely prescribed & reimbursed by healthcare providers and payers.
- Products dispensed by accredited pharmacists/pharmacies not retail dispensaries.
- Financial and risk mitigation strategy around pharmacy acquisition and diversified revenue streams.
- Balanced regulatory approach insulates the Company from changes or developments in the regulation of these compounds.

MARKET AND OPPORTUNITY

WORLDWIDE MARTKET - OVERVIEW

There are several factors contributing to the overall growth and opportunity CannaPharmaRx has identified to help fuel its pharmaceutical company growth. The overall worldwide prescription drug market is growing from its own performance dynamics.

Worldwide Pharma Industry Strong Outlook, Key Market Performance Drivers:

- Worldwide prescription drug sales forecast to exceed one trillion dollars in 2020 (CAGR: 5.1% between 2013 and 2020)
- In dollar terms, worldwide prescription drugs sales in 2013 were relatively flat year over year as the industry's patent cliff tapers off
- 2014 was a "bumper crop" year for new drug approvals in US: sales potential of $24.4 billion, 43% higher than the class of 2012
- Value of industry's R&D pipeline surged +46% to $419 billion

The year 2013 was the best year in history for new drug approvals. The quality of new drugs (NME/BLA) approved by the FDA in 2013 increased by 43%, versus 2012, with nine of the top ten forecast to reach blockbuster status (>$1billion sales in the US) five-years post launch.

The consensus forecast of worldwide prescription drug sales is set to exceed one trillion dollars, reaching $1,017 billion by 2020, equating to an average growth of 5.1% per year from 2013 to 2020. There has been an upward revision in annual growth from the already healthy 3.8% (CAGR 2012 to 2018) predicted last year, to 4.4% growth per year (CAGR 2012 to 2018) this year.

There is a surge in value of the industry's R&D pipeline. The current value (NPV) of the industry's R&D pipeline surged 46% over last year to $418.5 billion. The industry is set to enjoy a sustained period of growth (CAGR 2013 to 2020: 5.1%), supported by the cushion of soft biological patent expires.

The dramatically improved R&D productivity, two years of excellent new drug approvals, and a replenished industry R&D pipeline, set against a back drop of R&D cost containment, all suggest the fundamentals have changed. One industry dynamic that appears to have changed is the speed at which new technology waves are moving through the pipeline and hitting the market.[1]

(Source: World Review 2014, Outlook to 2020, EvaluatePharma, June 2014)

US SPECIALTY PHARMACY MARKET OVERVIEW – TARGET MARKET

The US pharmaceutical industry is a $325 billion market, with the largest growth coming from the domestic sector known as specialty pharmacy. The rapid volume and rate of growth in the domestic specialty pharmacy segment is driving the overall growth of US pharmaceuticals. The disease categories* fueling the specialty pharmacy growth are:

- Epilepsy*
- Chronic and neuropathic pain*
- Tumor growth/Oncology*
- Multiple sclerosis*
- Rheumatoid arthritis*
- Glaucoma
- Psychotropic diseases
- Other diseases, albeit at a lower threshold of evidence.

A greater incidence of chronic disease has resulted in the increasing need for specialty drugs. Spending on specialty drugs in 2012 in the United States was about $87 billion. Estimates suggest that it could quadruple by 2020, reaching about $400 billion, or 9.1 percent of national health spending. Unit price growth is driving spending increases but utilization growth plays a strong role for certain therapies.

Over 900 specialty products are currently in the pipeline, most to treat cancer, inflammatory disease, HIV/AIDs, epilepsy, Parkinson's disease, Multiple Sclerosis, and other rare disorders.

One of CannaPharmaRx's core competencies is over 50 years of collective expertise and relationships in the specialty pharmacy channel. This strong competency will help to facilitate positioning of our cannabinoid-based products and services in specialty pharmacy while complying within all of the applicable federal regulatory guidelines.

The aforementioned actual and forecasted market growth performance indicators do not take into account any sales revenues from the current medical cannabis market outlined in the Legal Marijuana industry section of this report.

CannaPharmaRx anticipates its R&D pipeline to contribute to the rapidly growing specialty pharmacy segment by commercializing new cannabinoid products, driving new prescription volume and obtaining new revenues over the next 5 to 10 years.

We believe that as pharmaceutical companies such as CannaPharmaRx document the efficacy, safety and value of cannabinoids with FDA approved drugs, there may be more incremental growth opportunity coming from this validated safe and effective growth sector.

CannaPharmaRx products and services strives to lead the way for selection and use of prescription-based, pharmacist dispense, and health plan reimbursement with patient lower co-pays versus the "medical marijuana" sectors in states where patients must pay in full without supporting safety and effectiveness data.

The CannaPharmaRx R&D pipeline portfolio is being built based on credible scientific support data for cannabinoids emerging from the medical and scientific community. For example, recently published data on the medical effectiveness and safety of cannabidiol compounds in humans has demonstrated beneficial effects in certain indications.[2] Therefore, we are expecting more scientific

academicians, researchers, healthcare practitioners and emerging companies to invest human and financial resources for improved healthcare with cannabinoid therapeutics.

US COMPOUNDING PHARMACY MARKET OVERVIEW – TARGET MARKET

As defined by the U.S. Federal Drug Administration (the "FDA"), pharmacy compounding is a practice in which a licensed pharmacist combines, mixes, or alters ingredients in response to a prescription to create a medication tailored to the medical needs of an individual patient or for use in a clinical trial.

IBIS, a research firm, estimates that total revenues in the U.S. compounding pharmacy industry are approximately $2 billion, growing at approximately 5% per annum. There are hundreds of independent compounding pharmacies in the country, most of which operate on a small scale serving customers in their local communities.

Compounding pharmacists combine or process pharmaceutical ingredients in order to change the form of the medication from a solid pill to a liquid; alter a drug's taste or tolerability; avoid a non-essential ingredient to which a patient may be allergic; or to obtain the exact dose needed or deemed most efficacious by a prescribing physician. Compounding is most routine in the case of intravenous/parenteral medications.

Due to rising cost of compounding and shortages of drugs, many hospitals, even if they operate their own compounding pharmacies, increasingly rely upon large-scale compounding pharmacies to meet patient requirements, particularly of sterile-injectable medications. Pharmaceutical compounding also plays the crucial role of drug development. Compounding pharmacists and medicinal chemists develop and test combinations of active pharmaceuticals and delivery systems for new pharmaceutical formulations so that the active ingredients are effective, stable, easy to use, and acceptable to patients.

Many industry observers believe industry growth may accelerate in the next five years, driven by numerous factors, including but not limited to an increased incidence of drug shortages; expanded demand for drugs from previously uninsured patients coming into the healthcare system with the implementation of the Affordable Care Act; the growing population of elderly Americans who tend to require more prescription medication; and increased awareness of and demand for personalized medicine, in which "standard" formulations do not suffice. CannaPharmaRx intends to capitalize on this growing opportunity by acquiring multiple licensed pharmacies and pharmacy compounding centers. Each center will compound non-sterile, standardized and labeled products.

EARLY STAGE HIGHLIGHTS - 2nd HALF 2014 THROUGH 2015

Early-Stage Pre-IND R&D Initiatives

- Identifying products and target disease states for clinical trial investigations
- Work with Colorado State University to begin developing animal health targeted compounds under their bi-directional master research and development agreement recently executed.
- Developing IP around R&D pipeline product candidates
- R&D initiative focuses on target molecules with differentiated benefits
- Innovative FDA approved prescription product formulations for humans and animals

Proprietary Patient Registry Platform - *Recruit Registry*™

- Real world cannabinoid database for healthcare stakeholder decision makers via customized IT technology platform
- Clinical trial management for investigators/clinicians, fully HIPPA compliant and with protected health information
- In beta test stage and identifying our first beta site in which to launch the registry

Specialty Compounding Pharmacy Acquisitions

- Pharmacies with existing sales revenue, net profit margin contribution and EBITDA (first acquisition to be completed in mid-2015)
- Targeting high growth operations, with a goal of aggregating $20 - $25 million in EBITDA within the next 36 months
- Seeking to leverage its leadership team's depth of experience and success in growing and managing specialty pharmacy enterprises

GROWTH STRATEGY

CannaPharmaRx management believes that because of its strong knowledge in both the pharmaceutical and cannabinoid industries, it is competitively position to capitalize on the current and future needs of the healthcare cannabinoid industries by producing viable, consistent, safe products that are manufactured and distributed in full compliance with all applicable federal regulations. CannaPharmaRx's management has created a growth strategy that has been effectively used in the past to build and grow strong companies across a broad spectrum of healthcare industries.

CannaPharmaRx's strategic growth initiatives include but are not limited to:

- ***Acquiring/Enhancing/Building Specialty Pharmacies***

Compounding and specialty pharmacies are essential in the pharmaceutical industry, and can potentially provide a conduit for local patient and provider research and development, as well as a gateway to specialty prescribers so we can understand and capitalize on the needs of both physicians and consumers. The pharmaceutical distribution industry is very fluid and dynamic, creating many M&A opportunities amongst specialty pharmacy operators for CannaPharmaRx to drive "inorganic" growth through strategic partnerships and acquisitions. As a public company, CannaPharmaRx has the added and unique advantage of a publicly traded stock that can be used as currency to achieve these strategic initiatives.

As part of its core strategy, as well as a risk mitigation opportunity for other core business assets, it is the intent of CannaPharmaRx to acquire, enhance or build specialty compounding pharmacies in certain states where opportunities present.

CannaPharmaRx has identified multiple potential acquisition candidates with vertical integration synergies in the specialty pharmacy space, which will result in new markets, advertisers and revenue streams for the Company. CannaPharmaRx will target companies with significant stand-alone growth historically stable businesses, healthy operating margins and integration synergies. As a result, the Company expects to be able to generate operational efficiencies by sharing best practices across this acquired portfolio, while financially leveraging size and scale.

This management team will be evaluating acquisition candidates on a macro- and micro-economic basis and valuing them at multiples to EBIDTA and revenues – and ultimately building a portfolio where the collective whole will be valued much greater than a sum of the parts. Additionally, as a risk mitigation strategy, CannaPharmaRx believes owning and operating compounding centers and specialty pharmacies will increase shareholder value quickly, and contribute to both revenue and earnings from Day 1 after they are acquired. Upon such acquisition CannaPharmaRx intends to create a compendium of products and formulations that will be able to be compounded in GMP environments, to meet the critical and unique needs of both prescribers and patients requiring cannabinoid therapies.

This strategy will allow CannaPharmaRx to:

- Have a physical footprint in the US with a chain of compounding pharmacies

- Produce revenue and earnings from a diversified group of compounding and specialty pharmacies
- Explore potential cannabinoid formulations for commercialization
- Up-lift products to commercial products once they reach critical mass

➢ ***Prescription Brand Medicines: R&D Focus***

CannaPharmaRx intends to invest in the due-diligence of drug discovery through product registration and approvals by regulatory authorities in the US and abroad. CannaPharmaRx lead molecules will be vetted through the drug research and development process: Discovery, Pre-clinical, Formulation, Proof-of-Concept, Phase I, Phase II, Phase III, and post-marketing Phases IV and V.

There is substantial pre-clinical evidence in the worldwide literature on the effects of cannabinoid substances in human and animal models. CannaPharmaRx has undertaken an in-depth analysis into these data to help determine which compounds to select for development and commercialization.

Working through collaborations with pharmaceutical and biotechnology companies, research and academic institutions, as well as physicians and researchers, both domestically and worldwide, CannaPharmaRx intends to develop both single and combination prescription entity products and bring them to market. CannaPharmaRx intends to develop protocols, apply to institutional review boards, and conduct animal and human Phase I through Phase V clinical trials. The Company has recently signed a bi-directional master research and development agreement with Colorado State University to begin developing animal health targeted compounds.

CannaPharmaRx intends to partner with existing organizations that comply with good manufacturing practices (GMP) guidelines for the manufacture of pharmaceutical products and comply with good clinical practices (GCP) guidelines in the process of conducting of clinical trials. The Company's strategy is to become the worldwide leader in cannabinoid science and in the research, development and commercialization of cannabinoid molecules for prescription and personal care drug candidates.

CannaPharmaRx's purpose is to innovate to bring cannabinoid-based therapies that significantly improve patients' lives to market. Research and development is at the heart of our purpose as we work to transform advanced science and technologies into the therapies that matter most.

The Company intends to focus its efforts in core areas where we are best positioned to bring needed therapies to patients. This includes anxiety, neuropathic pain, insomnia, chronic inflammatory disease, oncology, chronic pain, neurosciences, and metabolic disorders. All are specialty areas in which our executive team has expertise. CannaPharmaRx brings cutting-edge capabilities in medicine design and development, and its approach is collaborating in new and dynamic ways with other innovators across the health landscape including academic scientists, patient foundations, governments, other biopharmaceutical companies and treating physicians.

To execute on the Company's commitment, CannaPharmaRx is developing an extensive international network of the most prominent scientists and key opinion leaders (KOL's) in the cannabinoid field and are also hiring a leadership team with extensive experience in developing prescription pharmaceutical products.

Where advantageous, the Company plans to enter into license agreements with other pharmaceutical companies. CannaPharmaRx plans on retaining control over product development and also retaining the manufacturing expertise for its products.

- ***Animal Healthcare Products***

Current research suggests that many animals may have a higher prevalence of endocannabinoid receptors than humans. Given this evidence in animal models, CannaPharmaRx believes cannabinoid therapeutic applications in the veterinary marketplace will be numerous, and development will run parallel to the human prescription program. The Company has recently signed a bi-directional master research and development agreement with Colorado State University and their College of Veterinary Medicine and Biomedical Science to begin developing animal health targeted compounds.

- ***Information Technology (IT) Data & Registry – the Recruit™ Registry***

CannaPharmaRx has developed a research and surveillance monitoring division that will link medical prescribers, dispensaries and patient reported outcomes for all products and services. This is an open platform database and will also be marketed to state health departments to collect meaningful disease state information to show the value of cannabis-based medicines. CannaPharmaRx will consider filing process IP around this unique strategic asset as it matures in the data management marketplace. The Recruit Registry™ will:

- Offer the ability to evaluate and improve clinical outcomes for patients taking concomitant specialty pharmacy medications and cannabinoid products;
- Offer a platform to collect, standardize and analyze all data related to pharmacies, payers, manufacturers and other stakeholders. Business driven rules engine allows for clinical standards to be implemented in consistent and reliable manner. This platform can be made available for prescribers, specialty pharmacies, dispensaries, and patients (patient reported outcomes via smart phone applications);
- Collect critical marketing and management information allowing for product tracking and the identification of meaningful patterns of effective combinations of cannabinoids as an "early" effectiveness identification system;
- Allow pharmacists, physicians, healthcare professionals and pharmacies to manage the unique needs of patients receiving cannabinoid products, and implement clinical intervention; and
- Because 100% of clinical and transaction data goes through this registry, we will be able to uniquely communicate outcomes to providers and leverage this information for future FDA submissions.

MANAGEMENT AND DIRECTORS

CannaPharmaRx Inc. has an excellent pedigree that builds from over 150 years of collective experience in the research, development, manufacture, sales, and distribution and marketing areas of the ethical healthcare business. CannaPharmaRx's strong knowledge in both the pharmaceutical and cannabinoid industries positions it to capitalize on the current and future needs of the healthcare and cannabinoid industries by producing consistent safe and effective products that are manufactured and distributed through the traditional healthcare system in full compliance with all applicable federal regulations.

Some of the highlights of the accomplishments of this leadership team are:

- Average of 25 years pharmaceutical/healthcare industry experience
- Launched 100 molecules for major pharmaceutical companies
- Managed distribution channels for $9 billion in annual sales
- Network administrator for 240 specialty pharmacies
- Raised more than $750 million in capital for startup pharmaceutical companies
- Successful startup of multiple private and publically traded pharmaceutical companies
- Provided pharmaceutical economic and outcomes services for major pharmaceutical and managed care organization
- Spearheaded product launches in international markets, Western Europe, Asia and South America
- Lead pharmaceutical industry trade associations to advance patient outcomes.

The executive leadership team's key management and members of the board of directors are:

Gerry Crocker, *Chief Executive Officer, Chairman - Board of Directors*

Mr. Crocker previously served as CEO of Community Specialty Pharmacy Network (CSPN), an organization comprised of more than 200 community-based specialty pharmacies with stores operating in 47 states, Washington DC, and Puerto Rico. CSPN's member pharmacies are known for being "centers of excellence" in disease management. CSPN's network of pharmacies is the nation's 8th largest specialty pharmacy provider; CSPN serves as the central contracting agent for its members in the specialty provider network arena, pharmaceutical manufacturer rebate initiatives, and in-patient adherence and compliance programs. Previous to CSPN, Gerry was CEO and President of the Board of Directors for CARE Pharmacies, Inc. Gerry was Vice President of Retail and Alternate Care Sales for Cardinal Health East Group prior to his role at CARE Pharmacies. Gerry holds a Business Administration degree from Northern Michigan University in Marquette, MI.

Chris Schnittker, CPA, *Chief Financial Officer*

Mr. Schnittker comes to CannaPharmaRx with more than 25 years of operations, financial management, SEC reporting, capital raising, Sarbanes Oxley, and corporate governance experience in the Life Sciences arena with rapidly growing technology-based companies. He has spent the past 15 years at the CFO level with public (Nasdaq-listed and OTC) and private companies across the specialty pharmaceutical, biotechnology and medical device industries and

has substantial experience with reverse mergers and exchange uplistings. Chris brings valuable experience gained by raising more than $750 million in capital over his career across more than 30 private and public equity and debt transactions, as well as his day-to-day interactions with research, development, regulatory and commercialization senior management, multiple in/out-licensing partners, boards of directors and the investor and banking community. Prior to joining CannaPharmaRx, Chris has held the CFO role at Cambrooke Therapeutics, Echo Therapeutics, Soligenix, VioQuest Pharmaceuticals, Micromet, Cytogen and Genaera. He began his career with PricewaterhouseCoopers upon graduating from Lafayette College with a BA degree in Economics & Business. He is a Certified Public Accountant with an active license in the State of New Jersey.

Jim Smeeding, RPh, *Executive Vice President, Professional Services, Member - Board of Directors*

Mr. Smeeding is a founder of the Center for Pharmacoeconomic Studies at the University Of Texas College Of Pharmacy. His research interests are in applied pharmacoeconomics, systems integration and managed care. Mr. Smeeding currently serves as the executive director of the National Association of Specialty Pharmacy (NASP). Over the past 40 years his practice orientation has been in hospital pharmacy, clinical services design, home infusion therapy, managed care services, disease management and specialty pharmacy. He is a skilled corporate pharmaceutical executive having developed and led five successful companies through initial funding to sale. Mr. Smeeding is a consultant to clients in a broad spectrum of pharmacy affairs, as well as pharmaceutical and medical device companies. Mr. Smeeding graduated with a pharmacy degree from the University of Buffalo and earned his MBA degree at the University of Texas.

Mathew Sherwood, *Vice President, Product Development, Member - Board of Directors*

Mr. Sherwood has more than 20 years of experience in healthcare, both in private practice and as a consultant. Mr. Sherwood worked as a board-certified optician as well as a consultant in both practice management and optical laboratory solutions. As an optician, Mr. Sherwood developed solutions for ophthalmic lens manufacturing and high-performance prescription applications. For most of the last decade, Mr. Sherwood has turned his focus to medical cannabinoid solutions, developing a variety of cannabinoid-based formulations, and has a deep understanding of the potential of cannabinoid products. Mr. Sherwood specializes in extraction technologies and the design and manufacturing of novel delivery systems.

Gary Gemian, *Vice President, Product Commercialization*

Mr. Gemian has more than 30 years of experience in pharmaceutical sales, marketing, advertising, managed markets, business development and consultancy proprietorship including Hye Pharma, LLC where he served as Executive Director, Proprietor. Mr. Gemian led the development of payer access strategies in diabetes, hepatitis, cardiovascular disease and oncology disease states. These strategies resulted in quantified economic value assets allocation and development of Managed Markets Business Solutions for clients across all payer channels, including Commercial, Medicare Part D/Medicaid, Federal, Integrated Delivery Networks and PBMs. On the corporate Pharma side of the industry, his 17 plus years of experience includes Senior Director of Marketing at Merck (formerly Schering-Plough) and Director of Market Development, Allergy-Respiratory

Franchise generating sales revenue in excess of $4 billion annually. Mr. Gemian earned his BS degree in Biology in 1974 from Fairleigh Dickinson University.

Alex Giaquinto, PhD, *Member - Board of Directors*

Dr. Giaquinto has held many positions during his career at Schering-Plough Corporation from 1973 until his retirement in 2004. His positions included Associate Director of Pharmaceutical Research and Development, Clinical Manufacturing, Package Development and Aerosol Process Development prior to being appointed Director, Regulatory Affairs in 1980. Since then his positions at the Schering Plough Research Institute included Sr. Director, Vice President, and Sr. Vice President of Worldwide Regulatory Affairs. During this tenure he was instrumental in establishing the Development and Regulatory strategies for the approvals of 74 New Drug Applications (NDAs), which included such major products as Proventil, Vanceril, Vancenase, Eulexin, Rebetrol, Claritin, Claritin-D, Clarinex, Diprosone, Diprolene, Lotrisone, Elocon, Integrilin, Temodar, Asmanex and Zetia; 9 Biologic Licensing Applications (BLAs), including Intron, Peg-Intron and Rebetron; and 28 Abbreviated New Drug Applications (ANDAs). In addition, he was instrumental in establishing the Rx to OTC strategies for Chlortrimeton, Drixoral, Lotrimin, Gyne-Lotrimin and Claritin. Most recently he was Senior Vice President for Global Compliance at Schering-Plough Corporation in Kenilworth, New Jersey until his retirement on January 1, 2004. Dr. Giaquinto has stayed involved in the activities of the pharmaceutical industry by establishing his own company, ARG Consulting LLC, through which he offers advice and counsel on development and regulatory strategies to numerous pharmaceutical and biotech companies. He served as a member and chairman of the Regulatory Affairs Coordinating Committee of the Pharmaceutical Research and Manufacturers Association. He was one of the original members to the Steering Committee of the International Conference of Harmonization (ICH) and served as one of the two U.S. Pharmaceutical Industry representatives from 1990 to 2003. While serving on this Steering Committee, he introduced the concept of the Common Technical Document (CTD) and served as co-chair of both the Common Technical Document Implementation Coordination Group and the Global Cooperation Group. Dr. Giaquinto is also a member of the American Pharmaceutical Association, the American Association of Pharmaceutical Sciences, the American Society of Clinical Pharmacology and Therapeutics, the New York Academy of Sciences and the Drug Information Association. Dr. Giaquinto has been a lecturer on Food and Drug Law at Temple University Graduate Program in Quality Assurance/Regulatory Affairs and serves on their Advisory Committee. He also serves on the Planning Committee at the University of Texas at Austin for their Program on the International Conference for Drug Development.

Steve Rule, *Member - Board of Directors*

Steve Rule has approximately 25 years of experience and knowledge in the pharmaceutical wholesale and retail pharmacy business. The foundation of his experience was with McKesson Corporation and Cardinal Health in senior management roles. Currently he is the President and CEO of the Rule Group, Inc., which specializes in financial consulting for the pharmacy trade. Steve is also the President of the Chain Drug Consortium, LLC, an organization that provides aggregated purchasing platforms for many of the nation's regional pharmacy chains. Steve currently sits on the Board of Directors of CARE Pharmacies Cooperative, LLC. He also

serves on the Associated Food Stores Pharmacy Advisory Board, as well as a Chain Executive Member of the National Association of Chain Drug Stores. Steve was educated in business finance at San Diego State University, from which he holds a Bachelor of Science degree.

Elie Khalife, *Member - Board of Directors*

Elie Khalife, currently the President and Chief Executive Officer of KeyCentrix, LLC since February of 2008, brings innovative leadership, technical expertise, and a global perspective to a company that strives to identify and meet the unique needs of the pharmacy industry. Khalife's career encompasses information management systems, customer relationship management (CRM), telecommunications/media, banking/finance, drilling/manufacturing, e-Learning programs, and data warehouse management. Through his entrepreneurial drive and business acumen, Khalife creates strategies that streamline processes, improve customer service, and build cross-functional teams, while ultimately gaining significant market share and increasing profitability. As an executive manager with KeyCentrix, he focuses his efforts on expanding the organization through reaching untapped growth opportunities. Khalife leverages his expansive IT experience, as well as his innate marketing capabilities, to promote NewLeafRx® & RxKey®, both Windows-based prescription processing modules for specialty and retail pharmacies nationwide. He achieves far-reaching goals in each position by promoting a primary concept: excellence. From 2002 to 2008, Khalife served in numerous key roles for Packard International, a leading producer of drill stem safety valve products for the oil industry, including the COO/CIO position, where he increased revenue from $2.5M to $12M in just 3 years. As Project Manager for Schlumberger Sema from 1999 to 2002, Khalife led certification activities and the learning management system project, reaching 80,000 international employees. A native of France, Khalife is a graduate of Ecole Supérieure de Génie Informatique in Paris, France. He majored in networking and database management and has a Doctorate in networking and telecommunication.

Gary Herick, *Member - Board of Directors*

Gary Herick was a licensed Securities Representative from 1985 to 2011, involved in many different aspects of the business including: IPO's, Retail Accounts, Investment Advisory Accounts, Commodities, Alternative Investments and Venture Capital Funding. He handled accounts as a Registered Investment Advisor specializing in Alternative Investments and Stock Analysis for managed accounts with Herick Asset Management. Mr. Herick was a weekly guest on Colorado and Company, a TV daily show on NBC affiliate KUSA Denver, as the financial commentator. He helped syndicate the start up financing round for Synergy Resources Corporation (SYRG) an AMEX-traded oil & gas company, and arranged a preferred stock placement for Coolerado Corporation, a green air conditioning company. Mr. Herick was also the Financial Advisor for initial funding for the two successful Burger and Beer Joint restaurants in Miami, Florida, producing over $11 million a year in revenues. Mr. Herick currently holds the position of Director of Finance at Hinto Energy, Inc. (HENI), a publically-traded exploration and production oil and gas company based in Denver, Colorado.

Robert 'Bo' Liess, *Member - Board of Directors*

Bo Liess has served as Executive Vice President of Choice HR from 2013 until present. From 2008 until 2013, he was an independent investor in various start-up businesses from banks to energy and related businesses. In 2001, Mr. Liess started, owned and operated Professional Employer Plans until he sold the company in 2008. Mr. Liess graduated from Gettysburg College in 1977 where he studied Political Science.

Wendy DiCicco, CPA, *Member - Board of Directors*

Wendy DiCicco is currently an independent consultant serving clients in the orthopedic and pharmaceutical industries. Ms. DiCicco most recently served as Vice President, Chief Financial Officer and Treasurer of Nuron Biotech, Inc., a privately held biotech company, developing specialty biologics and marketing vaccines for the prevention and treatment of infectious and neurodegenerative disease. Prior to Nuron, Ms. DiCicco served as Chief Financial Officer of Quench USA, a privately held leading provider of purified water solutions, and of Globus Medical, Inc., a medical device company focused on the design, development and commercialization of musculoskeletal implants. Ms. DiCicco spent 12 years with Kensey Nash Corporation, a publicly-traded medical technology company specializing in cardiology and orthopedics, where she served as Chief Financial Officer. Ms. DiCicco started her career at Deloitte & Touche, LLP, where she was an Accounting and Audit Manager before beginning her career as an industry executive. Ms. DiCicco graduated from Philadelphia College of Textiles and Science with a B.S. degree in Accounting. Ms. DiCicco is a Certified Public Accountant in the Commonwealth of Pennsylvania and is a member of the American Institute of Certified Public Accountants, Pennsylvania Institute of Certified Public Accountants and the CFO Alliance. Ms. DiCicco is a National Association of Corporate Directors (NACD) Governance Fellow and a member of Women Corporate Directors. Ms. DiCicco adds financial reporting and management skills to our board as a result of her career, including her experience with a large public accounting firm and as the CFO of both public and private companies.

David Pohl, *Member - Board of Directors*

David Pohl brings over 30 years of leadership experience in healthcare related businesses to the CannaPharmaRx Board. Currently, he is an Executive Vice President with TridentUSA Health Services, the leading national provider of bedside diagnostic and laboratory services. Prior to this position, he was the Chief Operating Officer of MobilexUSA, the largest operating company within TridentUSA Health Services. David held a number of senior management positions at Cardinal Health, including his role as the Senior Vice President of Retail National Accounts where he had responsibility for $45 billion in annual revenue for the pharmaceutical distribution business. Prior to joining Cardinal, he was with Dentsply International. He held the position of National Sales Manager in the U.S. before moving to the role as the Managing Director of Dentsply's Australian operations, based in Melbourne, Australia. He also held management positions with Hill-Rom/Support Systems International and American Hospital Supply Corporation and is currently a member of the Advisory Board of ProactiCare LLC. David holds a B.A. from Bucknell University with a double major in Biology and Geology.

RECENT INDUSTRY NEWS

The Food and Drug Administration has recently sent warning letters to companies that are making claims without scientific evidence-based research to back them up.

According to FDA spokesman Jeff Ventura, in a March 11, 2015 interview with U.S News & World Report, the “FDA has grown concerned at the proliferation of therapeutic claims being made about an increasing number of products, for sale in all 50 states, purporting to contain cannabidiol.” He continued, “The marketing and promotional materials for many of these products indicate they are intended for the use in the diagnosis, cure, mitigation, treatment, or prevention of diseases, including, for example: cancer, various infections, psychiatric disorders, multiple sclerosis, arthritis and diabetes. To date, the FDA has not approved any drug product containing cannabidiol, for any indication, meaning none of these products have been determined by FDA to be safe or effective for their intended indications.”

RECENT COMPANY PRESS RELEASES

CannaPharmaRx Appoints Three New Members to Its Board of Directors, *April 1, 2015*

CannaPharmaRx announced that it has continued to upgrade its corporate governance from external pharmaceutical and pharmacy industry sources by adding Alex Giaquinto, Steve Rule and Elie Khalife to its Board of Directors.

CannaPharmaRx Announces that Gary Cohen has Dismissed his Lawsuit, *March 31, 2015*

CannaPharmaRx and Gary Cohen announced that they had settled and dismissed all pending lawsuits between them and that all allegations made by Cohen had been retracted.

CannaPharmaRx Changes Its Stock Ticker Symbol to “CPMD”, *March 23, 2015*

CannaPharmaRx announced that the Company's shares will begin trading on the OTC Bulletin Board (OTC) under its new stock ticker symbol "CPMD," effective as of that morning.

CannaPharmaRx Appoints Two New Members to Its Board of Directors, *February 26, 2015*

CannaPharmaRx announced that it has continued to upgrade its corporate governance from external pharmaceutical and pharmacy industry sources by adding Wendy DiCicco and David Pohl to its Board of Directors.

CannaPharmaRx Appoints Christopher P. Schnittker, CPA as Chief Financial Officer, *February 12, 2015*

CannaPharmaRx announced that Christopher P. Schnittker, CPA has joined the company as its Chief Financial Officer, replacing Gary Herick, who will remain on the Board of Directors and as an employee in the role of Director of Finance.

CannaPharmaRx Teams Up With the Catalyst Agency to Build and Introduce CMR, a Longitudinal Cannabinoid Medicines Registry Database, *January 29, 2015*

CannaPharmaRx announced that it is launching its proprietary Cannabinoid Medicines Registry(SM) program (CMR). This is now trademarked as the Recruit Registry™. The CannaPharmaRx real world

evidence metadata registry when fully launched will provide a longitudinal data compendium for product usage, clinical management and outcomes.

CannaPharmaRx, Inc. Engages Pharmaceutical Industry Drug Delivery Technology Expert Mario A. Gonzalez, Ph.D., *January 27, 2015*

CannaPharmaRx announced the signing of a consultancy agreement with Mario A. González, PhD, President and Chief Executive Officer of P'Kinetics International, Inc., a consulting firm specializing in pharmaceutical product development and pharmacokinetics research.

CannaPharmaRx, Inc. Teams up With PharmaDirections to Initiate a Research & Discovery Program in Cannabinoid Science, *December 17, 2015*

CannaPharmaRx announced that it will be working with PharmaDirections, a pharmaceutical project management and consulting group, as it launches its R&D platform to investigate product opportunities in endocannabinoid science for ultimate commercialization in global markets.

CannaPharmaRx, Inc. Announces New Financial Controller to Be Based in NJ Headquarters, *December 5, 2015*

CannaPharmaRx announced the hiring of Thomas J. Della-Franco III as Financial Controller. Mr. Della-Franco will work on a consulting basis out of the company's newly established headquarters in Carneys Point, New Jersey.

CannaPharmaRx, Inc. Officially Opens Headquarters in New Jersey, *December 2, 2014*

CannaPharmaRx announced that it has officially took possession of its new headquarters in Carneys Point Township in southern New Jersey – a state that is home to 14 of the 20 largest pharmaceutical companies in the world.

THE COMPANY

CannaPharmaRx, Inc. was originally incorporated in 2014 in the State of Colorado to become a pharmaceutical company whose purpose is advancing cannabinoid discovery and to work to bring novel human and animal prescription alternatives to market in the US and worldwide. The Company intends to fully comply with all US Drug Enforcement Agency laws and regulations, as well as USDA, FDA and FTC rules and regulations in our operations.

The Company's vision is to:

- Establish CannaPharmaRx within the healthcare community as a global leader in endocannabinoid system (eCS) research & development
- Identify, analyze and recommend the appropriate use of cannabinoid molecules in combination with existing and emerging pharmaceutical products
- Develop partnerships, licensing and co-marketing agreements with existing pharmaceutical and cannabinoid brands
- Develop a diversified cannabinoid product line that meets the needs of healthcare consumers, medical professionals and veterinary providers in all therapeutic categories
- Become the leading supplier of trusted and reliable source of pharmaceutical-grade cannabinoid products
- Establish national branding and develop a multi-channel distribution network for cannabinoid products
- Improve and measure the health outcomes of cannabinoid consumers by capturing real world data that helps to establish efficacy and safety of cannabinoid therapy
- Strive to produce sustained strong performance and shareholder value.

Working through collaborations with pharmaceutical and biotechnology companies, research and academic institutions, as well as physicians and researchers, both domestically and worldwide, CannaPharmaRx intends to develop both single and combination prescription entity products and bring them to market. CannaPharmaRx intends to develop protocols, apply to institutional review boards, and conduct animal and human Phase I through Phase V clinical trials.

CannaPharmaRx intends to partner with existing organizations and subsequently apply for GMP manufacturing licenses for the manufacture of pharmaceutical products for both clinical trials and commercial development. The Company's strategy is to become the worldwide leader in cannabinoid science and in the research, development and commercialization of cannabinoid molecules for prescription and non-prescription candidates.

The Company's purpose is to innovate to bring cannabinoid-based therapies that significantly improve patients' lives to market. R&D is at the heart of CannaPharmaRx's purpose, as the

Company works to transform advanced science and technologies into the therapies that matter most to patients and clinicians.

CannaPharmaRx intends to focus its efforts in core areas where the Company is best positioned to bring needed therapies to patients. This includes chronic inflammatory disease, oncology, pain, neurosciences, and metabolic disorders. All are specialty areas that management has expertise in. The Company brings cutting-edge capabilities in medicine design and development, and its approach is collaborating in new and dynamic ways with other innovators across the health landscape including academic scientists, patient foundations, governments, other biopharmaceutical companies and treating physicians.

To execute on its commitment, CannaPharmaRx is developing an extensive international network of the most prominent scientists in the cannabinoid field and is also hiring a leadership team with extensive experience in developing prescription pharmaceutical products.

PRODUCTS AND TECHNOLOGY OVERVIEW

CannaPharmaRx intends to leverage its commercial, health system and academic relationships, domestically, and worldwide, to further explore and exploit the endocannabinoid system (eCS), and commence extensive discovery, research, and development of the cannabinoid molecules(s), potentially offering not only new insights into the mechanisms underlying the therapeutic actions of cannabinoids but also produce novel molecular targets for pharmacotherapy.

The following excerpts are from a review by Pal Pacher, MD, PhD of the National Institutes of Health, in his article entitled The Endocannabinoid System as an Emerging Target of Pharmacotherapy:

> The recent identification of cannabinoid receptors and their endogenous lipid ligands has triggered an exponential growth of studies exploring the human endocannabinoid system – the largest identified system of receptors in the human body – and its regulatory functions in health and disease. Such studies have been greatly facilitated by the introduction of selective cannabinoid receptor antagonists and inhibitors of endocannabinoid metabolism and transport, as well as mice deficient in cannabinoid receptors or the endocannabinoid-degrading enzyme fatty acid amidohydrolase.

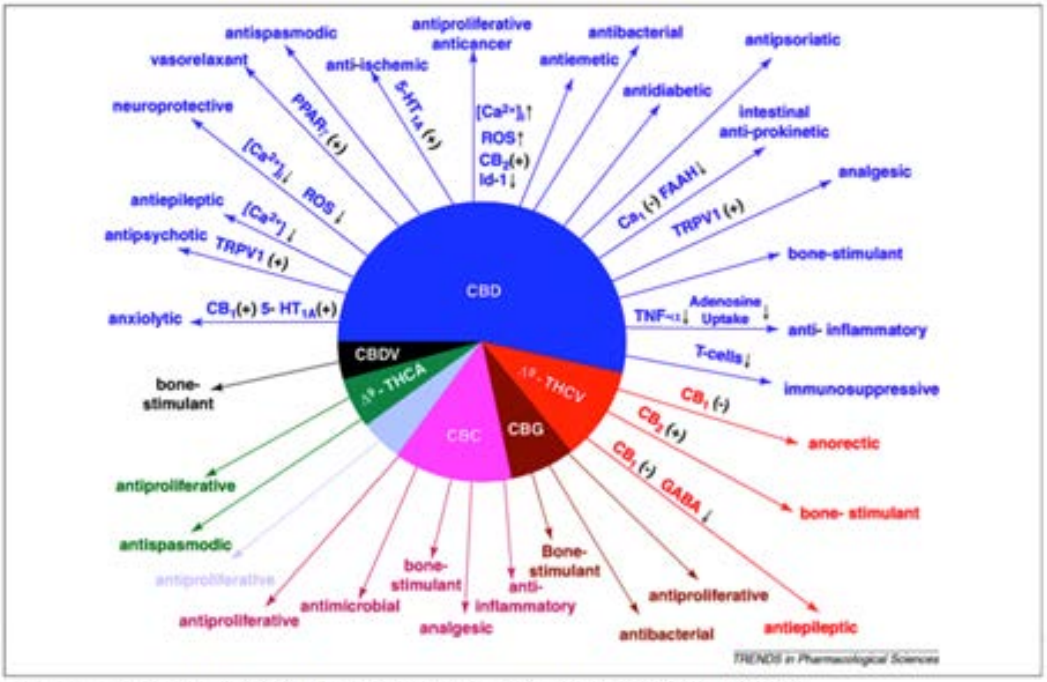


Figure 1. Pharmacological actions of non-psychotropic cannabinoids (with the indication of the proposed mechanisms of action).
Abbreviations: Δ^9-THC, Δ^9-tetrahydrocannabinol; Δ^8-THC, Δ^8-tetrahydrocannabinol; CBN, cannabinol; CBD, cannabidiol; Δ^9-THCV, Δ^9-tetrahydrocannabivarin; CBC, cannabichromene; CBG, cannabigerol; Δ^9-THCA, Δ^9-tetrahydrocannabinolic acid; CBDA, cannabidiolic acid; TRPV1, transient receptor potential vanilloid type 1; PPARγ, peroxisome proliferator-activated receptor γ; ROS, reactive oxygen species; 5-HT1A, 5-hydroxytryptamine receptor subtype 1A; FAAH, fatty acid amide hydrolase. (+), direct or indirect activation; ↑, increase; ↓, decrease.

> In the past decades, the endocannabinoid system has been implicated in a growing number of physiological functions, both in the central and peripheral nervous systems and in peripheral organs. More importantly, modulating the activity of the endocannabinoid system

turned out to hold therapeutic promise in a wide range of disparate diseases and pathological conditions, ranging from mood and anxiety disorders, movement disorders such as Parkinson's and Huntington's disease, neuropathic pain, multiple sclerosis and spinal cord injury, to cancer, atherosclerosis, myocardial infarction, stroke, hypertension, glaucoma, obesity/metabolic syndrome, and osteoporosis, among others.

An impediment to the development of cannabinoid medications has been the socially unacceptable psychoactive properties of plant-derived or synthetic agonists, mediated by CB1 receptors. However, this problem does not arise when the therapeutic aim is achieved by treatment with a CB1 receptor antagonist, such as in obesity, and may also be absent when the action of endocannabinoids is enhanced indirectly through blocking their metabolism or transport. The use of selective CB2 receptor agonists, which lack psychoactive properties, could represent another promising avenue for certain conditions.

The abuse potential of cannabinoids may also be limited through the use of preparations with controlled composition and the careful selection of dose and route of administration. The growing number of preclinical studies and clinical trials with compounds that modulate the endocannabinoid system will result in novel therapeutic approaches in a number of diseases for which current treatments do not fully address the patients' need.

Cannabinoids are a diverse class of chemicals that act on receptors on cells that repress neurotransmitter release in the brain. Cannabinoids are active in humans and other animals through a system of receptors know as cannabinoid receptors. Presently, there are two known types of cannabinoid receptors, termed CB1 and CB2, with evidence supporting more receptors yet to be discovered. The human brain contains more CB1 cannabinoid receptors than any other receptor type. The CB2 receptors are prevalent in the immune system and peripheral nervous system. Though associated with cannabis, cannabinoids are also naturally occurring chemicals in the body responsible for biological processes.

CannaPharmaRx intends to advance cannabinoid science to bring novel prescription medicines, and veterinary cannabinoid-based products to market in the U.S. and worldwide. In recent decades, studies exploring cannabinoid-based treatments have produced scientific evidence of therapeutic promise in a wide range of disparate diseases. The focus of CannaPharmaRx research and discovery will be in the following disease areas: neurological disorders, oncology, infectious diseases, pain management, inflammatory diseases, gastrointestinal disorders and ophthalmology.

The mission of CannaPharmaRx is to make available to patients FDA-approved drugs that are labeled for medical indications, strengths, dosing and safety and then prescribed by physicians, dispensed by pharmacists and reimbursed by insurers. Our approach is to target a disease with a cannabinoid or combination of cannabinoids and then design optimal ways to deliver them into the body. As a result the Company’s products will be in the form of innovative drug delivery technologies such as oral delivery systems, sprays, and transdermal patches. Already the Company has developed a number of products for which it will be funding the research necessary to be granted FDA approval. R&D is integral for the Company’s business model, allowing the

CannaPharmaRx to transform advanced science and technologies into the therapies that matter most.

CannaPharmaRx is not a "medical marijuana" industry-related company attempting to operate outside of federal cannabis prohibitions. We fully comply with all federal laws and regulations, including those enforced by the U.S. Drug Enforcement Administration (DEA), U.S. Department of Agriculture (USDA) and U.S. Food and Drug Administration (FDA). Our lead molecules will be vetted through the traditional drug research and development process: Discovery, Pre-clinical, Formulation, Proof-of-Concept, Phase I, Phase II, Phase III, and post-marketing Phases IV and V.

CannaPharmaRx will focus its core business units on four areas:

- Endocannabinoid research
- Product development & packaging
- Distribution network development and management
- Information Technology (IT) data and registry

Each of these business units will focus on three areas for marketing and sales of its products:

- Prescription single entity and combination products
- Animal healthcare products
- Personal care consumer products

➢ ***Prescription Medicines***

CannaPharmaRx intends to serve the physician marketplace for prescription drug products in the following therapeutic categories: neurological disorders, oncology, infectious disease, pain management, inflammatory disease, gastrointestinal disorders and ophthalmology.

➢ ***Compounding Pharmacies***

CannaPharmaRx intends to acquire multiple licensed pharmacies and pharmacy compounding centers. Each center will compound non-sterile, standardized and labeled products. Compounding pharmacies are growing in importance as caregivers seek out the most effective specialty pharmacies to treat targeted diseases and obtain the evidenced based outcomes that payers under the Affordable healthcare Act are mandated to look for and use.

➢ ***Cannabinoid Sourcing Platform***

CannaPharmaRx intends to acquire or partner with a pharmaceutical manufacturing facility for active pharmaceutical ingredient development. This will further ensure consistency of product quality and help control costs for manufacturing to scalable economies.

➢ *Research & Development and Commercialization Product Portfolio*

CannaPharmaRx intends to research, develop and potentially commercialize a diverse line of cannabinoid-based products that will meet the need of the healthcare providers serving various patient population needs. Products will be labeled for medical indications, strengths, dosing and safety, and routes of administration.

➢ *Real World Data Registry Development, Implementation*

The need for accurate, reliable and up to date scientific information on the use and effectiveness of cannabinoid-based medicines (CBM) has been desired for years. Since its inception, CannaPharmaRx has been developing a professional registry to assert its leadership in knowledge management in this sector of healthcare. The Company expects to release the Recruit Registry™ in the first quarter of 2015 for initial beta site testing and enhancements.

Following in-service tests, the Recruit Registry™ will provide CannaPharmaRx real-time data in helping identify specific cannabinoids for ultimate commercialization in global markets as a competitive advantage. As its proprietary registry grows in patient volume CannaPharmaRx believes it will offer healthcare providers, payers and patients the ability to help make decisions on selecting and managing cannabinoid-based pharmacological treatments and related evidence-based outcomes.

When fully launched, the Recruit Registry™ (real world evidence), will provide a longitudinal data compendium for product usage, clinical management and outcomes. These data will be of great value to patients, caregivers as well as state and federal agencies seeking to identify diseases that will benefit from the use of cannabinoid-based medicines. The ultimate goal is to enable healthcare providers the opportunity to track and monitor their patients on CBM's, provide real-world data feedback to pharmacists and payers and help patients improve their adherence, compliance and persistency. Patient feedback tools, benchmarking and progress dashboards with easy input from personal devices will assist in differentiating the CannaPharmaRx Recruit Registry™ as well as augmenting patient engagement.

➢ *Patient Care Delivery and Improved Outcomes*

CannaPharmaRx believes that patient care delivery and related outcomes will play an important role in the success of its business. CannaPharmaRx has relationships with specialty pharmacy providers treating patients with diseases requiring concomitant or mono-cannabinoid therapies.

CannaPharmaRx intends to provide healthcare providers prescribing and monitoring tools for their patients to track and report the clinical outcomes from their use of cannabinoid products.

- Physician Portal - Designed to allow the physician to review common medical conditions, and match CannaPharmaRx formulary products to the needs of their patients.

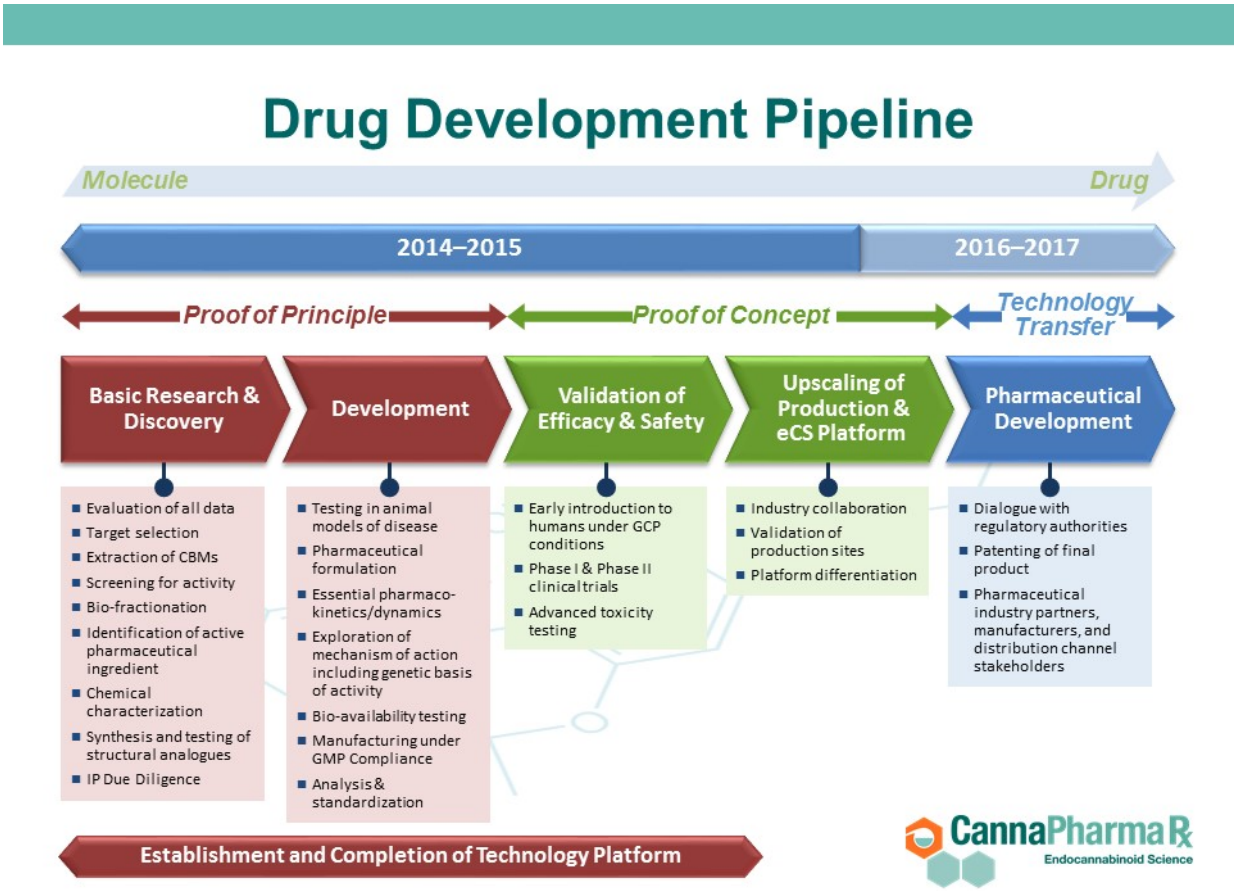
- Patient Portal – Allows patients to make product selections based upon disease and available products. Mobile device based applications allow the patients to report and track their therapies, side effects, dosage adjustments, as well as disease progress and clinical outcomes.
- Pharmacist Portal – Allows for the clinical therapy management of patients on cannabinoid therapy.
- Payer Portal – Allows for payers to access cost-benefit analysis to determine access, reimbursement and formulary decision for care delivery, quality and anticipated outcomes.

➢ ***Value Differentiation***

CannaPharmaRx intends to provide licensed healthcare providers with a safe data platform for their patients to manage the utilization of cannabinoid-based products, while being able to develop their own compendium and knowledge of real world clinical evidence. Physicians and pharmacists can track the results of cannabinoid therapy and document retrospective success. This may allow them to learn and apply intelligence to future prescribing decisions. Real world evidence will support product reimbursement and payer decision making.

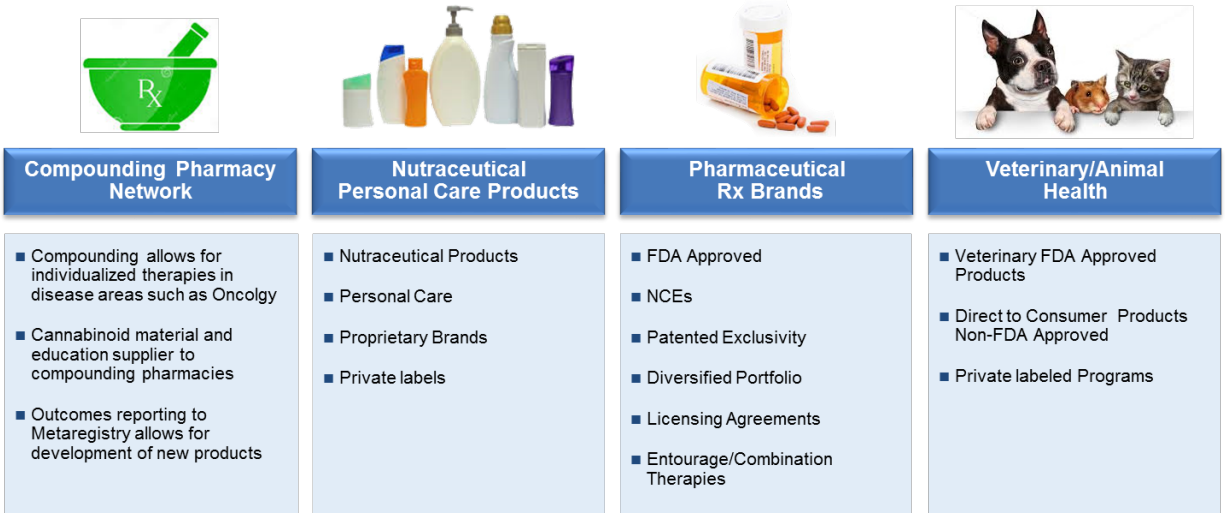
DRUG DEVELOPMENT PIPELINE

CannaPharmaRx's early stage research and development pipeline focuses of selecting product candidates with potential to differentiate features and benefits from current and future competitive cannabinoids to build protection for CannaPharmaRx products in the FDA drug approval process ensuring potential claims are within approved labeling for promotion.



BUSINESS MODEL

CannaPharmaRx is comprised of several discreet businesses:



CannaPharmaRx is seeking to diversify its business model through multiple revenue streams by focusing on the development of subsidiaries that can be rolled-up, grown and/or divested. CannaPharmaRx is developing a wide variety of products and industries, such as physician prescription based products, natural health products, and animal health care products.

SALES AND MARKETING

CannaPharmaRx's anticipated product sales will be derived from compounds successfully completing Phase III clinical trials and upon approvals of NDAs and related indications. We expect the proprietary approach taken by CannaPharmaRx identify, formulate and use its proprietary technology will become industry differentiators from its competitors in future years.

Commercial US sales will be managed through a direct sales force and/or contract sales organizations deployed against geographic areas of commercial viability such as regional and local markets with large numbers of afflicted patient populations, healthcare provider practices and academic centers of excellence and community hospitals.

CannaPharmaRx will use market and customer segmentation strategies and tactics to lower the SGA expenditures' hurdle on a resource allocation based model for the pharmaceutical industry.

Emphasis will be placed on a zero-based budgeting approach for promotional dollar allocation and on an operations cost extraction policy to optimize towards lower costs of goods sold and increase net profit margins for every product in our commercialized portfolio.

OPERATIONS

CannaPharmaRx, Inc. is a Delaware corporation, which is headquartered in Carneys Point, New Jersey. The Company operates through its wholly-owned subsidiary, CannaPharmaRx, Inc. Colorado, which was incorporated on April 22, 2014 in the State of Colorado. CannaPharmaRx is dedicated to advancing endocannabinoid science, research, and discovery in the US and worldwide and to work collaboratively to bring novel cannabinoid-based products to market in the US and worldwide.

CannaPharmaRx management understands the wide range of efficacies that the cannabinoid plant possesses, and is applying pharmaceutical research, manufacturing and the distribution system that is already in place to provide novel treatments to patients who can benefit from cannabinoid therapies.

CannaPharmaRx intends to serve patients within the following disease categories: neurological disorders, oncology, infectious disease, pain management, inflammatory disease, gastrointestinal disorders and ophthalmology.

- ***Specialty Pharmacy and Compounding Operations Phase***

CannaPharmaRx intends to acquire multiple licensed specialty pharmacy and compounding centers. Each center will compound sterile, standardized and labeled products.

- ***Drug Development Phase***

Once enough clinical and safety data is amassed, and CannaPharmaRx understands the consumer needs, it intends to outsource, build, acquire or partner with a pharmaceutical manufacturing facility for product development. This will further ensure consistency of product quality, as well as bring cost for manufacturing down due to scalable economies.

- ***Product Portfolio***

CannaPharmaRx intends to develop a diverse line of cannabinoid-based products, that will meet the need of the healthcare provider serving the various patient populations needs. Products will be labeled for medical indications, strengths, dosing, safety, as well as route of administration.

- ***Formulary Development***

CannaPharmaRx intends to develop and maintain a compendium for product usage, supported by real world evidence from our data gathering through our monitoring.

- ***Differentiation***

CannaPharmaRx intends to provide licensed healthcare providers with a safe environment for their patients to receive cannabinoid-based products, while being able to develop their own compendium and knowledge of real world clinical evidence. Physicians and pharmacists can track

the results of cannabinoid therapy and document retrospective success. This may allow them to learn and apply intelligence to future prescribing decisions.

- ***Clinical Research***

CannaPharmaRx intends to provide cannabinoid-based products and monitor patients in controlled studies as well as real world environments. CannaPharmaRx intends to collaborate with the leading scientific and medical researchers working with cannabinoid-based products and patients.

- ***Publishing***

CannaPharmaRx intends to develop an independent peer reviewed medical journal for publishing both prospective and retrospective medical cannabinoid research.

- ***Public Relations***

CannaPharmaRx intends to establish itself as the new model for the United States to reference for the safe manufacture and distribution of cannabinoid-based products. By surrounding the Company with industry leaders from the pharmaceutical community, cannabis community, legal community and especially the scientific and medical community, as well as employing a 'best-practices' approach to cannabinoid therapy in the medical community, CannaPharmaRx believes that it will avoid legal and regulatory fines and penalties by complying with federal and state regulations, but may have to deal with challenges on a state by state or at the federal level.

Regulatory Progress

The prospect for cannabinoid-based treatment medicines to be approved through the FDA approval pathway has been the subject of statements from the White House, Congress and the Drug Enforcement Administration, or DEA. The White House Office of National Drug Control Policy states on its "Facts and Answers to the Frequently Asked Questions about Marijuana" on the White House website that the FDA has recognized and approved the medicinal use of isolated components of the cannabis plant and related synthetic compounds. In its June 2012 report entitled "Reducing the U.S. Demand for Illegal Drugs," the U.S. Senate Caucus on International Narcotics Control expresses the view that the development of cannabis-based therapeutics through an approved FDA process is the best route to explore. In its April 2013 report entitled "The DEA Position on Marijuana," the DEA expresses support for ongoing research into potential medicinal uses of cannabis' active ingredients.

Regulations

DEA Registration and Inspection of Facilities

Facilities conducting research, manufacturing, distributing, importing or exporting, or dispensing controlled substances must be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to

prevent drug loss and diversion. All these facilities must renew their registrations annually, except dispensing facilities, which must renew every three years. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Obtaining the necessary registrations may result in delay of the importation, manufacturing or distribution. Furthermore, failure to maintain compliance with the Controlled Substances Act (CSA), particularly non-compliance resulting in loss or diversion, can result in regulatory action that could have a material adverse effect on our business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

State-Controlled Substances Laws

Individual states have also established controlled substance laws and regulations. Though state-controlled substances laws often mirror federal law, because the states are separate jurisdictions, they may separately schedule GW Pharmaceutical's commercialized drug *Sativex* and our product candidates as well. While some states automatically schedule a drug based on federal action, other states schedule drugs through rulemaking or a legislative action. State scheduling may delay commercial sale of any product for which we obtain federal regulatory approval and adverse scheduling could have a material adverse effect on the commercial attractiveness of such product. We or our partners must also obtain separate state registrations, permits or licenses in order to be able to obtain, handle, and distribute controlled substances for clinical trials or commercial sale, and failure to meet applicable regulatory requirements could lead to enforcement and sanctions by the states in addition to those from the DEA or otherwise arising under federal law.

Clinical Trials

To conduct clinical trials of a preparation with a controlled substance in the United States prior to approval, research sites must submit a research protocol to the DEA and obtain and maintain a DEA researcher registration that will allow those sites to handle dispense and obtain the product. If the DEA delays or denies the grant of a research registration to one or more research sites, the clinical trial could be significantly delayed, and we could lose clinical trial sites. The importer for the clinical trials must also obtain a Schedule I importer registration and an import permit for each import.

Government Regulation and Product Approval

FDA Approval Process

In the United States, pharmaceutical products are subject to extensive regulation by the FDA. The Federal Food, Drug, and Cosmetic Act, or the FDC Act, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Failure to comply with

applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending New Drug Applications (NDAs), warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties and criminal prosecution.

Pharmaceutical product development in the United States typically involves pre-clinical laboratory and animal tests, the submission to the FDA of an Investigational New Drug Application (IND), which must become effective before clinical testing may commence, and adequate, well-controlled clinical trials to establish the safety and effectiveness of the drug for each indication for which FDA approval is sought. Satisfaction of FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity, and novelty of the product or disease.

Pre-clinical tests include laboratory evaluation of product chemistry, formulation, and toxicity, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the pre-clinical tests must comply with federal regulations and requirements, including good laboratory practices. The results of pre-clinical testing are submitted to the FDA as part of an IND along with other information, including information about product chemistry, manufacturing and controls, and a proposed clinical trial protocol. Long term pre-clinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the IND is submitted.

A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has neither commented on nor questioned the IND within this 30- day period, the clinical trial proposed in the IND may begin.

Clinical trials involve the administration of the investigational new drug to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations, (ii) in compliance with Good Clinical Practice, or GCP, an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators, and monitors, and (iii) under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND.

The FDA may order the temporary, or permanent, discontinuation of a clinical trial at any time or impose other sanctions if it believes that the clinical trial either is not being conducted in accordance with FDA requirements or presents an unacceptable risk to the clinical trial patients. The trial protocol and informed consent information for patients in clinical trials must also be submitted to an institutional review board, or IRB, for approval. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements or may impose other conditions.

Clinical trials to support NDAs for marketing approval are typically conducted in three sequential phases, but the phases may overlap. In Phase 1, the initial introduction of the drug into healthy

human subjects or patients, the drug is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses, and, if possible, early evidence on effectiveness. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the drug for a particular indication, dosage tolerance, and optimum dosage, and to identify common adverse effects and safety risks. If a compound demonstrates evidence of effectiveness and an acceptable safety profile in

Phase 2 evaluations, Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites, to permit the FDA to evaluate the overall benefit-risk relationship of the drug and to provide adequate information for the labeling of the drug. In most cases, the FDA requires two adequate and well-controlled Phase 3 clinical trials to demonstrate the efficacy of the drug. A single Phase 3 trial with other confirmatory evidence may be sufficient in rare instances where the trial is a large multicenter trial demonstrating internal consistency and a statistically very persuasive finding of a clinically meaningful effect on mortality, irreversible morbidity, or prevention of a disease with potentially serious outcome, and confirmation of the result in a second trial would be practically or ethically impossible.

After completion of the required clinical testing, an NDA is prepared and submitted to the FDA. FDA approval of the NDA is required before marketing of the product may begin in the United States. The NDA must include the results of all pre-clinical, clinical, and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture, and controls. The cost of preparing and submitting an NDA is substantial. Under federal law, the submission of most NDAs is additionally subject to a substantial application user fee, currently exceeding $2,169,000, and the manufacturer and/or sponsor under an approved NDA are also subject to annual product and establishment user fees, currently exceeding $104,000 per product and $554,000 per establishment. These fees are typically increased annually.

The FDA has 60 days from its receipt of an NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of NDAs. Most such applications for standard review drug products are reviewed within ten to twelve months, while most applications for priority review drugs are reviewed in six to eight months. Priority review can be applied to drugs that the FDA determines offer major advances in treatment, or provide a treatment where no adequate therapy exists. For biologics, priority review is further limited only for drugs intended to treat a serious or life-threatening disease relative to the currently approved products. The review process for both standard and priority review may be extended by FDA for three additional months to consider certain late-submitted information, or information intended to clarify information already provided in the submission.

The FDA may also refer applications for novel drug products, or drug products that present difficult questions of safety or efficacy, to an advisory committee, which is typically a panel that includes clinicians and other experts, for review, evaluation, and a recommendation as to whether the

application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. Additionally, the FDA will inspect the facility or the facilities at which the drug is manufactured. The FDA will not approve the product unless compliance with current good manufacturing practices, or cGMP is satisfactory and the NDA contains data that provide substantial evidence that the drug is safe and effective in the indication studied.

After the FDA evaluates the NDA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing, or information, in order for the FDA to reconsider the application. If, or when, those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of information included.

An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. As a condition of NDA approval, the FDA may require a risk evaluation and mitigation strategy, or REMS, to help ensure that the benefits of the drug outweigh the potential risks. REMS can include medication guides, communication plans for health care professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the drug. Moreover, product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

The Hatch-Waxman Act

Orange Book Listing

In seeking approval for a drug through an NDA, applicants are required to list with the FDA each patent whose claims cover the applicant's product. Upon approval of a drug, each of the patents listed in the application for the drug is then published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. Drugs listed in the Orange Book can, in turn, be cited by potential generic competitors in support of approval of an abbreviated new drug application, or an ANDA. An ANDA provides for marketing of a drug product that has the same active ingredients in the same strengths and dosage form as the listed drug and has been shown through bioequivalence testing to be therapeutically equivalent to the listed drug. Other than the requirement for bioequivalence testing, ANDA applicants are not required to conduct, or submit results of, pre-clinical or clinical tests to prove the safety or effectiveness of their drug product. Drugs approved in this way are commonly referred to as "generic equivalents" to the listed drug, and can often be substituted by pharmacists under prescriptions written for the original listed drug.

The ANDA applicant is required to certify to the FDA concerning any patents listed for the approved product in the FDA's Orange Book. Specifically, the applicant must certify that: (i) the required patent information has not been filed; (ii) the listed patent has expired; (iii) the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or (iv) the listed patent is invalid or will not be infringed by the new product. The ANDA applicant may also elect to submit a section viii statement, certifying that its proposed ANDA label does not contain (or carves out) any language regarding the patented method-of-use, rather than certify to a listed method-of-use patent.

If the applicant does not challenge the listed patents, the ANDA application will not be approved until all the listed patents claiming the referenced product have expired.

A certification that the new product will not infringe the already approved product's listed patents, or that such patents are invalid, is called a Paragraph IV certification. If the ANDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders once the FDA has accepted an ANDA for filing. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days of the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA until the earlier of 30 months, expiration of the patent, settlement of the lawsuit, or a decision in the infringement case that is favorable to the ANDA applicant.

The ANDA application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the referenced product has expired.

Exclusivity

Upon NDA approval of a new chemical entity or NCE, which is a drug that contains no active moiety that has been approved by the FDA in any other NDA, that drug receives five years of marketing exclusivity during which time the FDA cannot receive any ANDA seeking approval of a generic version of that drug.

Certain changes to a drug, such as the addition of a new indication to the package insert, are associated with a three-year period of exclusivity during which the FDA cannot approval an ANDA for a generic drug that includes the change.

An ANDA may be submitted one year before NCE exclusivity expires if a Paragraph IV certification is filed. If there is no listed patent in the Orange Book, there may not be a Paragraph IV certification, and, thus, no ANDA may be filed before the expiration of the exclusivity period.

For a botanical drug, FDA may determine that the active moiety is one or more of the principle components or the complex mixture as a whole. This determination would affect the utility of any 5-year exclusivity as well as the ability of any potential generic competitor to demonstrate that it is the same drug as the original botanical drug.

Patent Term Extension

After NDA approval, owners of relevant drug patents may apply for up to a five-year patent extension. The allowable patent term extension is calculated as half of the drug's testing phase (the time between IND submission and NDA submission) and all of the review phase (the time between NDA submission and approval up to a maximum of five years). The time can be shortened if FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed 14 years.

For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the PTO must determine that approval of the drug covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug for which an NDA has not been submitted.

Advertising and Promotion

Once an NDA is approved, a product will be subject to certain post-approval requirements. For instance, FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet.

Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved labeling. Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new NDA or NDA supplement before the change can be implemented. An NDA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing NDA supplements as it does in reviewing NDAs.

Adverse Event Reporting and GMP Compliance

Adverse event reporting and submission of periodic reports is required following FDA approval of an NDA. The FDA also may require post-marketing testing, known as Phase 4 testing, REMS, and surveillance to monitor the effects of an approved product, or the FDA may place conditions on an approval that could restrict the distribution or use of the product. In addition, quality-control, drug manufacture, packaging, and labeling procedures must continue to conform to current good manufacturing practices, or cGMPs, after approval. Drug manufacturers and certain of their subcontractors are required to register their establishments with FDA and certain state agencies. Registration with the FDA subjects entities to periodic unannounced inspections by the FDA, during which the agency inspects manufacturing facilities to assess compliance with cGMPs. Accordingly, manufacturers must continue to expend time, money and effort in the areas of production and quality control to maintain compliance with cGMPs. Regulatory authorities may withdraw product approvals or request product recalls if a company fails to comply with regulatory standards, if it encounters problems following initial marketing, or if previously unrecognized problems are subsequently discovered.

RECENT FINANCINGS

There were 6,000,000 common shares issued by CannaPharmaRx from May to September 2014 as part of a private placement memorandum offering to accredited investors in exchange for $3,000,000 in gross proceeds, a purchase price of $0.50 per share.

In March 2015, CannaPharmaRx offered accredited investors up to 1,500,000 shares as part of a private placement offering. Through March 30, 2015, 303,000 shares were subscribed for a total of $454,500 in anticipated gross proceeds, a purchase price of $1.50 per share.

RESEARCH AND DEVELOPMENT

Today, CannaPharmaRx is at a unique moment in cannabinoid innovation. Scientists are rapidly building an understanding of cannabinoids but the scientific and medical community needs more concrete clinical evidence in human studies to treat disease.

Working through collaborations with pharmaceutical and biotechnology companies, research and academic institutions, as well as physicians and researchers, both domestically and worldwide, CannaPharmaRx intends to develop both single and combination prescription entity products by conducting animal and human Phase I through Phase V clinical trials in order to ultimately provide FDA-approved medications to the public.

The Company's purpose is to bring innovative cannabinoid-based therapies to market that significantly improve patients' lives. R&D is at the heart of our mission as we work to transform advanced science and technologies into the therapies that matter most. CannaPharmaRx is integrating science and business, which means being collaborative, focused and fully compliant with all state and national regulatory agencies. Ultimately, we are working to design a resource engine that can deliver patients a sustainable flow of important new medicines.

CannaPharmaRx will be working with PharmaDirections, a pharmaceutical project management and consulting group, as it launches its R&D platform to investigate product opportunities in endocannabinoid science for ultimate commercialization in global markets. PharmaDirections' expertise will assist CannaPharmaRx with drug discovery, API process development, preclinical pharmacology and toxicology studies, formulation development, drug substance/drug product GMP manufacturing and regulatory submissions.

CannaPharmaRx intends to research, develop and potentially commercialize a diverse line of cannabinoid-based products that will meet the needs of the healthcare providers serving various patient population needs. Approved products will be labeled for medical indications, strengths, dosing and safety, as well as route of administration. Furthermore, there is substantial pre-clinical evidence in the worldwide literature on the effects of cannabinoid substances in animal models. CannaPharmaRx has undertaken an in-depth analysis into the data to help determine which compounds may be further studied in additional animal models and to move selected compounds into early clinical evaluation in humans.

LEGAL MARIJUANA INDUSTRY

The regulatory status of cannabis is shifting rapidly at the state level, with momentum toward a change at the federal level. Current federal regulations classify most cannabinoids as Schedule 1 substance. CannaPharmaRx will fully comply with current federal regulations in developing products, but is also uniquely poised for any of the possible regulatory outcomes. In the event of cannabinoids being rescheduled, CannaPharmaRx could potentially have expanded opportunities in the development of compounded prescription cannabinoids, OTC products, and personal care/nutraceutical products. CannaPharmaRx intends to be the leading cannabinoid production company, and expects to grow opportunities for new business in this dynamic regulatory environment.

The legal marijuana industry's major transformation over the past three years is due in part to massive shifts in the business environment that have changed the industry landscape in a variety of ways. Key drivers of growth in the medical cannabis sector are:

- Federal position on state rights choice for decriminalizing and/or legalization legislation
- Individuals, pressure groups and elected state lawmakers petitioning states for legalization for medicinal, recreational use and state income opportunities, respectively

However, there is a potential threat that this momentum may be reversed or slowed down significantly with possible changes in political party majorities at the federal (2016) and/or state (mid-term and general elections) levels who oppose the trend for legalization. For example, Colorado sheriffs are supporting grass roots initiatives to overturn their duty to uphold federal law within the state. Medical cannabis laws and dispensaries may be subject to imposed restrictions if the case is favorable to the sheriffs.

> "Six Colorado sheriffs sued their own governor in federal court on Thursday, arguing that state laws legalizing marijuana require them to violate federal law. Joining the sheriffs in the lawsuit — the fourth to be filed against Colorado over marijuana legalization — are sheriffs and prosecutors from Nebraska and Kansas. The suit argues that federal law's supremacy means Colorado cannot allow people to possess or use marijuana for recreational purposes and cannot license stores to sell it."
>
> "We think that what Colorado has done is illegal; we think it's unconstitutional," Scotts Bluff County, Neb., Sheriff Mark Overman, who is also a plaintiff in the suit, said at the news conference. "I believe, my fellow plaintiffs believe, that this case is going to have national ramifications. And, if we win, then we can reverse what looks like a surrender to the pro-marijuana crowd." Source: *The Cannabist,* March 5, 2015

In addition, there are a growing number of pharmaceutical and biotechnology companies emerging in this space, such as CannaPharmaRx, seeking to provide robust scientific and medical evidence to regulatory authorities like the FDA for approval of their drugs. The process follows the FDA drug pathway of Phases I through V of drug testing in clinical trials in large scale studies versus placebo and in some cases versus an active comparator agent.

Many companies are hoping to enter the nationwide medical cannabis marketplace with FDA approved, prescribable cannabis products. It is important to note that for those companies pursuing full-spectrum botanical products, that success does not hinge on the DEA rescheduling cannabis, but in the FDA creating a new process for drug approvals. Under the current FDA drug approval process, it is both incredibly difficult and extremely complicated to have a product approved that consists of hundreds of potentially active ingredients.

The 2012 Affordable Care Act mandates that health care providers select therapies and payers reimburse costs on the basis real word data and evidence-based outcomes documenting the overall cost of the therapy chosen is lower than its acquisition cost (pharmacoeconomics).

As more of this type of scientific evidence and cost-effective data arise, the more the "medical marijuana" sector may come under attack if there are alternate prescription drugs with documented safety and efficacy data and reimbursed by insurers (with lower patient co-pays or no co-pays) to treat diseases.

CannaPharmaRx is positioning itself with differentiated assets to be a formidable competitor if either or both of the above regulatory scenarios materialize. Our model promotes the distribution of our products through traditional pharmaceutical channels with the drug therapy management handled only by trained medical professionals.

Overview: United States

> "In 2014, the legal cannabis industry expanded 74% to reach $2.7 billion in combined retail and wholesale sales, and firmly established itself as the fastest growing industry in America. Five states now boast markets greater than $100 million, while one additional state posted sales above the $50 million mark. Legal Audit Use sales began for the first time in Colorado and Washington, adding $370 million in new sales dollars. Voters in two more states and Washington D.C., approved Adult Use Measures, three approved new medical use laws, and 11 states passed laws that allow for limited distribution of cannabidiol (CBD) products, a non-psychoactive but potentially medically useful component of cannabis."
>
> Source: *Executive Summary, The State of Legal Medical Marijuana Markets, 3rd Edition, 2015 ArcView Market Research*

The American population's increasing support for the legalization of marijuana has been a primary driver of this rapid change, with the trend being validated by the Gallup Poll released in October 2013 showing that 58% of Americans are in favor of legalization, a 10% increase from 2012.

In the past year eight new states plus the District of Columbia have approved new medical marijuana sales regulations, which include Massachusetts, Illinois, Connecticut, Vermont, Delaware, New Hampshire, Minnesota, and most recently New York. With the new legislation in place, the total number of states permitting medical marijuana use has risen to 23. Moreover, on January 1, 2014, Colorado and Washington became the first state in the nation's history to implement recreational cannabis use policies. With these states benefitting from substantial tax

revenue from these inaugural policies, many experts estimate that seven to fourteen new states could attempt to enact similar recreational use policies by 2017.

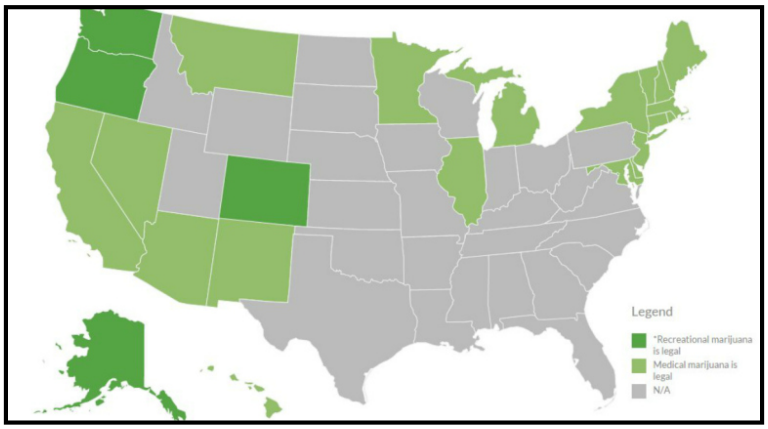
Recently in the November 2014 midterm election, Oregon, Alaska and the District of Columbia successfully passed legislation to legalize recreational cannabis. This will help to propel the cannabis sector in several key ways, from increasing the flow of capital into legal marijuana companies to setting up a 2016 legalization push in California.

Oregon and Alaska now join Colorado and Washington State, which legalized recreational marijuana in 2012. State officials in Oregon and Alaska will move to create the administrative system for marijuana sales, which are expected to begin in both states by 2016. Voters in the District of Columbia passed what has been called "soft legalization," which allows citizens to possess and grow small amounts of marijuana, but does not create cannabis stores (the DC initiative must also be approved by Congress, where opposition is already brewing.)

The successful legislation in Oregon, Alaska, and the District of Columbia, along with the close result in Florida, will make 2015 a critical year for the cannabis industry. These midterm results will offer lawmakers in other states the confidence to introduce new initiatives for action in 2015 and placement on 2016 ballots. This trend will be accelerated if the sale of recreational marijuana in Colorado and Washington State appears to be a success. However, there are initiatives beginning to try to reverse the state legislation passed in Colorado due to cross state trafficking and increased police activity. Adjacent states may be in support of reversal if they are not advocating legalization and/or decriminalization.

Each state's regulatory structure is unique, making it critical for potential business owners in the industry to know and understand each states regulatory landscape. Understanding individual state markets requires potential business operators to account for multiple levels of regulatory understanding and compliance, such as who is allowed to legally purchase marijuana, how it may be sourced, processed, and distributed.

Chart 1: Cannabis Legal Status by State



Even with the shifting views of society as well as many federal officials, marijuana is still classified as an illegal substance in the United States. The Drug Enforcement Agency and the Food and Drug Administration still classifies marijuana as a Schedule 1 drug under the Controlled Substance Act. The classification makes marijuana illegal under federal law to manufacture, distribute, or dispense and has created a discrepancy between the laws in states, that permit the distribution and sale of medical and recreational marijuana, from federal law that prohibits any such activities.

The discrepancies in federal and state law have created a complicated and risky environment for businesses in the industry, especially in regards to restricted banking access for legal marijuana companies. The banking system in the U.S. is, in most states, federally mandated. Since possession or distribution of marijuana violates federal law, banks that provide services to legal marijuana companies face the threat of prosecution and assorted sanctions, such as loss of their federal depository insurance. As a result, many marijuana-related businesses are denied the ability to deposit cash, process electronic payments, or obtain loans and cash management services, consequently forcing these companies to transact on a cash-only basis. Of course, this failure of the legacy financial establishment to react to demand is creating the opportunity for new providers, from finance companies to physical security providers.

Another variable adding to the complexity of legal marijuana market is the local laws at the city, county and municipal level. Even when a state enacts legislation legalizing marijuana, cities, counties and municipalities have the right to exercise restrictions on marijuana activities, such as cultivation, retail or consumption. One particular area that this has been observed is in regards to zoning requirements, since zoning is set by local governments. This has restricted many businesses in the emerging marijuana industry on how and where their marijuana operations can be located, as well as the manner and size in which they can operate.

There is action being taken both in congress and the executive branch to clarify the legality of banks, as well as cities and municipalities doing business with the cannabis industry. In response to the passage of recreational cannabis use regulations in Colorado and Washington State, the U.S. Department of Justice Deputy Attorney General James M. Cole issued a memorandum, the 2013 Cole Memo, to all United States Attorneys providing updated guidance to prosecutors and law enforcement concerning marijuana enforcement under the CSA. The memorandum indicated that states with tightly regulated marijuana laws and oversight would be allowed to enforce their own laws. Moreover, the memo laid out eight top federal cannabis enforcement priorities, which acts as guidance to where cannabis enforcement resources will be targeted. It focuses on addressing the most significant threats in the most effective and consistent way possible. Those priorities include:

- Preventing the distribution of marijuana to minors
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity

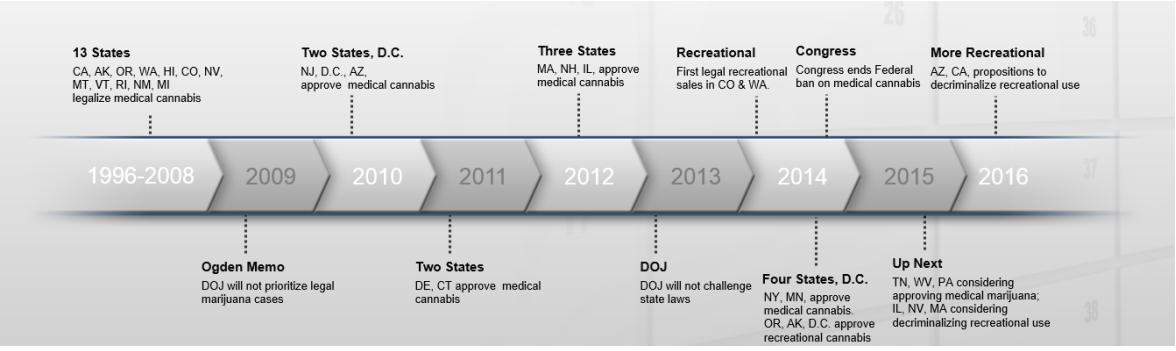
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use
- Preventing growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands
- Preventing marijuana possession or use on federal property

A more substantial development occurred on February 2014. The Obama administration gave banks a road map for conducting transactions with cannabis companies operating within state regulations, so these companies could have an equal level of access to financial services as traditional businesses. The move was designed to let financial institutions serve such businesses while ensuring that they know their customers' legitimacy and remain obligated to report possible criminal activity. However, there still remains nothing expressly protecting banks that work with state-legal, state-licensed marijuana businesses from prosecution.

The most encouraging news regarding the legal cannabis industry came on December 13, 2014, when passed the federal spending bill, which contains protections for medical marijuana and industrial hemp operations in states where they are legal. The spending bill includes an amendment that prohibits the Department of Justice from using funds to go after state-legal medical cannabis programs. If the bill is signed into law, it will bring the federal government one step closer to ending raids on medical marijuana dispensaries, as well as stopping arrests of individuals involved with marijuana businesses that are complying with state law.

The bill protects medical marijuana programs in the 23 states that have legalized marijuana for medical purposes, as well as 11 additional states that have legalized CBD oils, a non-psychoactive ingredient in marijuana that has shown to be beneficial in some severe cases of epilepsy. This landmark passage marks the first time Congress has approved nationally significant legislation backed by legalization advocates and brings almost to a close, two decades of tension between the states and Washington over medical use of marijuana.

Chart 2: United State Legalization Timeline



Ancillary Businesses

As more states continue to loosen their marijuana laws, the demand for marijuana-related products and services is expected to grow rapidly. This rapid growth combined with the professionalization of the marijuana industry has spurred the emergence of cannabis-related niche markets. These ancillary markets include, but are not limited to, dispensary and cultivation consulting, technology, insurance, IT, security consulting, packaging services, legal counseling/consulting, merchant processing, and dispensary management. However, since the federal government still classifies marijuana as a Schedule 1 substance, many traditional ancillary providers fear the reputational and legal risk of serving the marijuana industry. Ancillary businesses that cater to the legal marijuana industry are well positioned to benefit from the growth in the industry, since private marijuana producers and sellers often have difficulty acquiring these types of products and services from traditional venues. In addition, due to ancillary businesses operating in legal marijuana markets without physically handling the plant, they have less legal risk than companies directly involved in the production and sale of marijuana.

Cannabinoid-based Pharmaceuticals

Recent evidence suggests a strong case for the approval of medical marijuana for the treatment of nausea, loss of appetite, pain relief and muscle relaxation. The treatments could be suitable, for example, for cancer, HIV, multiple sclerosis and arthritis, with the potential for expanded use as research improves and larger biotechnology firms enter the market. As a result, 23 U.S. states have legalized the plant's use for a range of indications and similar laws have been passed in Canada. Regulations vary, but usually registered patients are permitted to buy marijuana from licensed dispensaries.

Although one cannabinoid, THC, is known to cause psychoactive effects associated with the use of illicit herbal cannabis, none of the other cannabinoids are known to share these properties. In recent decades, there have been major scientific advances that have led to the discovery of new plant-derived cannabinoids and the endocannabinoid system. The industry is at the forefront of this new area of science and our research into a large number of these cannabinoids suggests that each has distinct pharmacological effects and potential therapeutic applications.

Initial academic research in the field of cannabinoid science focused almost exclusively on THC. It has been widely published in scientific literature that THC has pain suppression, anti-spasmodic, anti-tremor, anti-inflammatory, appetite stimulant and anti-nausea properties. Recent research and development, however, has focused primarily on exploring cannabinoids other than THC and identifying potential therapeutic applications of these other cannabinoids. It has focused particularly on CBD, which has shown in pre-clinical testing conducted and supported by publications in scientific literature to have anti-inflammatory, anti-convulsant, anti-psychotic, anti-oxidant, neuroprotective and immunomodulatory effects. In addition, research indicates that CBD is not intoxicating as evidenced by its distinct pharmacology from THC as well as evidence from clinical trials. In particular, the intoxicating effects of THC result from its activity as a partial agonist at the CB1 receptor; CBD does not have this same pharmacologic activity. There is a significant body of scientific literature on the properties of CBD, which consistently describes CBD as a cannabinoid

without psychotropic effects. Furthermore, according to publications in scientific literature, in particular pre-clinical research published by Zuardi, et al. in the Journal of Psychopharmacology 1982 and clinical research published by Karniol, et al. in the European Journal of Pharmacology 1974, research suggests that the presence of CBD may mitigate some of the side-effects of THC. Recent Re identified important pharmacological effects of other cannabinoids, such as the anti-convulsant effects of CBDV, anti-diabetic effects of THCV, anti-nausea effects of CBDA and anti-cancer effects of CBG.

There are at least two types of cannabinoid receptors, CB1 and CB2, in the human endocannabinoid system. CB1 receptors are considered to be among the most widely expressed G protein-coupled receptors in the brain and are particularly abundant in areas of the brain concerned with movement and postural control, pain and sensory perception, memory, cognition, emotion, and autonomic and endocrine function. CB1 receptors are also found in peripheral tissues including peripheral nerves and non-neuronal tissues such as muscle, liver tissues and fat. CB2 receptors are expressed primarily in tissues in the immune system and are believed to mediate the immunological effects of cannabinoids. In addition, research suggests the endocannabinoid system interacts with other important neurotransmitter and neuromodulatory systems in the human body, including TRP channels, adenosine uptake and serotonin receptors. It is believed that the far-reaching and diverse pharmacology of the numerous cannabinoids provides significant potential for development of cannabinoid therapeutics across many indications and disease areas.

While the US Food and Drug Administration (FDA) does monitor reports of adverse effects in patients using marijuana to treat medical conditions, the agency does not regulate such products. The Scientist; rules governing the testing and labeling of cannabis products sold at dispensaries are set by individual states. One concern with this approach is that, generally speaking, patients don't know the precise chemical profiles or effects of what they're buying. This has caused a strong demand for safe, well-tested pharmaceutical product that they can treat like any other medicine; something with a list of ingredients, effects, and side effects.

Biotechnology companies are looking to capitalize on the anticipated growth of the cannabis-derived pharmaceutical market by leveraging the mounting data on the therapeutic effect of cannabis. By putting their candidates through rigorous testing for quality, safety, and efficacy to earn FDA approval, they can reach a broader market, including people in those states where medical marijuana has not been legalized. While natural plant extracts can't be patented, FDA approval guarantees seven years of market exclusivity for drugs that treat rare diseases, regardless of origin. Regulatory approval also dramatically increases the chances that health insurance companies will pay for them.

MARKET SIZE AND GROWTH RATES

United States

The total market for marijuana, legal and black market, is estimated to exceed the economic value of corn and wheat, which is why it is widely considered the largest cash crop in the United States. According to a report by the Associated Press in July, it is estimated that the value of the total

domestic marijuana market ranges from $35 billion to $50 billion. Even though it is illegal in most of the nation, the legal marijuana industry is among the fastest-growing markets in the United States, with it already being valued at approximately $1.43 billion for 2013. Furthermore, it is predicted that the market will grow 64 percent, to $2.34 billion by the end of 2014. However, this could potentially be conservative due to undercounting of ancillary products and services. The long term growth outlook for the industry is even stronger. Based on growth in the current market and more states moving to allow medical marijuana and/or making recreational use legal, it is believed the market will experience growth in excess of 700 percent to over $10 billion by 2018.

Chart 3: Annual Retail Sales by Industry

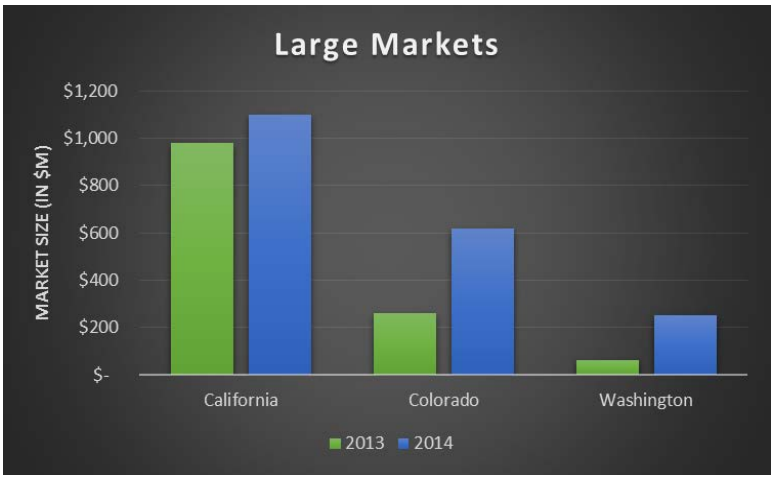
Annual retail sales by industry	
US Beer	$246 billion
US Wine	$34.6 billion
Vodka	$5.5 billion
Legal MJ	$1.43 billion
E-Cigarettes	$500 million

In comparison to other comparable markets, such as beer wine and vodka, the legal marijuana market is still small in terms of size. The small size is due to the market being immature, as well as marijuana still being classified as illegal on the federal level. However, legal marijuana is expected to experience growth of 64 percent in 2014, while the domestic beer market is increasing around 2 percent. The market's growth has severe constraints caused by the legal status of marijuana in most of the nation. If the government was to legalize the substance on a federal level, the legal marijuana business would have the potential to grow at a pace much faster than what is being experienced in 2014. Bloomberg estimates that if marijuana was legalized the US market potential would be between $35 billion to $45 billion.

Canada

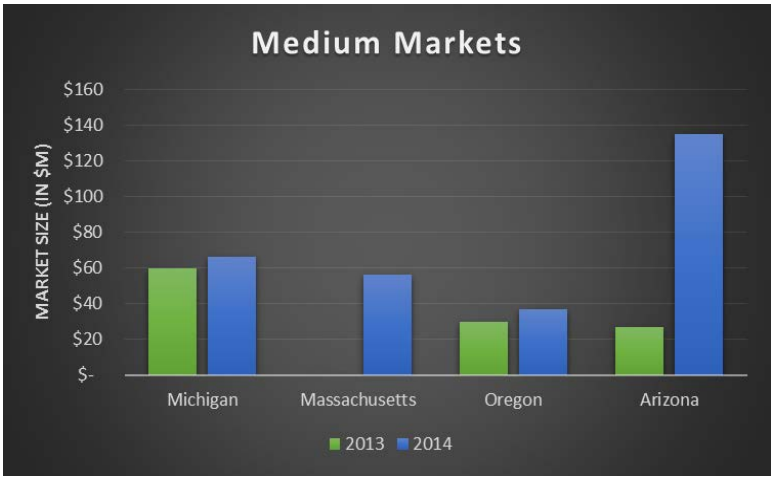
The market for medicinal use in Canada is estimated at $144 million in 2014, rising to $388 million in 2018 and expected to reach $1.3 billion by 2024. At the end of 2013, the department of Canadian health, Health Canada, reported that there were 37,359 patients who had medical marijuana licenses in Canada, up from 477 licenses in 2002. The government estimates that by the end of 2014 there will be a total of about 58,000 licensed medical users, projected to increase to about 450,000 over the next 10 years. This represents a compound annual growth rate of 24.5 percent in sales and 27.7 percent in registered medical marijuana patients. These estimates are likely to be conservative, since the Canada's MMPR law enables small businesses to export marijuana to legal jurisdictions throughout the world. As countries progressively migrate their policies toward deregulation, it will position Canadian companies to have a first mover advantage, allowing them to successfully supply the other countries' marijuana demand.

Chart 4: Market Size (Large Markets)



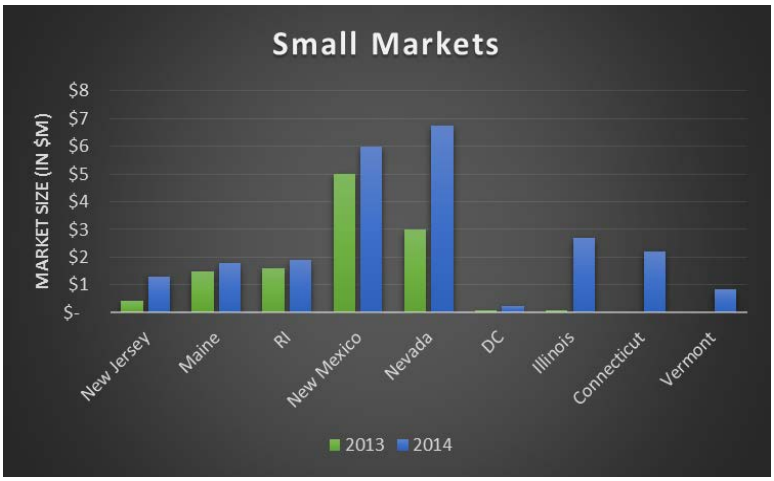
Source: Arcview Market Research

Chart 5: Market Size (Medium Markets)



Source: Arcview Market Research

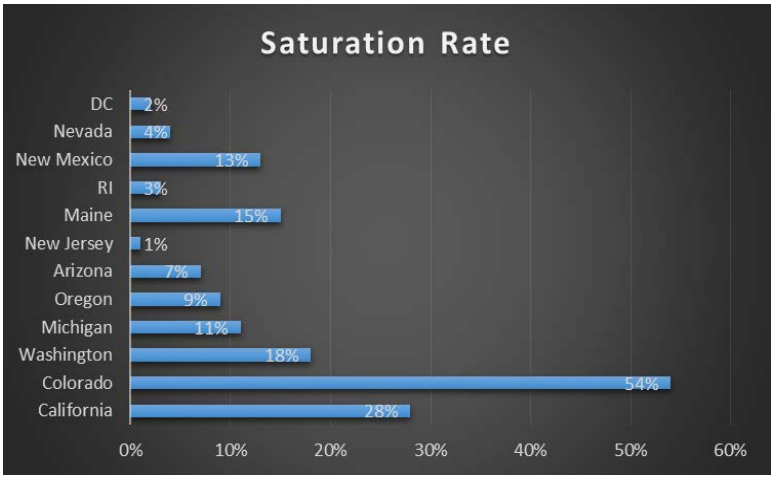
Chart 6: Market Size (Small Markets)



Source: Arcview Market Research

Many states' legal marijuana markets have seen significant growth over the past year. The industry will experience rapid growth as new states begin adopting favorable legislation in regard to medical and recreation marijuana use. One strong indicator of future growth potential in a specific market is the saturation rate, percentage of the customer population who are actively purchasing legal medical marijuana, relative to the potential patient population who qualify to make those purchases. With low saturation rates in a majority of the nation's medical marijuana markets, there is a very favorable environment for high growth.

Chart 7: Saturation Rate by State



Source: Arcview Market Research

COMPETITIVE LANDSCAPE

Insys Therapeutics, Inc.

Marketed Products

Insys Therapeutics has two marketed products, *Subsys* and *Dronabinol SG Capsule*, focused on sublingual spray drug delivery technology and dronabinol formulation/manufacturing capabilities, respectively. In December 2011, they launched *Dronabinol SG Capsule*, a generic equivalent to *Marinol* (dronabinol), as an approved second-line treatment for chemotherapy-induced nausea and vomiting, or CINV, and anorexia associated with weight loss in patients with AIDS. This product is available through their distribution partner, Mylan Pharmaceuticals.

Products in Development

Dronabinol Oral Solution is an orally-administered liquid formulation of the pharmaceutical cannabinoid *dronabinol*, a synthetic version of tetrahydrocannabinol (THC), which may offer advantages over their *Dronabinol SG Capsule*, including more consistent bioavailability, faster onset of action, and more flexible dose titration. In addition, Insys is developing a novel dronabinol generic. The FDA has granted orphan drug designation to Insys for its pharmaceutical cannabidiol oral solution (CBD) candidate for the treatment of Lennox-Gastaut Syndrome and Dravet Syndrome.

Nemus Bioscience Inc.

Nemus Bioscience is a biopharmaceutical company focused on the discovery, development and commercialization of cannabis-based therapeutics through a partnership with the University of Mississippi for the treatment of a variety of diseases or symptoms. Nemus, utilizing certain proprietary technology licensed from the University of Mississippi, is working to develop novel ways to deliver cannabis-based drugs for specific indications, with the aim of optimizing the clinical effects of such drugs, while limiting the potential adverse events. Products under early development are being pursued in early pre-clinical and clinical development for the following indications: Glaucoma, Multiple Sclerosis Spasticity, Anxiety, Epilepsy and MRSA.

Easton Pharmaceuticals Inc.

Easton Pharmaceuticals is a specialty pharmaceutical company involved in various industries including medical marijuana who also owns, designs, develops, and markets topically-delivered drugs and therapeutic / cosmetic healthcare products. Their focus is on cancer and other health issues related towards male and female sexual dysfunction, wound healing, pain, motion sickness, scar and stretch marks, cellulite, varicose veins and other conditions. Easton Pharmaceuticals recently announced that it has signed an agreement with Medicated Markets International LLC., a major California medical marijuana grower, for entering the lucrative medical marijuana cultivation and distribution industry.

Zynerba Pharmaceuticals, Inc.

Zynerba Pharmaceuticals is dedicated to the development of next-generation synthetic cannabinoid therapeutics formulated for transdermal delivery for patients with significant medical need. Zynerba is developing two proprietary products: a novel prodrug of synthetic THC transdermal patch for three pain indications and a transdermal synthetic cannabidiol gel for refractory epilepsy and osteoarthritis. ZYN001 is a pro-drug of THC that enables transdermal delivery via a patch. ZYN001 is being studied in patients with peripheral neuropathic pain, fibromyalgia and chronic cancer pain. ZYN002 is the first and only synthetic CBD, a non-psychoactive cannabinoid, formulated as a patient-protected permeation-enhanced gel for transdermal delivery. ZYN002 is being studied in patients with refractory epilepsy and osteoarthritis.

GW Pharmaceuticals

GW Pharmaceuticals was founded in 1998 and is listed on both the NASDAQ Global Market (GWPH) and AIM, a market of the London Stock Exchange. GW is licensed by the UK Home Office to work with a range of controlled drugs for medical research purposes. Their lead program focuses on the development of a product portfolio of cannabinoid prescription medicines to meet patient needs in a wide range of therapeutic indications.

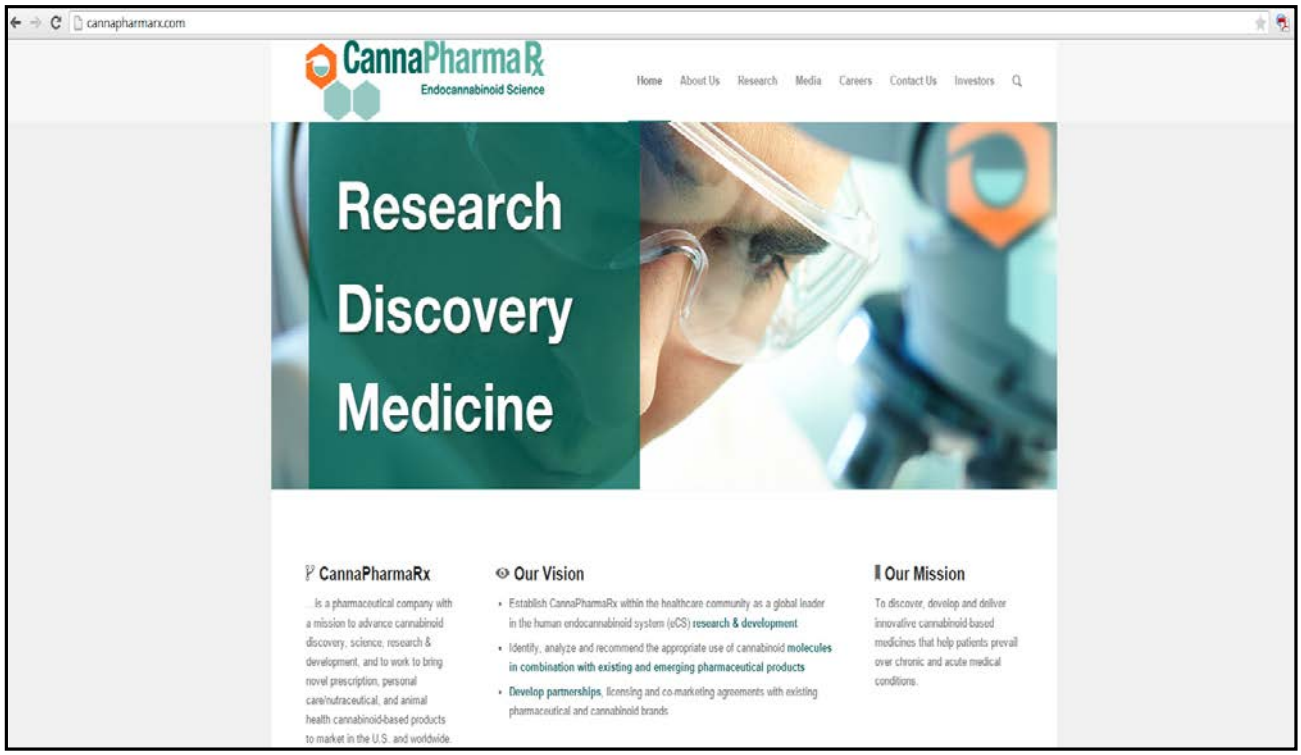
Marketed Products and Products in Development

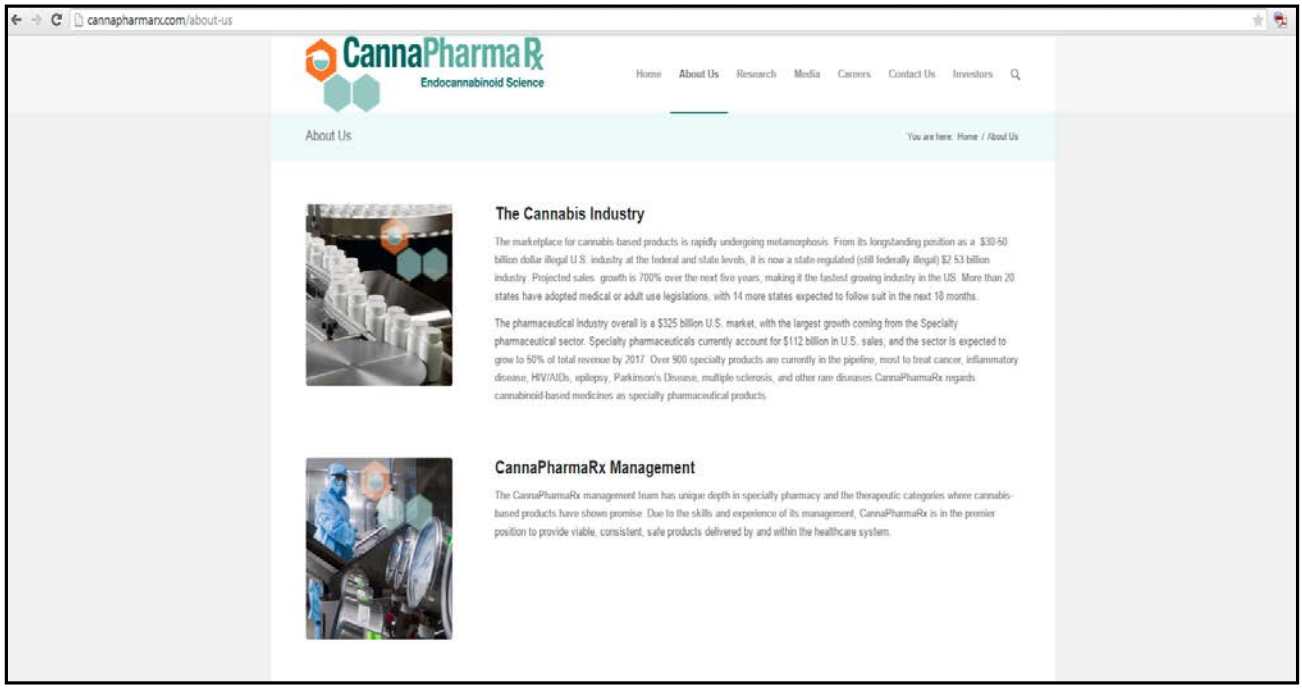
Sativex® Oromucosal Spray: GW's lead product, *Sativex*, is now approved in 27 countries. It is indicated as a treatment for symptom improvement in patients with moderate to severe spasticity due to multiple sclerosis (MS) who have not responded adequately to other anti-spasticity medication and who demonstrate clinically significant improvement in spasticity related symptoms during an initial trial of therapy. *Sativex* is also in Phase III clinical development for the treatment of cancer pain, the lead indication for the US market, though that study was recently stopped for not meeting its primary endpoint.

Epidiolex® has been given Orphan Drug status for childhood epilepsy, as well as Dravet Syndrome and Lennox Gastaut Syndrome. *Epidiolex*© is an investigational drug and has not been approved for use by the FDA or any other national regulatory agency. Approximately 300 patients are authorized to be treated under their IND with ages ranging from 1 year to 17 years.

In mid-2007, GW's early cannabinoid research activities were significantly expanded through the establishment of a global cannabinoid research agreement with Otsuka. Under this collaboration, GW and Otsuka are researching novel cannabinoids as potential treatments in the fields of central nervous system (CNS) disorders and oncology. In addition, GW has an in-house program researching cannabinoids in the field of type 2 diabetes and related metabolic disorders. As part of this program, GW set up in 2009 the GW Metabolic Research Laboratory at the University of Buckingham.

COMPANY WEBSITE





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Risk of Prosecution for Marijuana-Related Companies**.** If you are considering investing in a company that is connected to the marijuana industry, be aware that marijuana-related companies may be at risk of federal, and perhaps state, criminal prosecution. The Department of Treasury recently issued guidance noting: "[T]he Controlled Substances Act ("CSA") makes it illegal under federal law to manufacture, distribute, or dispense marijuana. Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, as of the date of this guidance, 20 states and the District of Columbia have legalized certain marijuana-related activity.

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