

**Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

**THC Pharmaceuticals, Inc.**

A Utah Corporation

1000 Newbury Road, Suite 138 B Thousand Oaks, CA 91320

(805) 978-5609

[www.cbdg.com](http://www.cbdg.com)

SIC #2834

**Annual Report**

**For the Period Ending: September 30, 2019**  
(the "Reporting Period")

As of September 30, 2019, the number of shares outstanding of our Common Stock was:

16,631,600

As of June 30, 2019, the number of shares outstanding of our Common Stock was:

16,631,600

As of September 30, 2018, the number of shares outstanding of our Common Stock was:

16,631,600

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐

No: ☒ (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐

No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐

No: ☒

---

<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name of the issuer and its predecessors (if any)**

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

THC Pharmaceuticals, Inc. The issuer was originally incorporated under the name City Media, Inc. and subsequently changed its name to THC Pharmaceuticals, Inc. on February 15, 2015.

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

**2) Security Information**

Trading symbol: CBDG  
Exact title and class of securities outstanding: Common Shares  
CUSIP: 177887106  
Par or stated value: \$0.001  
  
Total shares authorized: 90,000,000 as of date: 9/30/2019  
Total shares outstanding: 16,631,600 as of date: 9/30/2019  
Number of shares in the Public Float<sup>2</sup>: 3,825,268 as of date: 9/30/2019  
Total number of shareholders of record: 67 as of date: 9/30/2019

*Additional class of securities (if any):*

Trading symbol: N/A  
Exact title and class of securities outstanding: \_\_\_\_\_  
CUSIP: \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_

**Transfer Agent**

Name: Action Stock Transfer  
Phone: 801-274-1088  
Email: www.actionstocktransfer.com

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

---

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

NONE

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

On September 7, 2018 the Company issued 1,500,000 shares of common stock to acquire a 50.1% equity interest of CBDual Biotechnology Corp.

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

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

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of <u>September 30, 2017</u>	<u>Opening Balance:</u> Common: <u>15,131,600</u> Preferred: <u>0</u>								
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance ? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
<u>9/7/2018</u>	<u>Issuance</u>	<u>1,500,000</u>	<u>Common</u>	<u>0.689</u>	<u>No</u>	<u>CBDual</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
Shares Outstanding on <u>September 30, 2019:</u>	<u>Ending Balance:</u> Common: <u>16,631,600</u> Preferred: <u>0</u>								

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

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes or convertible debentures **in the past two completed fiscal years and any subsequent interim period**.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

N/A

#### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Michael Handelman  
Title: CPA (inactive)  
Relationship to Issuer: Consultant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Changes in Shareholders' Equity
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below.

---

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

## **5) Issuer's Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

**A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")**

Through CBDual Biotechnology Corp., The Company is preparing to conduct clinical trials involving Cannabis related products it has designed to fight and prevent periodontal disease and other health issues. The Company also owns, maintains and places automated teller machines ("ATMs") at high traffic consumer locations in Salt Lake City, Utah and surrounding cities.

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

See footnotes to the accompanying financial statements

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

Principal products are ATM machines, servicing consumers in the Salt Lake City, Utah area. In addition, on March 10, 2015, the Company filed US patent No. 14-638,939 related to digital currency wallets and specifically to wallets that securely hold multiple currencies. On March 12, 2015, the Company acquired an eighty percent interest in US Patent Application No. 14/564,672 and PCT Application No. PCT/US15/18820, for \$8,532. The patents relate to methods of producing antibody-rich cannabis and honeysuckle plants. On January 27 2019, the Company received a 50% interest in a corporation that owns 78 acres of unimproved land located in Kramer Junction California for which the Company is obligated to issue 1,000,000 common shares of CBDG to Kramer Junction, Ltd.

## **6) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company, through a subsidiary, leases 1400 sq. ft. of office and medical space in a medical plaza located at 1000 Newbury Road, Suite 138 in Thousand Oaks, California.

## 7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information regarding any person or entity owning 5% or more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Mike Gravel</u>	<u>CEO</u>	<u>1000 Newbury Rd ste 138A</u> <u>Thousand Oaks, Ca 91320</u>	<u>15,000</u>	<u>Common</u>	<u>0.01</u>	_____
<u>Mark Grossman</u>	<u>Director</u>	<u>1000 Newbury Rd ste 138A</u> <u>Thousand Oaks, Ca 91320</u>	<u>0</u>	<u>Common</u>	<u>0.0</u>	_____
<u>New Compendium Corp</u> (Control Person: Sadia Barrameda)	<u>Owner of more than 5%</u>	<u>PO Box 1363</u> <u>Discovery Bay, CA 94505</u>	<u>10,720,100</u>	<u>Common</u>	<u>64.4%</u>	_____
<u>Dave Tobias</u>	<u>Owner of more than 5%</u>	<u>PO Box 1236</u> <u>Islamorada, FL 33036</u>	<u>2,807,500</u>	<u>Common</u>	<u>16.9%</u>	_____

## 8) Legal/Disciplinary History

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

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

N/A

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: Gary R. Henrie  
Firm: Gary R. Henrie, Attorney at Law  
Address 1: PO Box 107  
Address 2: Nauvoo, IL  
Phone: 309-313-5092  
Email: grhlaw@hotmail.com

### Accountant or Auditor

Name: Michael Handelman CPA (inactive)  
Address 1: 3210 Rickey Court Thousand Oaks, CA 91362  
Phone: 805-341-2631  
Email: mhandelmangroup@gmail.com

### Investor Relations Consultant

Name: N/A  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

### Other Service Providers

Provide the name of any other service provider(s), including, counsel, advisor(s) or consultant(s) **that assisted, advised, prepared or provided information with respect to this disclosure statement**, or provided assistance or services to the issuer during the reporting period.

Name: N/A  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

### **10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Mike Gravel certify that:

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

December 31, 2019

/s/Mike Gravel (CEO's signature)

(Digital Signatures should appear as "/s/[OFFICER NAME]")

*Principal Financial Officer:*

I, Mike Gravel certify that:

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

December 31, 2019

/s/Mike Gravel (CFO's signature)

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**THC Pharmaceuticals, Inc.**  
**Consolidated Balance Sheets**  
**(unaudited)**

	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 2,550	\$ 31,714
Accounts Receivable	1,442	1,442
Deposits and Prepayments	25,000	25,000
Loans Receivable - Related Parties	621,513	621,513
Total current assets	<u>650,505</u>	<u>679,669</u>
Property, Plant and Equipment, net	8,361	9,314
Intangible Assets	1,228,659	1,228,659
Investment in Affiliates	645,000	837,050
Total Assets	<u><u>\$ 2,532,525</u></u>	<u><u>\$ 2,754,692</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 10,811	\$ 2,909
Accrued expenses	44,802	29,802
Accrued interest related parties	577	577
Advances from related parties	114,025	8,952
Note payable - related party	916,724	916,724
Total current liabilities	<u>1,086,939</u>	<u>958,964</u>
Commitments and Contingencies	-	-
Stockholders' Deficit:		
Preferred stock, par value \$0.001, 10,000,000 shares authorized		
No shares issued and outstanding as of September 30, 2019 and	-	-
September 30, 2018, respectively		
Common stock, par value \$0.001, 90,000,000 shares authorized		
16,631,600 and 15,131,600 shares issued and outstanding as of		
September 30, 2019 and September 30, 2018, respectively	16,631	16,631
Shares to be issued	645,000	-
Additional paid in capital	3,086,792	3,086,792
Non-controlling interest	(511,576)	(15,000)
Accumulated deficit	(1,791,261)	(1,292,695)
Total Stockholders' Equity	<u>1,445,586</u>	<u>1,795,728</u>
OTC Markets Group Inc.		
OTC Pink Basic Disclosure Guidelines (v2.1 December 2019)		
Total Liabilities and Stockholders' Equity	<u><u>\$ 2,532,525</u></u>	<u><u>\$ 2,754,692</u></u>

**THC Pharmaceuticals, Inc.**  
**Consolidated Statements of Operations**  
**(unaudited)**

	<b>For Year Ended September 30, 2019</b>	<b>For Year Ended September 30, 2018</b>
<b>Revenue</b>	\$ 10,193	\$ 12,208
<b>Cost of goods sold</b>	<u>1,681</u>	<u>-</u>
<b>Gross Profit</b>	<u>8,512</u>	<u>12,208</u>
<b>Operating Expenses:</b>		
General and administrative	165,651	26,500
Depreciation	<u>953</u>	<u>953</u>
Total operating expenses	<u>166,604</u>	<u>27,453</u>
Loss from operations	<u>(158,092)</u>	<u>(15,245)</u>
<b>Other Income (Expense)</b>		
Impairment of investments in affiliates	<u>(837,050)</u>	<u>-</u>
<b>Total Other (Income) Expense</b>	<u>(837,050)</u>	<u>-</u>
<b>Net Income (Loss) Before Income Taxes</b>	(995,142)	(15,245)
<b>Income Tax Expense</b>	<u>-</u>	<u>-</u>
<b>Net Income (Loss)</b>	<u>(995,142)</u>	<u>(15,245)</u>
<b>Loss attributable to non-controlling interest</b>	<u>(496,576)</u>	<u>-</u>
<b>Net Income (Loss) Attributable to THC Pharmaceuticals, Inc.</b>	<u><u>\$ (498,566)</u></u>	<u><u>\$ (15,245)</u></u>
Net income (loss)		
-Basic	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
-Diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>Weighted average common shares outstanding</b>		
-Basic	<u>16,631,600</u>	<u>15,245,633</u>
-Diluted	<u>16,631,600</u>	<u>15,245,633</u>

**THC Pharmaceuticals, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**(unaudited)**

	Common Shares \$0.0001 Par Value		Preferred Shares \$0.0001 Par Value		Additional Paid-In Capital	Accumulated Deficit	Shares To Be Issued	Non Controlling Interest	Equity (Deficit)
	Shares Issued	Amount	Shares Issued	Amount					
Balance, September 30, 2018	16,631,600	\$ 16,631	-	-	\$3,086,792	\$(1,292,695)	\$ -	\$ (15,000)	\$ 1,795,728
Shares to be issued							645,000		645,000
Net loss						(498,566)		(496,576)	(995,142)
<b>Balance, September 30, 2019</b>	<b>16,631,600</b>	<b>\$ 16,631</b>	<b>-</b>	<b>-</b>	<b>\$3,086,792</b>	<b>\$(1,791,261)</b>	<b>\$ 645,000</b>	<b>\$ (511,576)</b>	<b>\$ 1,445,586</b>

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

**THC Pharmaceuticals, Inc.**  
**Consolidated Statements of Cash Flows**  
**(unaudited)**

	<b><u>For Year Ended</u></b> <b><u>September 30, 2019</u></b>	<b><u>For Year Ended</u></b> <b><u>September 30, 2018</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ (995,142)	\$ (15,245)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Impairment of investments in affiliates	837,050	
Depreciation expense	953	953
Changes in operating liabilities		
Accounts payable	7,902	7,494
Accrued expenses	15,000	(2,352)
Net Cash Used in Operating Activities	<u>(134,237)</u>	<u>(9,150)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Acquired from acquisition	-	30,000
Net Cash Provided by Investing Activities	<u>-</u>	<u>30,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from related parties	105,073	9,150
Net Cash Provided by Financing Activities	<u>105,073</u>	<u>9,150</u>
Net Increase in Cash	(29,164)	30,000
Cash at Beginning of Period	31,714	1,714
Cash at End of Period	<u>\$ 2,550</u>	<u>\$ 31,714</u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u></b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

# THC FARMACEUTICALS, INC

## Notes to the Consolidated Financial Statements

For The Years Ended September 30, 2019 and 2018 (unaudited)

### **NOTE 1. Organization and Basis of Operations**

City Media, Inc. (the “Company”) was incorporated in the state of Utah on April 14, 2005. On September 24, 2010, the Company acquired Charta Systems, Inc. a Utah corporation in a stock exchange reverse acquisition. The acquisition is accounted for as a reverse merger and Charta is considered to be the accounting acquirer. Accordingly, the historical financial information included in the financial statements is that of Charta. During the quarter ended December 31 2014 control of the company was acquired by Weed Growth Fund, Inc. (WEDG) a Nevada corporation in-turn controlled by New Compendium Corporation a Colorado corporation. On February 2015 the Company changed its name to THC Pharmaceuticals, Inc. On July 8, 2015 the Company organized Terpene Research Labs, Ltd. under the laws of the state of Colorado as a wholly owned subsidiary.

The Company owns, maintains and places automated teller machines (“ATMs”) at high traffic consumer locations in Salt Lake City, Utah and surrounding cities.

With the organization of its subsidiary and the acquisition of certain assets the Company has expanded its business to include the research and development of technologies to facilitate the legal production and sale of hemp, medical marijuana and /or legal recreational cannabis.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Revenue recognition

For revenue from product sales, the Company recognizes revenue using four basic criteria that must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgment regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

#### Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential

dilutive securities. For the periods presented, there were no outstanding potential common stock equivalents and therefore basic and diluted earnings per share result in the same figure.

### Stock-based compensation

The Company adopted FASB guidance on stock-based compensation upon inception at November 18, 2013. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company has not issued any stock or options for services or compensation.

Our employee stock-based compensation awards are accounted for under the fair value method of accounting, as such, we record the related expense based on the more reliable measurement of the services provided, or the fair market value of the stock issued multiplied by the number of shares awarded.

We account for our employee stock options under the fair value method of accounting using a Black-Scholes valuation model to measure stock option expense at the date of grant. We do not backdate, re-price, or grant stock-based awards retroactively. As of the date of this report, we have not issued any stock options.

### Fair Value of Financial Instruments

The Company follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification for disclosures about fair value of its financial instruments and to measure the fair value of its financial instruments. The FASB Accounting Standards Codification establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the fair value hierarchy are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally unobservable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company's financial assets and liabilities, such as cash, other assets, accounts payable and accrued payroll, approximate their fair values because of the short maturity of these instruments. The carrying values of notes payable and convertible notes approximate their fair values due to the fact that the interest rates on these obligations are based on prevailing market interest rates.

#### Income Tax Provision

The Company follows the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Operations in the period that includes the enactment date.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

### Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by FASB where the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the FASB where the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Options and warrants granted to non-employees are revalued each reporting period to determine the amount to be recorded as an expense in the respective period. As the options and warrants vest, they are valued on each vesting date and an adjustment is recorded for the difference between the value already recorded and the then current value on the date of vesting. In certain circumstances where there are no future performance requirements by the non-employee, option and warrant grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's stock option and warrant grants are estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or warrants, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

### Income (Loss) Per Share

Basic income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share reflects the potential dilution, using the treasury stock method that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the income (loss) of the Company. In computing diluted income (loss) per share, the treasury stock method assumes that outstanding options and warrants are exercised, and the proceeds are used to purchase common stock at the average market price during the period. Options and warrants may have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and

### Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a Black-Scholes-Merton models to value the derivative instruments at inception and on subsequent valuation dates through the September 30, 2019 reporting date.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

#### Recently Issued Accounting Pronouncements

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

#### Financial Statement Presentation

The balance sheet presentation herein includes all assets and liabilities at historical cost. No costs for any past project development have been capitalized. Activity of its subsidiary has been consolidated in these statements.

The Company has on occasion issued shares of its common stock in exchange for certain services from the Company's Officers & Directors, business consultants and vendors. The stock has been issued at the fair-valued-based method. The cost of these services has been expensed in the period when the services were performed. No costs of services that were paid with stock have been capitalized.

#### Fiscal Year

The Company operates on a September 30 fiscal year end.

#### Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include all highly liquid investments with maturity of three months or less.

#### Accounts Receivable

The Company records an account receivable for revenue earned but not yet collected. If the Company determines any account to be uncollectible based on significant delinquency or other factors, it is immediately written off. The Company has not had to incur any allowance for bad debt as transaction fees are preapproved prior to a transaction.

#### Use of Estimates

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

### Dividends

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid during the periods reported.

### Recent Accounting Guidance

The Company has evaluated the recent accounting pronouncements and believes that none of the pronouncements will have a material effect on the company's financial statements.

### Equipment

The primary nature of the Company's equipment is ATMs. The ATMs are depreciated utilizing a straight line method. The useful life of each machine is approximately twelve years. The remaining useful lives on the machines we are currently utilizing ranges from zero to seven years. The Company has a policy to immediately expense equipment with a cost of less than \$400.

### Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about future operating performance, and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

## **NOTE 3. GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company is dependent upon raising additional capital and without realization of such it would be unlikely for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty. As of the date of these statements, management has organized a subsidiary and acquired certain assets to expand its business into the research, development and production of legalized hemp, medical marijuana and /or legal recreational marijuana products. Management plans to continue to seek funding from its shareholders and other qualified investors to pursue its business plan.

#### NOTE 4. ACQUISITION OF CERTAIN ASSETS

On January 5, 2015, the Company entered into an agreement with the Las Vegas Cannabis Info Center (LVCIC) wherein the Company acquired a thirty percent (30%) interest in LVCIC in exchange for 25,000 common shares and a cash payment of \$25,000. LVCIC is a resource and learning center conducting classes in marijuana dispensary management, law, marketing, advertising, cultivation and cooking.

On January 5, 2005, the Company entered into an agreement with a related party to acquire certain intangible assets valued at \$1,000,000 thru the issue of 3,000,000 common shares. The assets include the domain name "hempcoin.com;" 2,399,074,298.5 hempcoins (HMP); and all intellectual property associated with hempcoin.com, hempcoin purse, and hempcoin as a crypto currency. The purchase includes all copyrights, trademarks, and patents whether registered or unregistered, statutory or common law and any rights to claim or register such intellectual property.

On March 10, 2015 the Company filed US patent No. 14-638,939 related to digital currency wallets and specifically to wallets that securely hold multiple currencies. No value has been recorded for this asset.

On March 12, 2015, the Company acquired an eighty percent (80%) interest in US Patent Application No. 14/564,672 and PCT Application No. PCT/US15/18820, for \$8,532. The patents relate to methods of producing antibody-rich cannabis and honeysuckle plants.

On June 9, 2015, the company entered into an asset Purchase agreement with Rocky Mountain Ayre, Inc., (RMTN) a Delaware corporation. Wherein RMTN agreed to purchase the domain name "hempcoin.com"; 1,500,000,000 hempcoins; and all intellectual property associated with hempcoin.com, hempcoin purse, and hempcoin crypto currency, including copyrights, trademarks, patents etc. The Company received 8,745,000 restricted common shares of RMTN stock which represents approximately Twenty percent (20%) of RMTN outstanding stock. The agreement includes provisions for the Company to provide annual development costs and server fees of a maximum of \$10,000 associated with the promotion of hempcoins.

The Company recorded \$787,050 as an investment in affiliates using the equity method for this investment in RMTN. The sale of the 1.5Billion hempcoins leaves the Company with a balance of 899,074,298.5 hempcoins which are included as an intangible asset with a recorded value of \$.

During the Quarter ended March 31, 2018 but not finalized until the Quarter ended June 30, 2018 the Company entered into a Rescission Agreement that called for the return of 500,000,000 iCoins previously delivered to RMTN. Further, the Rescission Agreement called for the Company to return to RMTN 7,870,500 of RMTN's restricted common shares reducing the Company's investment in RMTN to approximately 2%. The Rescission resulted in the Company recognizing an extraordinary loss of \$589,918.

On September 7, 2018 the Company issued 1,500,000 shares of common stock to acquire a 50.1% equity interest of CBDual Biotechnology Corp.

A summary of Intangible Assets for the fiscal year ended September 30, 2019 and the fiscal year ended September 30, 2018 follows:

	September 30, 2019	September 30, 2018
<b>Intangible Assets:</b>		
Hempcoins	\$ 212,950	\$ 212,950
Intellectual Property - Patent	8,532	8,532
Goodwill	1,037,000	1,037,000
Less:		
Amortization of goodwill	(29,823)	(29,823)
Total Intangible Assets	<u>\$ 1,228,659</u>	<u>\$ 1,228,659</u>

A summary of Equity Investments for the fiscal year ended September 30, 2019 and the fiscal year ended September 30, 2018 is as follows:

	September 30, 2019	September 30, 2018
<b>Equity Investment in Affiliates:</b>		
Las Vegas Cannabis Info Center (30%)	\$ 0	\$ 50,000
Rocky Mountain Ayre, Inc. (2%)	0	787,750
Kramer Junction, LTD. (50)	645,000	0
Total Equity Investments	<u>\$ 645,000</u>	<u>\$ 837,050</u>

The Company determined that the Las Vegas Cannabis and Rocky Mountain Ayre investments had no value and as such recorded an impairment loss of \$837,050 during the year ended.

## NOTE 5. RELATED PARTY TRANSACTIONS

### Service Agreement:

The Company has a Service Agreement with Wasatch ATM (“Wasatch”), a Utah limited liability corporation owned and managed by a Company stockholder. The agreement provides for Wasatch to provide all maintenance, repair and service work along with distribution of vault cash. Currently the agreement provides for a rate of \$1,500 per month.

## **NOTE 6. STOCKHOLDERS' EQUITY**

### **Preferred Stock**

The Company is authorized to issue 10,000,000 preferred shares at a par value of \$0.001 per share. As of September 30, 2019, no preferred shares are issued and outstanding.

### **Common Stock**

The Company is authorized to issue 90,000,000 common shares at a par value of \$0.001 per share. As of September 30, 2019, the Company has a total of 16,631,600 shares of common stock issued and outstanding.

On November 11, 2014 the Company issued 3,003,600 common shares in return for the of all Company debts estimated to be \$100,000. Because of the limited activity in the public market the shares were valued at \$0.30 per share resulting in the Company recording an \$801,080 extraordinary loss.

On January 5, 2015, the Company issued 25,000 common shares and \$25,000 to purchase assets valued at \$50,000 accounted for using the equity method. Because of the limited activity in the public marked the shares were recorded using the value of the interest purchased.

On January 5, 2015, the Company issued 3,000,000 common shares to a related party to acquire assets valued at \$1,000,000. Because of the limited activity in the public marked the shares were recorded using the value of the interest purchased.

On January 8, 2015, the Company issued 15,000 common shares for consulting services valued at \$15,000.

On August 20, 2015, the Company issued 180,000 common shares for consulting services valued at \$36,000.

In September 2018 the Company issued 1,500,000 shares for acquiring 50.1% of CBDual Biotechnology Corp.

In March 2019 Company agreed to issue 1,000,000 shares for acquiring 50.0% of Kramer Junction, LTD.

## **NOTE 7. PROVISION FOR INCOME TAXES**

The Company provides for income taxes under ASC 740 "Income Taxes" which requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently.

The standard requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset. Accordingly, a valuation allowance equal to the deferred tax asset has been recorded. The total deferred tax asset is \$287,757 which is calculated by multiplying a 22% estimated tax rate by the cumulative NOL of \$1,307,987 which will began expiring in 2025. The total valuation allowance is a comparable \$287,757.

## **NOTE 8. SUBSIDIARY AGREEMENTS**

On September 11, 2015, the Company and its subsidiary Terpene Research Labs, Ltd. (TRL) entered into a development and marketing agreement with Canabis Sativa, Inc. a Nevada corporation (CBDS). Provisions of the agreement include:

- a. The development of terpene-based products from CBDS' patent pending strain of Cannabis known as CTA.
- b. The Company is to receive non-exclusive right to sell terpene products developed by TRL from CBDS' CTA Cannabis for the payment of 10,000,000 hempcoins and a five percent (5%) royalty.
- c. CBDG will pay CBDS a thirty-five percent (35%) on all gross revenue received from licensing such terpene products.
- d. CBDS shall retain the right to sell products developed by TRL under its "HI" brand and will pay TRL a five percent (5%) royalty on such sales.
- e. CBDS shall pay CBDG a thirty-five percent royalty on gross revenue received from CBDS' licensing TRL products to third parties.
- f. CBDG shall have the all rights to CTA products developed by TRL for distribution outside North America.

## **NOTE 9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 after the balance sheet date through the date the financial statements were issued.

In November 2019 the Company entered into a partnership agreement November 2019 with HempCigNet, Inc., a Colorado corporation. HempCigNet, Inc was incorporated for the purpose of this agreement and to enter the Cannabis L (HEMP) and/or Cannabis Sativa and/or Cannabis Indica cigarette vending business for placement in licensed dispensaries.

Debt holder elected to reduce \$575,000 of company debt in exchange for an option to acquire up to 1,500,000 common shares at .29 per share.





