

INFORMATION AND DISCLOSURE STATEMENT

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

December 31, 2011

Medical Marijuana, Inc.

**2665 Ariane Drive
Suite 207
San Diego, CA 92117**

**CUSIP: 58463A105
Trading Symbol: MJNA**

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

Information and Disclosure Statement Pursuant to Rule 15c2-11(a)(5) Page 1 of 18

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

Section One: Issuer's Initial Disclosure

Part A General Company Information

Item I The exact name of the issuer and its predecessors

Medical Marijuana, Inc. (the "Company", "we", "our", "us", "MJNA")

The Company was originally incorporated as Berkshire Collection, Inc., in Canada in 2003. On May 23, 2005 the Company was incorporated in the State of Oregon. The Company changed its name to Mynewpedia Corp. on January 31, 2007. On May 21, 2008 the Company with the consent of the majority shareholder of Mynewpedia, agreed to issue common stock of Mynewpedia, Corp (MYNW) to the shareholders of Club Vivanet (Florida) in exchange for all issued and outstanding, common shares of the stock of Club Vivanet, totaling 9,300,000 common shares by way of an exchange of one (1) share of Club Vivanet for twelve (12) shares of Mynewpedia, Inc. Club Vivanet Inc., formed in August 2006 as a Florida C Corporation, is currently a wholly owned subsidiary of the Company. Total outstanding shares of the Company after the acquisition was 221,176,840. The Company subsequently changed its name to Club Vivanet, Inc. on May 22, 2008, and on August 28, 2008, the Company effected a 20:1 reverse split which resulted in 11,058,842 total issued and outstanding shares of common stock of the Company. On March 23, 2009, the Company resolved to change its name to Medical Marijuana, Inc., which name change became effective April 28, 2009. On April, 27, 2009 the then current directors/officers of the company resigned and appointed new Officers/Directors. On April 28, 2009 Company issued a total of 40,000,000 shares to New CEO. These actions effected a change and control of the company. Upon the effective date of the name change the Company's trading symbol was changed to MJNA. On the date of the name change of the Company to Medical Marijuana, Inc. the Company spun off its wholly owned subsidiaries, Club Vivanet, a Florida corporation and Mynewpedia Corp. March 23, 2011, an equity/asset exchange was effected between Hemp Deposit and Distribution Corp., a Delaware corporation ("HDDC") and the Company. The equity/asset exchange called for the Company to issue 260,000,000 million shares of common stock to HDDC which required an increase in the authorized share capital from 300,000,000 shares to 600,000,000 shares. The increase was declared effective on March 28, 2011. The issuance of the 260,000,000 shares was effected on March 31, 2011 which effected a change and control of the Company.

The fiscal year end of the Company is December 31.

Neither the Company nor any predecessor has been in bankruptcy, receivership or any other similar proceeding.

There has been no default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Company to make payments.

The Company has never been delisted by any securities exchange or deleted from the OTC Bulletin Board or Pink Sheets.

There are no current and have been no past, pending, threatened legal proceedings or administrative actions either by or against the Company that could have a material effect on the Company's, business, financial condition, or operations and there are no current, past or pending suspensions by a securities regulator.

Item II The address of its principal executive offices.

Medical Marijuana, Inc.
2665 Ariane Drive
Suite 207
San Diego, CA 92117

888-682-6582
investorrelations@medicalmarijuanainc.com

Item III The jurisdiction(s) and date of the issuer's incorporation or organization

The issuer was originally incorporated in Canada as The Berkshire Collection. On May 23, 2005 the Company was re-incorporated in the State of Oregon.

Part B Share Structure

Item I The exact title and class of securities outstanding

Medical Marijuana, Inc. Common Stock
CUSIP Number – 58463A105
Trading Symbol – MJNA

Item II Par or stated value and description of the security

Par Value of Common Stock is \$0.001 per share
600,000,000 shares authorized

Item III The number of share or total amount of the securities outstanding for each class of securities authorized.

At the end of last fiscal quarter – December 31, 2011
Common Stock 558,565,764 shares outstanding

ITEM V SHARES OUTSTANDING

At the end of last fiscal quarter – December 31, 2011
Common Stock 558,565,764 shares outstanding
541 - Shareholders of Record
7,516 - Beneficial Shareholders as of 06/30/2011
129,999,314 – Public Float Shares

December 31, 2010: 245,949,062 shares outstanding
December 31, 2009: 222,685,777 shares outstanding

Part C Business Information

Item I The name and address of the transfer agent

First American Stock Transfer, Inc.
4747 N. 7th Street
Suite 170
Phoenix, AZ 85014
602-485-1346
602-788-0423 fax
<https://firstamericanstock.com>

First American Stock Transfer, Inc is registered Under the Exchange Act with the Securities Exchange Commission as a Registrar and Transfer Agent.

Item II The nature of the Company's business

A. Business of Issuer

1. The Company's primary SIC Code is 7380, Miscellaneous Business Services.
2. The Company is in the development stage.
3. The Company is not, nor has ever been a "shell company".
4. The Company currently has the following divisions as well as the following affiliates:

Divisions

1. The Hemp Network
2. MMI Nutraceuticals
3. MMI Biotechnology
4. CannaFuel
5. The Pet Hemp Emporium

5. Affiliates

CannaBANK, Inc.

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

6. Research and development activities commenced in April of 2009, and have increased in the quarter ending through September 30, 2011. .

7. The total number of full time employees is five (5).
8. **Prior to new management and the issuance of shares to Hemp Deposit and Distribution, the Company was involved in the following;**

The company's management is continuing its evaluation of the following divisions, strategies, partnerships, business and operational plans for productivity, profitability, marketability and to make sure it fits into the Company's business strategies, the following excerpts were taken directly from prior managements annual reports)

Medical Marijuana, Inc. will provide institutional level financial services to local, state and federal governments, testing and certification services, education programs, consulting and turn-key solutions to all levels of government and the medical marijuana industry. A division, The Hemp Network, established in June 2010, sells hemp-based products to consumers through a network of home-based sales representatives.

Management believes that The Hemp Network's use of organic products benefits our environment and provides monetary rewards to the Company. The Hemp Network was established to make a real difference in the world by providing the highest quality hemp and hemp blended products to a wide marketplace with the use of network marketing to create massive distribution.

EDUCATIONAL SYMPOSIUM AND SEMINARS

The Company began its expanded seminars with its first education forum in Los Angeles at the Convention Center on January 16-17, 2010. Shortly thereafter, the Company held its second seminar in April 2010 in San Diego at the Convention Center. The focus of these seminars is on educating entrepreneurs, existing industry operators, regulators, city officials, law enforcement officials and the general public on the benefits of a legitimate medical marijuana industry. The Company is evaluating plans for future seminars.

The seminars and workshops will focus on the entrepreneur and help them find their niche in the emerging medical marijuana industry. Topics include:

- Applicable law for the cooperative and how to become a caregiver
- Cultivation – indoor, outdoor, hydroponics and aeroponics
- Medical uses of cannabis
- Taxes, Accounting and Trade
- Delivery Service
- Related industries with the best product to use and distribute

Currently no symposium or seminars are planned pending evaluation of the business efficacy of this division.

FINANCIAL SOLUTIONS

Medical Marijuana, Inc. had a provisional patent pending for a tax remittance card which in the early part of 2010 was upgraded and expanded to a utility patent. This will provide local, state and federal governments with a closed loop financial accounting system to monitor compliance and collect tax revenues in a near real-time environment. The Company is also looking to provide an integrated business system for medical marijuana industry participants, from growers to distributors to dispensaries. The Company's patent pending product will ensure compliance with local, state and federal regulations where it concerns operations and taxation. The Company is currently looking into different software packages to be able to facilitate ease of operation and compliance for end users. Using this new invention, the "Point of Sale" System will recognize the dispensary's tax ID number and the tax rates for state and local taxes as well as provide "Automated Clearing House" (ACH) settlement of the taxes to the proper financial institutions. The state sales tax amount is sent to a database and at the end of the day all money in the sales tax database is cleared and posted through an "Automated Clearing House" (ACH) to the state and other appropriate governmental agencies for that days collected sales tax. The remaining funds are sent to the dispensary's account or other designations.

This Stored Value Platform System will provide verifiable solutions for an inter-agency approach to manage the difficult task of Revenue and Taxation Collection for the emerging medical marijuana industry.

The stored platform cards will be sold by Master Agents around the United States whereby commissions will be paid on a per transaction basis.

There is also a provisional patent for an inventory control tracking system that was also upgraded and expanded in the early part of 2010 to a utility patent. This system is currently being developed and the Company is in discussions with other software vendors for integration. This is an all-encompassing product and inventory management system that provides technologically advanced, comprehensive tools to the rapidly emerging medical marijuana Industry. This system is designed to provide industry operators with the necessary tools to confidently track their valuable inventory at all points along the supply chain from cultivation to retail sales. The system will provide a dashboard with user definable snapshots of inventory levels and value at any point in time historical, current or projected to give business managers the ability to more effectively manage their businesses. Dashboards can be distributed in a variety of formats, numerical and textual, graphical, audio and video.

This System is an integrated "plug and play" network that allows, Grow-Ops, Distributors, and Co-Ops/Collectives to easily collaborate and build a strong and diversified supply chain network. The system is modular, scalable, flexible and dynamic to allow various business models to select only the modules that are necessary for their particular business model. Other operators in the industry will also "plug-in" to the network to form a vast integrated network of Grow-Ops, Distributors, Co-Ops/Collectives and third party product or service providers, all collaborating cohesively.

This system has a W2W (Wholesale-to-Wholesale) module that will be seamlessly integrated into a comprehensive pricing and research database that provides a matrix of fluctuating strains, pricing, and availability from inventory across the entire Company Network of Co-Ops/Collectives and Grow-Ops. Co-Ops/Collectives low on inventory, or have overstock inventory, can query and post in real-time “available-for-trade” inventory levels. The database has over 30 predefined defined data points such as THC Content, CBA, CBD, etc, as well as an unlimited number of user/community defined criteria.

The underlying infrastructure is based on a “closed-loop” design to minimize theft and fraud by identifying unauthorized breaks in the supply chain audit trail in real time. Business managers can be notified immediately via text message or email on mobile devices as well as supplying a real-time video feed of suspected activity to mobile devices. The closed-loop infrastructure also facilitates “batch-tracking” for recall purposes in the event contaminated product is introduced into the system.

There is also a “Mom & Pop Grow-Op” feature that promotes and supports a small business boutique model over big agribusiness super-grows that will inevitably make their way into the industry. Small and tightly controlled Grow-Ops will produce more variety and higher quality product than large automated industrial models. This model has been proven in the micro-brew industry. The Company chooses a “quality over quantity” approach and long term sustainability over short term gain.

Even if our patent applications are granted, we can give no assurance that our patents will provide meaningful protection against infringement or will not be held to infringe upon the patent or other commercial rights of others.

Turnkey Business Solutions – the Company will provide Turnkey Business Management Solutions for Co-Ops, Grow-Op and Distributors as a much needed service to the rapidly expanding number of businesses in the Medical Marijuana Industry. There is a high Level of confusion and contradiction as to the laws and regulations that apply to this industry. We are stepping up to provide clarity and to ensure that new entrepreneurs to this industry and existing industry operators are able to operate efficiently and in full compliance from the first moment they are open for business.

Our Turnkey Solutions will be offered in bundles or ala carte once complete. Our Business Management Solutions provide the following solutions and more:

- Local, State and eventually Federal Licensing Services
- Site Location Scouting
- Lease/Contract Negotiation
- Store Design and Built-Out
- Product Sourcing
- Staffing and Training
- Insurance Sourcing, including Health plans for employees, Workers Comp, Business Liability, and Fire and Theft

- Security Systems and Personnel
- Notification and Coordination with local regulatory and law enforcement officials
- Implementation & Support of all Business Systems:
 - o Tax Remittance Cards
 - o Point of Sale (POS) Systems
 - o Business Accounting Systems
 - o Inventory Management Systems
 - o Supply Chain Network
 - o Contact/Customer/Vendor Management Systems
- Advertising Programs
- Accounting Services
- Legal Services
- Tech Support Services
- The Company's Industry Newsletters & Magazine

Our Turnkey Business Management Solutions are intended to allow entrepreneurs to invest in this industry and begin operating worry free right out of the gate, avoiding the potential pitfalls of starting a new business in a new and rapidly emerging industry. We will be working alongside the entrepreneur to provide solutions to the regulatory and operating environment which has not yet been fully and clearly defined as in other mature industries.

The Company is the first to step up into unknown territory becoming the first U.S. public corporation to enter the medical marijuana industry. Much of the necessary infrastructure required to efficiently and effectively manage an industry of this magnitude simply does not exist. We intend to develop groundbreaking systems and applications to service this emerging industry.

We are currently in discussions with multiple companies for testing, grading and cannabinoid research.

Under new management, future areas of concentration to be entered into include but are not limited to:

Co-Op/Collective Management – As the market matures, we intend to provide outsourced management services to dispensaries under contract. We intend to standardize operations and product selection in its group of managed dispensaries.

Medical Marijuana Business Journal – Industry News, Education and Information – The Company will distribute an industry magazine that addresses all issues concerning businesses in the emerging Medical Marijuana Industry.

Hemp Products – We are actively searching for a greatly expandable product line to increase network marketing production. The Hemp Network was established to make a real difference in the world by providing a high quality hemp and hemp blended products to a wide marketplace with the use of network marketing.

Medical Marijuana, Inc may also provide institutional level financial services to local, state and federal governments, testing and certification services, educational programs, consulting and turn-key solutions to all levels of the government and the medical marijuana industry. A subsidiary, The Hemp network, sells hemp-based products to consumers through a network of home based representatives.

In March 2011, the Company entered into a ten year lease with a five year renewal option for an agricultural and warehouse facility in Gilroy, CA for \$15,000 per month which will commence sometime in the fourth quarter 2011. The Company also entered into a management agreement for the property with HDDC where-under the Company will pay HDDC 25% of net profits, for the use of equipping and maintaining as well as operating the facility which is also looking to commence in the fourth quarter 2011. Management anticipates significant revenues from this facility before the end of calendar 2011. We intend to donate 10% of the net profits of this facility to Our World Health Organization, a non-profit organization. To date HDDC has invested in excess of \$1,500,000 into the facility.

A lease and a management contract for a facility in Sacramento, CA has been entered into with HDDC and assigned to the Company. The facility will serve the needs of health and wellness members in the greater Sacramento area. HDDC purchased the facility and invested an additional \$750,000 to bring the facility up to HDDC standards.

End of Evaluation Section A 8

(Each one of the following divisions, strategies, partnerships, business and operational plans is being evaluated by management for productivity, profitability, marketability and to make sure it fits into MJNA business strategies, the following excerpts were taken directly from prior managements annual reports) Management will update as soon as the evaluations are complete. MJNA anticipates this taking till the end of the fourth (4rd) quarter.

B. Business Development

Medical Marijuana, Inc is currently developing the following divisions;

1. The Hemp Network

The Hemp Network's main objective is to educate the general population about the versatility and benefits of the hemp plant. By sharing the story of hemp with individuals across the country and around the world the network strives to raise awareness and ultimately change public perception about industrial hemp. In changing public perception, we can help support changes in the laws associated with the cultivation of industrial hemp and the domestic production of hemp-related products and services. The Hemp Network currently has in excess of 6500 sales associates selling hemp based and related products in a multiple strategy sales program, from direct sales to affiliate, to network marketing. The Hemp Network strives to acquire, develop and sale these products consumers.

Additional Notes: Currently the Hemp Network has five products. Each product is being evaluated to maximize profitability and marketability. Additional products are expected to come on by the end of the 4th quarter 2011.

2. MMI Nutraceuticals

MMI Nutraceuticals is a division of the Company that deals with all of MMI Nutraceuticals products including CBD (Cannabidiol) and THC Free brands. The team deals with the development, research, contracting, patents and sales of the products. These products are anticipated to become available *by the end of fourth (4th) quarter

Additional Notes: The CBD product line is in the process of getting approved for the CBD Certified seal as well as the THC FREE certified seal. The CBD product line is expected to generate attention in the United States, because of its purported beneficial properties for humans and animals. Currently we are not aware of any other competitors in this marketplace. The Company will look for distributors to sale the products, as well as possibly selling through The Hemp Network (a division of Medical Marijuana, Inc.).

3. MMI Biotechnology

MMI Biotechnology is the division that builds and develops specialty equipment and technology for the medical herbal, pharmaceutical and nutraceutical markets. MMI Biotechnology is licensed through Hemp Deposit and Distribution Corporation for the entire western hemisphere. MMI Biotechnology looks to expand its operation and product development through acquisition. These acquisitions will include management contracts on hydroponic stores, herbal medical farms and other medical herb companies.

4. CannaFuel

CannaFuel, is a division of the Company that oversees, coordinates, the research and development of hemp and other biomass based fuels. Currently the company is working on syndicating biomass processing facilities as well as and syndicating raw bio mass materials to be processed into usable Biofuels. The Company is working on projects in the United States, Canada, Asia and Europe.

5. The Pet Hemp Emporium

Pet Hemp Emporium is a division of the Company that has developed and owns everyday pet products, consisting of everything from Hemp leashes to Hemp beds and Hemp based bio plastics that are much more suitable for pet use then conventional products that are petroleum (oil) based.

These products are not available directly to consumers yet. Instead, the Company is expanding into wholesale distribution and direct distribution to national pet stores before investigating marketing these products at a retail level.

Additional Notes: Currently, the Company can only supply the products in bulk. The Company is evaluating the possibility of selling direct to consumer as well as through The Hemp Network (a division of Medical Marijuana, Inc.), but the minimum quantity required to produce may be less viable for direct sales to consumers and The Hemp Network.

Medical Marijuana, Inc is currently working with the following affiliates;

1. CannaBANK

CannaBANK performs Mergers and Acquisitions and acts as a conduit through which assets are transferred from Hemp Deposit and Distribution Corporation to Company pursuant to the Agreement dated March 23, 2011. CannaBANK is also financing the acquisitions and development of certain approved purchases, acquisitions and products. CannaBANK is at the forefront of Hemp based investments.

Item III The nature of products or services offered.

Currently the entire Company product and service portfolio is being evaluated by new management for marketability and profitability.

The current products include:

Cannabidiol (CBD) extract from the cannabis and or hemp plant. These CBD products will have different applications from a topical lotion, mister for your skin, to a raw crystal formula for distributors, nutraceutical and pharmaceutical companies. The CBD products are derived from legal hemp farms international and to be sold as dietary supplements or as an additive to other products. Hemp Network has a diverse network of products that range from hemp aloe to hemp energy drinks. Some of these hemp-based products are textiles.

The Company has entered into multiple joint ventures, more detail in the financial footnotes attached herein.

Item X The nature and extent of the Company's facilities

The Company has executive offices at:

Corporate office United States of America
2665 Ariane Drive, Suite 207,
San Diego, CA 92117

Part D Management Structure and Financial Information

Item XI Information on Executive Management Team, Board of Directors and Advisory Board.

The Company is in process of interviewing additional candidates from a select group of highly skilled potential operating officers. The positions consist of board members, advisory committees as well as executive management team members. This process is not to be rushed, it is imperative to establish a solid team of highly skilled managers and directors since a new change in management was finalized.

A. Post-March 23, 2011 Interim-Transition-Officers and Directors. The Company is evaluating several professional individuals to fill vacancies and will disclose at such time as appointed.

Board of Directors

The Company's Board of Directors is comprised of highly qualified and industry professionals. The Board assists the Management team in making appropriated decisions and taking effective action. Currently there are three members on the board.

Chairman	Michelle Sides
Director	Michael Llamas
Director	Ted Caligiuri
Director	Gideon Wolf
Director	David Farrand

Advisors to the Board

The Company has an informal Advisory Board that is available to provide business advice and counseling to the Management Team of the Company. The Advisory Board is appointed by the President and/or other key executive members, and does not involve itself in any matters involving corporate governance of the Company. We do not have an advisory board at this time but are speaking with potential members.

Advisory Committees

Risk Management Committee

Robert Plomgren
Vernon Darrimon

Agricultural Committee

Gideon Wolff
David Farrand

Management

Robert Plomgren
Chief Financial Officer
2665 Ariane Drive, Suite 207
San Diego, CA 92117

Mr. Plomgren has been a leader in the financial services arena since 1982. He is a managing partner of Cost Segregation Services Inc. of California, a premier cost segregation firm. Previously, Rob was Managing Director of Galen Capital Group, LLC, a health care merchant bank, from 2002 through 2004.

Rob served as a Managing Director of Venture Banking with Columbus Newport. His primary role was co-managing the origination, structure and placement of the firm's equity transactions. Previously, Rob spent 16 years in the investment and securities industry, where he developed an expertise in the formation and marketing of private placements and public offerings for middle market companies. He co-managed placements in excess of \$800 million in such diverse industries as mortgage servicing, cable television, environmental services, medical technologies and manufacturing. He attained his CFP designation in 1986 and has held series 24 and 7 securities licenses. Rob received his BA and MS from the University of Redlands.

Mr. Plomgren does own or control shares in Medical Marijuana Inc, in excess of 3,500,000.

Michael Llamas
President
2665 Ariane Drive, Suite 207
San Diego, CA 92117

Prior to acting as the interim President of the Company, Mr. Llamas co-founded North American Companies, a real estate development and acquisitions firm specializing in all areas of distressed debt. The Company has been involved in excess of ten billion dollars in transactions ranging from oil and natural gas to real estate development. Currently Mr. Llamas is President and a board member of HDDC, d/b/a CannaBANK, Inc., a mergers and acquisitions firm specializing in the capitalization and development of national and international hemp based companies. These products range from raw hemp to hemp-based bio fuels.

Mr. Llamas does not personally own Medical Marijuana, Inc. shares as of this date but does have control of shares through HDDC.

Michelle Sides
Chief Operating Officer

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

Ms. Sides is on the Board for Hemp Deposit and Distribution Corporation.
Ms. Sides does not own Medical Marijuana, Inc. shares as of this date.

B. Legal/Disciplinary History

None of the above named persons have been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding within the past five years
2. The entry of an order, judgment or decree not subsequently reversed, suspended or vacated by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, securities, commodities, or banking activities.
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated or,
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.

C. Disclosure of Family Relationships

There are no family relationships among and between the Company's directors, officers, persons nominated or chosen by the Company to become directors or officers, or beneficial owners of more than five percent (5%) of any class of the Company's equity securities.

D. Disclosure of Related Party Transactions.

The Company has participated in related party transactions within the past two years as stated herein.

Item XII Financial Information for the Issuer's most recent fiscal period

Financial information is included as an attachment as an exhibit to this statement.

Item XIII Similar financial information for such part of the preceding fiscal years as the issuer or its predecessor has been in business.

Financial information is included as an attachment as an exhibit to this statement.

Item XIV Beneficial owners

Beneficial Owners of 5% or more:

<u>Name</u>	<u>Address</u>	<u>Shares or Controlled</u>	<u>Percent</u>
Hemp Deposit and Dist. Corp.	2665 Ariane Dr Ste 207 San Diego, CA 92117	265,400,000	48%*
Don Steinberg	28102 Haria Mission Viejo, CA 92692	43,168,985	7.8%

TOTAL SHARES HELD BY BENEFICIAL OWNERS 303,168,985

*Based on total issued and outstanding shares of 558,565,764.

Item XV The name, address, and email address of each of the following outside providers that advises the Company on matters relating to operations, business development and disclosures.

- 1. Investment Banker**
None at this time- Actively Searching
- 2. Promoters**
None at this time
- 3. Security and Exchange Counsel**
Securities Attorney
Frank J. Hariton, Esq.
1065 Dobbs Ferry Road
White Plains, NY, 10607
United States

Law Offices of Michael Corrigan
Michael Corrigan

Carmel Valley Centre II
11995 El Camino Real, Suite 301
San Diego, CA, 92130

4. Auditor

None at this time- Actively Searching

5. Public Relations Consultants

None at this time- Actively Searching

6. Investor Relations Consultant

Equiti-Trend Advisors, LLC
Carmel Valley Center II
11995 El Camino Real, Suite 301
San Diego, CA 92130
(800) 953-3350
admin1@equititrend.com
www.equititrend.com

Item XVI Management's Discussion and Analysis of Plan of Operations

A. Plan of Operation

The Company has three very critical paths of operating its business in 2011. The first is the Hemp Extract Cannabidiol (CBD) product line. Medical Marijuana, Inc. cannot make any medical claims for the treatment, diagnosis or curing of any diseases or ailments, because the product is not FDA approved, nor is the Company intending to seek that approval in the near future. The company plans on selling the product to Nutraceutical and Pharmaceutical companies as a raw ingredient and is also planning on selling in its own products as a dietary supplement. Cannabidiol is an extract taken from the hemp plant.

The Company has assessed the marketability of the product and product line and sees this product line as a major contributor of value over the course of the fiscal year ending 2011, as well as a major contributor of revenue and earnings in 2012. Price points for Cannabidiol from such companies as Cerilliant (www.cerilliant.com) and Carman Chemicals (www.caymanchem.com) range from as low as \$23 a milligram to as much as \$350 a milligram in single milligram purchases, to as low as \$8.60 a milligram for a bulk purchase. A more in depth compilation is being compiled for evaluation. These results will be published in the coming quarters. The Company is currently working with distributors in the United States, Latin America and Asia to distribute the product line. These arrangements are critical to the timeframe in which revenue will accrue for the Company. Direct sales are also being looked at through The Hemp Network. The products will also become available through health and wellness facilities already aware of Cannabidiol and related products. Currently there are over 2,200 accounts in the Company's database to submit products to, this database to come public in the coming quarters via an online site that will list all of the health and wellness facilities.

The company is in the process of syndicating additional production of high Cannabidiol (CBD) rich hemp for planting.

More discussion to future evaluations on marketability will be discussed in the near future.

The second critical path for 2011 is the development of the Company's county operating procedure package for patients and caregivers. Each procedure package is created specifically for each individual state, as well as for each legal county and city within that county where medical marijuana is legal. Until recently the federal government did not define "caregiver". The Company believes this has now been clearly defined in the most recent address from the Attorney General's office in a memo dated June 29, 2011 by US Deputy Attorney General James M. Cole. With such clarity, the Company is now able to start on the sales of its county-by-county operation procedures for patients and caregivers. These procedures include operational guidelines for tracking, use tax, storage, and compliance. We believe the County Program will be another valuable source of revenue in the coming quarters and into 2012.

The third critical path for the Company is The Hemp Network. The Company is currently looking to expand The Hemp Network products line and increase its distributor base for expanded distribution. The use of Hemp is growing dramatically and will continue to grow as new uses for it are constantly being developed. The Hemp Network is looking to expand its product line to match the demand growth. At the time new management took over the Company, the Hemp Network had launched two products: a hemp blend with mushrooms and fish oil and a hemp omega line. Both products had minimal sales. To date The Hemp Network now has in excess of twenty products for the new Hemp Network 2.0 which is expected to launch in the fourth quarter. Several issues were found with the tracking system Apogee. These are being corrected, a new website for the division has also been created and the back end shopping carts for the affiliate and multi sales program being developed which will accompany the Hemp Network 2.0 launch. The Hemp Network currently has in excess of 6500 sales agents awaiting the launch. The Hemp Network will also sell Cannabidiol (CBD) based products to its client base. The websites for both the Company and The Hemp Network have undergone significant restructuring to vastly improve user access to industry information as well as products. In conjunction with Apogee, the Company is creating a more productive and cost efficient system to be utilized for the various divisions. More discussion regarding other potential products and marketability shall be discussed in the near future.

MJNA acquired a fifty percent interest in Cannabis Marketing Group, a company consisting of highly skilled internet and video marketing executives. Cannabis Marketing Group is not expected to become profitable in the near future but is intended to cut the costs of website development, online marketing, advertisements and email response and marketing campaigns by directly supporting these efforts instead of outsourcing these tasks. This company will be crucial in the awareness of the brand and products. The agreement calls for MJNA to issue \$200,000.00 worth of Company which to date has not been issued.

B. Management's Discussion and Analysis of Financial Conditions and the Results of Operations

The Company's management is evaluating all aspects of the prior business plan as identified in Section C II A8. Each item is being carefully evaluated to determine the likelihood of success, profitability, marketability and overall productivity; this has included staff and compensation for team members.

Currently the Company does not have sufficient capital available to fund operations, including sufficient funding for expansion. To date, the Company has been funded by way of private placements. The Company will need to continue to raise additional funds until such time as it is generating sufficient revenues from operations. The Company believes that The Hemp Network will generate revenues commencing in the fourth quarter of fiscal 2011, the company also believes that its county sales program and its Cannabidiol product line will start to generate income through direct sales as well as licensing agreements. At this time the Company cannot accurately predict revenues to be generated or the funding required. In addition to revenues generated, the Company expects to be able to raise additional funds by way of debt or equity but there can be no assurance that such funding will be available as required or ever.

Over the course of the third quarter the company experienced in the first week of July, its bank accounts being closed, because of the name of the company and its divisions, from The Hemp Network to Medical Marijuana Inc., this also affected our relationship with CannaBANK, BullNBear Group, as well as strategic options, which also caused transactions the company had positioned for acquisition and development to not close which cut our projected revenue by two thirds. We anticipate being able to establish new banking relationships with new institutions, however at this time because of the negative stigma with dispensaries, the banks confuse our companies activities with the unlawful activities of certain marijuana businesses. This has caused our revenue for the 3rd and 4th quarters to be a third of what we anticipated, due to the banking regulations and closing of those accounts. We recovered from this in the last weeks of the 4th and reestablish those transactions. The company is taking steps to ensure this situation will not negatively affect the company in the future.

C. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

D. Issuance History

During the second quarter there were 5,000,000 shares issued for key employee employment contracts. All shares were issued restricted and must be held according to Rule 144.

The Company currently has no Memorandum's in circulation.

Part F Exhibits

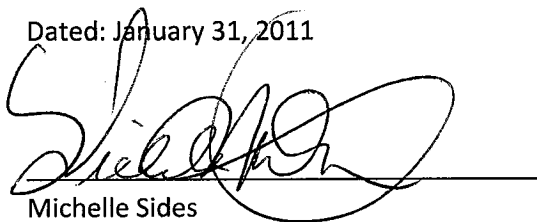
See Attached

ISSUER'S CERTIFICATION

Michelle Sides, Chairman of Medical Marijuana Inc, certify that;

1. I have reviewed this quarterly statement for the period ending December 31, 2011.
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 the disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in the 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 the disclosure statement.

Dated: January 31, 2011

A handwritten signature in black ink, appearing to read 'Michelle Sides', is written over a horizontal line.

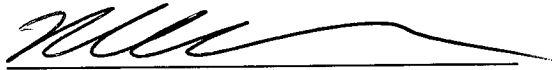
Michelle Sides
Chairman

ISSUER'S CERTIFICATION

Michael Llamas, President of Medical Marijuana Inc, certify that;

1. I have reviewed this quarterly statement for the period ending December 31, 2011.
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 the disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in the 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 the disclosure statement.

Dated: January 31, 2011

A handwritten signature in black ink, appearing to read 'M Llamas', written over a horizontal line.

Michael Llamas
President

Medical Marijuana, Inc.
Income Statement
For the Quarter Ending December 31, 2011

Revenue

Revenue

Licensing Revenue	\$	112,600.00
Wellness Managed Services	\$	282,654.78
Hemp Network Revenue		
Hemp Network Revenue - Other	\$	790.40
Less: Cost of Goods sold		0.00
Hemp Network Gross Profit		790.40

Other Income/Expense

Other Income (2.89 Equipment)	31,000.00
Relief of Indebtedness	3,094.18

Total Income

\$ 430,139.36

Costs of Good Sold

\$ 209,512.96

Net Income left for operating expenses

\$ 220,626.40

General & Administrative Expenses

Automobile Expense	\$	65.00
Advertising and Promotion	\$	25,662.72
Security Expenses	\$	133.71
Bank Service Charges	\$	705.46
Computer and Internet Expenses	\$	1,450.18
Bankcard Processing Fee	\$	1,576.88
Option\Acquisition Fee	\$	5,500.00
Public Filing Fees\Legal	\$	8,100.00
Interest Expense	\$	-
Janitorial Expense	\$	726.00
Meals and Entertainment	\$	1,500.00
Postage	\$	1,900.00
Office Supplies	\$	1,309.00
Payroll (Excluding Stock-Based Compensation)	\$	91,430.99
Stock Based Compensation	\$	87,000.00
Professional Fees	\$	1,800.00
Rent Expense	\$	15,404.00
Web Development	\$	29,525.25
Utility Expense	\$	2,951.00
Travel Expenses	\$	3,083.00
Transfer Agents	\$	3,515.00

Total Expense

\$ 283,338.19

Net Ordinary Loss

\$ (62,711.79)

Medical Marijuana, Inc.
Balance Sheet
For the Quarter Ending December 31, 2011

ASSETS

Current Assets

Checking/Savings/Cash Eq	\$	24,288.21
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Other Current Assets

Accounts Receivable	\$	464,000.00
---------------------	----	------------

BullnBear AR	\$	20,000.00
--------------	----	-----------

Other Receivable

Skyborne Partners	\$	227,691.18
-------------------	----	------------

Far West Loan	\$	109,905.73
---------------	----	------------

Total Other Current Assets		821,596.91
-----------------------------------	--	------------

Total Current Assets

Other Assets

Inventory	\$	191,028.09
-----------	----	------------

CBD Dev, Marketing	\$	895,950.00
--------------------	----	------------

Patent		375.00
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Property Plant & Equipment		14,927.54
----------------------------	--	-----------

Total Other Assets		1,102,280.63
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TOTAL ASSETS

	\$	1,948,165.75
--	----	--------------

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable	\$	26,785.00
------------------	----	-----------

Total Accounts Payable	\$	26,785.00
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Other Current Liabilities

Due to/from Officers

Total Other Current Liabilities		0.00
--	--	------

Total Current Liabilities		26,785.00
----------------------------------	--	-----------

Total Liabilities

	\$	26,785.00
--	----	-----------

Equity

Additional Paid in Capital	\$	53,193,011.81
----------------------------	----	---------------

Capital Stock		555,425.00
---------------	--	------------

Goodwill		-46,779,037.00
----------	--	----------------

Retained Earnings		-2,650,516.14
-------------------	--	---------------

Net Income		-2,397,502.92
------------	--	---------------

Total Equity		1,921,380.75
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TOTAL LIABILITIES & EQUITY

	\$	1,948,165.75
--	----	--------------

Medical Marijuana, Inc.
Statement of Cash Flow
For the Quarter Ending December 31, 2011

OPERATING ACTIVITIES

Net Income		\$	(62,711.79)
Adjustments to reconcile Net Income to net cash provided by operations:			
BullnBear AR	\$	(20,000.00)	
Other Receivable	\$	(227,691.18)	
CBD Dev, Marketing, JV	\$	(454,496.87)	
Accounts receivable	\$	(464,000.00)	
Far West Loan	\$	(109,905.73)	
Accounts Payable	\$	26,785.00	
Total Adjustments			<u>-1,249,308.78</u>
Net cash provided by Operating Activities		\$	<u>(1,312,020.57)</u>

INVESTING ACTIVITIES

Inventory	\$	(191,028.09)	
Patent	\$	(375.00)	
Property Plant & Equipment: Gilroy		<u>-14,927.54</u>	
Net cash provided by Investing Activities			<u>-206,330.63</u>

FINANCING ACTIVITIES

Additional Paid in Capital	\$	80,000.00	
Capital Stock		<u> </u>	
Net cash provided by Financing Activities		\$	<u>80,000.00</u>

Net cash increase for period \$ (1,448,266.41)

Cash at beginning of period 14,373.00

Cash at end of period \$ 24,288.21

MEDICAL MARIJUANA, INC.

STATEMENT OF STOCKHOLDER' EQUITY

OCTOBER 1, 2010 THROUGH DECEMBER 31, 2011

AND FOR THE PERIOD FROM MARCH 31, 2003 (INCEPTION) THROUGH SEPTEMBER 30, 2010

UNAUDITED

	Common Stock Shares	Amount	Subscription	Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit/Profit	Total
March 31, 2003	-	-	-	-	-	-	-	-
Common stock issued for services								
Common stock issued for cash	114	1	-	-	-	-	-	1
Net loss	-	-	-	-	-	-	-	-
June 30, 2003	114	1	-	-	-	-	-	1
Common stock issued for services								
Common stock issued for cash	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-
September 30, 2003	114	1	-	-	-	-	-	1
Common stock issued for services								
Common stock issued for cash	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-
December 31, 2003	114	1	-	-	-	-	-	1

Common stock issued for services	-	-	-	-
Common stock issued for cash	1,500	15	-	15
Net Income	-	-	-	-
March 31, 2004	<u>1,614</u>	<u>16</u>	<u>-</u>	<u>16</u>
Common stock issued for services	-	-	-	-
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
June 30, 2004	<u>1,614</u>	<u>16</u>	<u>-</u>	<u>16</u>
Common stock issued for services	-	-	-	-
Common stock issued for cash	202	2	-	2
Net Income	-	-	-	-
September 30, 2004	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
December 31, 2004	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
March 31, 2005	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>18</u>

Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
June 30, 2005	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
September 30, 2005	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
December 31, 2005	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
March 31, 2006	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
June 30, 2006	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>

Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
September 30, 2006	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
December 31, 2006	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
March 31, 2007	<u>1,816</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Common stock issued for services	4,000,000	40,000	-	-	40,000
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
June 30, 2007	<u>4,001,816</u>	<u>40,018</u>	<u>-</u>	<u>-</u>	<u>40,018</u>
Common stock issued for services	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-
Net Income	-	-	-	-	-
September 30, 2007	<u>4,001,816</u>	<u>40,018</u>	<u>-</u>	<u>-</u>	<u>40,018</u>

Common stock issued for services	-	-	-	-
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
December 31, 2007	<u>4,001,816</u>	<u>40,018</u>	<u>-</u>	<u>40,018</u>
Common stock issued for services	-	-	-	-
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
March 31, 2008	<u>4,001,816</u>	<u>40,018</u>	<u>-</u>	<u>40,018</u>
Balance before merger with Club VivaNet				
Balance after merger adjustments:				
Common stock issued for services	-	-	-	-
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
June 30, 2008	<u>4,001,816</u>	<u>40,018</u>	<u>-</u>	<u>40,018</u>
Common stock issued for services	9,517,395	95,174	-	95,174
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
September 30, 2008	<u>13,519,211</u>	<u>135,192</u>	<u>-</u>	<u>135,192</u>
Common stock issued for services	1,422,600	14,226	-	14,226
Common stock issued for cash	-	-	-	-
Net Income	-	-	-	-
December 31, 2008	<u>14,941,811</u>	<u>149,418</u>	<u>-</u>	<u>149,418</u>

Common stock issued for services	2,000,000	20,000	-	-	-	20,000
Common stock issued for cash	-	-	-	-	-	-
Net Income	-	-	-	-	-	-
March 31, 2009	<u>16,941,811</u>	<u>169,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,418</u>
April 27, 2009	<u>16,941,811</u>	<u>169,418</u>				<u>169,418</u>
April 28, 2008 Forward split 1:10	<u>169,418,110</u>	<u>169,418</u>				<u>169,418</u>
Common stock issued for services	48,090,400	480,904	-	-	-	480,904
Common stock issued for cash	16,534	165	-	-	-	165
Net Income	-	-	-	-	-	-
June 30, 2009	<u>217,525,044</u>	<u>217,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,525</u>
Common stock issued for services	8,580	9				
Common stock issued for cash	111,420	111				
Net Income	<u>(52,319)</u>					
September 30, 2009	<u>217,645,044</u>	<u>217,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,645</u>
Common stock issued for services	8,580	9				
Common stock issued for cash	111,420	111				
Net Income	<u>(177,662)</u>					
December 31, 2009	<u>222,685,777</u>	<u>217,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,765</u>

Common stock issued for services	33,285	33			
Common stock issued for cash	-	-			
Net Income	(52,319)				
March 31, 2010	<u>222,719,062</u>	<u>217,798</u>	<u>-</u>	<u>-</u>	<u>217,798</u>
Common stock issued for services	420,000	420			
Common stock issued for cash	-	-			
Net Income	(69,431)				
June 30, 2010	<u>223,069,631</u>	<u>218,218</u>	<u>-</u>	<u>-</u>	<u>218,218</u>
Common stock issued for services	22,819,431	22,468			
Common stock issued for cash	-	-			
Net Income	(69,431)				
September 30, 2010	<u>245,889,062</u>	<u>240,686</u>	<u>-</u>	<u>-</u>	<u>240,686</u>
Common stock issued for services	60,000	60			
Common stock issued for cash	-	-			
Net Income	(2,380,096)				
December 31, 2010	<u>245,949,062</u>	<u>240,746</u>	<u>-</u>	<u>-</u>	<u>240,746</u>
Common stock issued for services	260,100,000	260100			
Common stock issued for cash	-	-			
Net Income	(42,613)				

March 31, 2011	<u>506,049,062</u>	<u>500,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,846</u>
Common stock issued for services	17,501,947	17501,947				
Common stock issued for cash	2,062,039	2,062				
Net Income	<u>(1,292,722)</u>					
June 30, 2011	<u>523,551,009</u>	<u>520,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,410</u>
Common stock issued for services	30,014,755	30014,755				
Common stock issued for cash	-	-				
Net Income	<u>(1,292,722)</u>					
September 30, 2011	<u>553,565,764</u>	<u>550,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,425</u>
Common stock issued for services	5,000,000	5000				
Common stock issued for cash	-	-				
Net Income	-					
30-Sep-11	<u>558,565,764</u>	<u>555,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,425</u>

MEDICAL MARIJUANA, INC

Note 1 – Organization and Basis of Presentation

Organization and Line of Business

Medical Marijuana, Inc. was incorporated in the State of Oregon in May of 2005. Medical Marijuana, Inc. will provide institutional level financial systems to local, state and federal governments, testing and certification services, education programs, consulting and turn-key solutions to all levels of government and the Medical Marijuana Industry.

Medical Marijuana, Inc. has upgraded the provisional patent pending to a utility patent pending on the MMI Financial Solutions that will provide local, state and federal governments with a closed loop financial accounting system to monitor compliance concerning the collection of tax revenues in a near real-time environment. MMI is also looking to provide an integrated business system for medical marijuana industry participants, from growers to distributors to dispensaries. MMI Solutions will ensure compliance with local, state and federal regulations where it concerns operations and taxation.

Medical Marijuana, Inc. has established a division in June 2010, called “The Hemp Network” which sells hemp-based products to consumers through a network of home-based sales representatives. This includes the benefits that use of organic products can bring to the environment as well as the monetary rewards. MMI is continuing to analyze new markets and expand its available product offerings.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

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

Principles of Consolidation

The financial statements are not consolidated. The financial statements do, however, reflect the Hemp Network Division’s sales separately.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. During the quarter, Skyborne Partners assisted as an agent on behalf of MI for some of its banking needs as well as several key executives.

Prepaid Expenses

None

Investments in Marketable Securities

None

Deposits

Deposits are the balances outstanding that have not been redeemed as of the date of the Financial Statements. The prior deposit was treated as income in the current quarter as there is no longer any liability associated with the event for which the deposit was retained.

Accounts Receivable/Other Receivable

Accounts Receivable/Other Receivable consist of transactions with four distinct entities:

The first entity, BullnBear, S.A. is a corporation operating in Guatemala, cultivating and developing applications for industrial hemp. MI is currently negotiating a relationship which would provide MI with a source of industrial hemp as well as providing MI with potential products for sale by the Hemp Network.

The second entity, Far West, is a financing entity which acted on behalf of Medical Marijuana, Inc. during the second quarter. Income from Far West was provided to MI pursuant to the equity/asset exchange agreement. The funds received from Far West were pursuant to an agreement with HDDC providing that MJNA receives 25% of any profits generated and this income was received.

The third entity, Skyborne Partners, represents a receivable for stock purchases which were reversed subsequent to June 30, 2011. The shares were issued and are awaiting payment which had not been received as of June 30.

The Fourth is with prior management and additional paid in capital\stock to be assigned to the company for acquisition and development purposes.

Notes Receivable

None

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations.

Depreciation of property and equipment is provided using the MACRS method for substantially all assets with estimated lives of 5 years and, to the extent available, accelerated depreciation per Internal Revenue Code Sec. 179.

During the second quarter, the company received Property and Equipment from CannaBank pursuant to the asset/exchange agreement executed at the end of March. These items were recorded at CannaBank's cost and may not represent fair market value, if such is higher than cost.

Inventory

Inventory consists of several items: cannabidiols, supplements and personal health items as well as equipment for the hydroponics and home gardening industry. Inventory has been recorded at the lower of cost instead of fair market value.

Revenue Recognition

The Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104.

Licensing Revenue Sharing

This amount represents an agreement with the Hemp Deposit Distribution Corporation concerning revenue generated at a facility in San Jose, California, Las Vegas, Nevada and San Diego California Joint ventures.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "Share-Based Payment, an Amendment of FASB Statement no. 123." The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. During the quarter, 5,000,000 shares were issued in total.

Income Taxes

The Company utilizes the SFAS No. 109, "Accounting for Income Taxes," which requires the 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 income taxes are recognized for the tax consequences in the future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period and based on enacted tax laws and

statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Basic and Diluted Earnings per Share

Earnings per share are calculated in accordance with the SFAS No. 128 ("SFAS No. 128"), "Earnings per Share." Net earnings per share for all periods presented have been restated to reflect the adoption of SFAS No. 128. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. There are no convertible shares, options or warrants. (See Note 6.) Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. At this time there are no stock options granted.

Note 3 – Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern.

Note 4 – Notes Payable

NONE

Note 5 – Loans To/From Officers

Loans are stated at par and are presented in aggregate. Such sum represents the loan of funds and/or withdrawal of funds by officers and is not considered revenue to the company, nor income to individual officers.

Note 6 – Stock Options and Warrants

There is currently one stock option for \$25,000 that expires November 11, 2012.

Note 7 – Prepaid Expenses

NONE

Note 8 – Significant Events

The company continues to integrate the new management and its operating philosophies pursuant to an equity/asset exchange agreement, discussed below.

On March 23, 2011, an agreement was made with the Hemp Deposit and Distribution Corporation. As a result of the agreement, 260 million shares were issued to the Hemp Deposit and Distribution Corporation giving it a majority ownership and controlling position in the company.

The agreement required the Hemp Deposit and Distribution Corporation to place income producing assets in Medical Marijuana, Inc. On the date of the transaction, the market price of the company's common stock was \$.18.

On June 24, 2011, pursuant to the agreement, the Company entered into a ten year lease with a five year renewal option and a management agreement with the Hemp Deposit and Distribution Corporation for certain property. Other assets may be transferred to the company in the future. The books and records of the Company reflect the transaction based on the market price of the common stock on the day the Agreement was consummated. Because this valuation may not be reflective of the Agreement's market value, a review of the Agreement is being made. As a result of such review, this report may be amended.

On April 18, 2011, the company entered into an Agreement with SkinAgain, LLC to develop and market an extraction process for cannabidiol (CBDs). The Agreement allows MI to share one-half ownership in a provisional patent #u5611449,525 "Method of Extraction of Cannabidiol", as well as any derived resulting property relating to such patent. A valuation has not been determined for this Agreement and will not be without further evaluation and appraisal.

On May 2, 2011, the Company was given 50% ownership in Cannabis Marketing Group. A Joint Venture & Operating Agreement between Connect U Worldwide and CannaBANK, Inc. This Group was created to provide marketing services in the cannabis and hemp market in a manner consistent with the Company objectives. In this agreement, MJNA was to issue \$200,000.00 in treasury stock to Connect U Marketing, LLC. These shares have yet to be distributed.

Note 9 – Subsequent Events

Subsequent to the recording of certain receivable amounts for stock issuances, certain stock was not fully assessed and/or paid for, compelling a reversal of all transactions to the extent that such stock was not issued, unless and until these shares are fully paid for.