2016

Second Quarter for the Fiscal Year Ended June 30, 2016

Financial Statements and Footnotes for the Quarter Ended December 31, 2015
As prescribed by OTC Pink® Basic Disclosure Guidelines

Rocky Mountain High Brands, Incorporated (RMHB)

A Nevada Corporation Listed on the Pink OTC Market

Rocky Mountain High Brands, Inc.
Statements of Operations
(Unaudited)

	Three Months Ended December 31, 2015	Six Months Ended December 31, 2015
Sales	**$313,116**	**$589,687**
Cost of Sales	**171,937**	**317,213**
Gross Profit	**141,178**	**272,474**
Operating Expenses		
General and Administrative	408,566	780,229
Advertising and Marketing	118,288	325,368
Total Operating Expenses	**526,854**	**1,105,597**
Loss from Operations	**(385,675)**	**(833,123)**
Other (Income)/Expenses:		
Interest Expense	34,025	120,402
Gain on extinguishment of debt	(622,342)	(622,342)
Gain on change in fair value of derivative liability	(2,133,647)	(8,896,472)
Total Other (Income)/Expenses:	**(2,721,964)**	**(9,398,412)**
Income before provision for income taxes	**2,336,289**	**8,565,288**
Income tax provision	0	0
Net Income	**$2,336,289**	**$8,565,288**
Income per share - basic and diluted		
Income Per Common Share	$0.01	$0.02
Weighted Average Common Shares Outstanding	460,736,356	434,749,516

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.
Balance Sheet
December 31, 2015
(Unaudited)

Current Assets	
Cash	$100,712
Accounts Receivable	371,557
Inventory	954,681
Prepaid Expense	926,214
Investments	166,000
Total Current Assets	2,519,163
Property and Equipment, net	55,199
TOTAL ASSETS	**$2,574,363**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable and Accrued Liabilities	324,249
Notes Payable	500,000
Convertible Notes Payable, net of debt discount	174,486
Accrued Interest	18,794
Deferred Revenue	500,000
Derivative Liability	559,066
Total Current liabilities	**2,076,595**
Stockholders' Equity	
Preferred Stock - Series A - Par Value of $.001	1,000
1,000,000 shares authorized as of December 31, 2015	
1,000,000 shares issued and outstanding as of December 31, 2015	
Preferred Stock - Series B - Par Value of $.001	-
9,000,000 shares authorized as of December 31, 2015	
No shares outstanding as of December 31, 2015	
Preferred Stock - Series C - Par Value of $.001	1,107
2,000,000 shares authorized as of December 31, 2015	
1,107,607 shares issued and outstanding as of December 31, 2015	
Common Stock - Par Value of $.001	478,377
810,000,000 shares authorized as of December 31, 2015;	
478,376,504 shares issued and outstanding as of Deccember 31, 2015	
Additional Paid In Capital	10,656,104
Accumulated Deficit	(10,638,820)
Total Stockholders' Equity	**497,767**
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$2,574,363**

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.
Statements of Cash Flow
Six months ended December 31, 2015
(Unaudited)

Operating Activites:	
Net Income	$8,565,288
Adjustments to reconcile net loss to net cash used in operating activities:	
Non-cash interest expense	111,976
Stock based compensation	206,870
Gain on change in fair value of derivative liablitiy	(8,896,472)
Gain on extinguishment of debt	(622,342)
Changes in operating assets and liabilities:	
Accounts Receivable	(239,356)
Inventory	(199,210)
Prepaid expenses	(9,607)
Accounts Payable	131,236
Deferred Revenue	470,048
Accrued interest	(30,433)
NET CASH USED IN OPERTATING ACTIVITIES	**(512,002)**
Investing Activites:	
Acquisition of property and equipment	(40,512)
NET CASH USED IN INVESTING ACTIVITIES	**(40,512)**
Financing Activities:	
Repayment of convertible notes	(165,000)
Proceeds from issuance of notes payable	500,000
Repayment of loan from shareholder	(11,000)
Proceeds from issuance of Common Stock	233,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	**557,500**
INCREASE IN CASH	**4,986**
CASH - BEGINNING OF PERIOD	**95,726**
CASH - END OF PERIOD	**$100,712**
Supplemental disclosure of non-cash financing and investing activities:	
Series C preferred stock issued for conversion of debt	$ 2,495,666
Debt and accrued interest converted for Series C preferred stock	$ 1,107,606
Conversion of debt to Common Stock	$ 79,220
Derivative liability relieved upon conversion of related debt	$ 2,048,519

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.
Notes to Unaudited Financial Statements
Quarter Ended December 31, 2015
(Unaudited)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements. Accordingly, they do not contain all information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of the Company's management, the accompanying unaudited financial statements contain all the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as December 31, 2015 and the results of operations and cash flows for the six months then ended. The results of operations for six months ended December 31, 2015 are not necessarily indicative of the operating results for the full fiscal year or any future period. These unaudited consolidated financial statements should be read in conjunction with the financial statements and related notes thereto for the year ended June 30, 2015 filed with the OTC Markets on December 24, 2015.

2. General

Rocky Mountain High Brands, Inc. (RMHB or the Company) is a publicly-traded company that has developed a lineup of five "hemp-infused" beverages, wine-based products, and beer and liquor products (the wine, beer and liquor products have been formulated, but are not ready for market.) RMHB is also developing of a lineup of products containing Cannabinoids (CBD).

On Oct 23, 2015, the Company changed its name from Totally Hemp Crazy, Inc. to Rocky Mountain High Brands, Inc. Rocky Mountain High common shares trade on OTC Markets Pink Sheets under the ticker: RMHB.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Certain of the Company's estimates could be affected by external conditions, including those unique to its industry, and general economic conditions. It is possible that these external factors could have an effect on the Company's estimates that could cause actual results to differ from its estimates. The Company re-evaluates all of its accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The carrying amounts of our short and long term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuances of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — quoted prices in active markets for identical assets or liabilities.
- Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable.
- Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

The derivative liability in connection with the conversion feature of the convertible debt, classified as a Level 3 liability, is the only financial liability measured at fair value on a recurring basis.

The change in the Level 3 financial instrument is as follows:

Balance, July 1, 2015	$11,504,057
-	
• Converted during the six months ended December 31, 2015	(2,048,519)
• Change in fair value recognized in operations	(8,896,472)
Balance, December 31, 2015	$559,066

The estimated fair value of the derivative instruments were valued using the Black-Scholes option pricing model, using the following assumptions as of December 31, 2015:

- Estimated Dividends — None
- Expected Volatility — 223%
- Risk Free Interest Rate — 0.12%
- Expected Term — .01 to 1 years

Income Taxes

The Company use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. 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 results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has no material uncertain tax positions.

4. Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has an accumulated deficit of $10,638,820 at December 31, 2015 and has generated operating losses since inception. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate revenues and its ability to continue raising capital from third parties.

5. Note Payable

In October 2015, the Company entered into a $500,000 note payable at 12% simple interest for a one year period with Roy Meadows. See Note 10.

6. Convertible Notes Payable

During 2011 and 2012, the Company entered into a series of convertible notes with six lenders aggregating $110,000. These were one-year terms notes at 12% interest and convertible to Common Stock at a conversion price of $.05 per share. As a part of the Bankruptcy Reorganization Plan confirmed in July 2014, the accrued interest on these notes was forgiven and the notes became zero interest bearing notes. In August 2015, one of the lenders sold her note to a third party, who converted it into stock. As of December 31, 2015 the principal balance on these notes was $90,000.

In 2012, the Company entered into a $40,000 Convertible Note Payable with an individual. The notes matured one-year from the date of issuance, bears interest at 12% per annum and is convertible into shares of Common Stock at $.001. In 2015, the lender sold and re-assigned $17,500 of this note. The new note holders converted the $17,500 of principal into 17,500,000 shares of Common Stock. As of December 31, 2015 the principal balance on these notes was $22,500.

On March 25, 2015 the Company entered into an amended and restated convertible promissory note with Roy Meadows, which amended two previously issued notes dated February 5, 2013 and July 17, 2014. According to the terms of the note, the Company may borrow up to an aggregate of $1,500,000, the note bears interest at 12% per annum, and the holder may demand repayment of any portion of the note after one year from the effective date of the note. The note is convertible in whole or in part at a conversion price per share equal to the lesser of $.001 per share, or at an 80% discount to the average of the five lowest bid prices during the thirty trading days prior to the date of the conversion notice. Mr. Meadows is limited in his conversions whereby he may not at any time own more than 9.99% of the Company's outstanding common stock. Mr. Meadows may, at his option, file a UCC-1 financing statement against all assets of the Company and have a guarantee and security agreement with the principal controlling for majority shareholders of the Company. On November 16, 2015, the debtholder converted $1,107,606 of principal and accrued interest into 1,107,606 shares of Preferred C Shares of the Company. Each Series C Preferred Share can be converted to 50 Shares of Common Stock.

On October 5, 2014 the Company entered into a convertible notes with an individual for $12,500. The note matures on October 5, 2015, bears interest at 8% per annum and contains a conversion feature at a conversion price per share, which is 20% of the average bid price of Common Stock over a trailing 10-day period. As of December 31, 2015 the principal balance on the note was $12,500. The note was past due at December 31, 2015.

On February 2, 2015 the Company entered into a convertible notes with an individual for $165,000 (with a $5,000 original issue discount). The note matured on May 2, 2015 which was extended to August 2, 2015, bears interest at 12% per annum and is convertible in whole or in part at a conversion price per share equal to the lesser of $.001 per share, or at an 80% discount to the average of the five lowest bid prices during the thirty trading days prior to the date of the conversion notice. The holder is limited in his conversions whereby he may not at any time own more than 9.99% of the Company's outstanding common stock. In August 2015 the company repaid the note plus accrued interest.

On March 20 and 23, 2015, the Company entered into separate Convertible notes with an individual and his wife for $25,000 each. The notes mature one-year from the date of issuance, bear interest at a rate of 7% per annum and contained a conversion feature at $.50 of the average bid price for Common Stock over a trailing 10-day period. The holders are limited in their conversions whereby they may not at any time own more than 4.9% of the Company's outstanding common stock. As of December 31, 2015the principal balance on the notes were $50,000.

On March 23, 2015, the Company entered into a convertible notes with an individual for $12,500. The note mature one-year from the date of issuance, bears interest at a rate of 18% per annum is convertible into shares of the Company's common stock at a conversion price of $.04 per share. As of December 31, 2015 the principal balance on the note was $12,500.

The Company has determined that the conversion feature embedded in the notes referred to above that contain a potential variable conversion amount constitutes a derivative which has been bifurcated from the note and recorded as a derivative liability, with a corresponding discount recorded to the associated debt The excess of the derivative value over the face amount of the note is recorded immediately to interest expense at inception. The above notes are presented net of a discount of $13,013 December 31, 2015 on the accompanying balance sheet

7. Deferred Revenue

In June 2015, the Company entered into an exclusive manufacture and supply agreement with Rodney Peterson or his designee, Rocky Mountain High Canada (RMHC) for distribution rights to Rocky Mountain High Canada, Inc. Under the agreement, RMHC was required to pay the Company $500,000 before June 30, 2015 and submit an additional $150,000 prior to the production run for the 1,000,000 cans of product covered under the agreement. At this time the Company does not expect Rodney Peterson nor Rocky Mountain Canada, Inc. to fulfill its contractual obligation. Rocky Mountain High Brands, Inc. has filed a breach of contract law suit with the objective of recovering outstanding obligations. The Company received $200,000 on July 29, 2015 and $300,000 on August 28, 2015 and has recorded as deferred revenue in the accompanying balance sheet at December 31, 2015.

8. Stockholder's Equity

Series C Preferred Stock

The Company amended its Articles of Incorporation as of November 13, 2015 to create a Series C Preferred Shares, which are 12% interest bearing, cumulative, exchangeable, non-voting, convertible Preferred Stock of the Company. Each Series C Preferred Share can be converted to 50 Shares of Common Stock

As of November 16, 2015, the holder of a convertible note aggregating $1,107,607 of principal and accrued interest agreed to a dollar for dollar exchange for same number of Preferred C Shares.

Common Stock

During the six months ended December 31, 2015 the Company issued 5,500,000 shares of common stock for proceeds of $233,500.

During the six months ended December 31, 2015 the Company issued 2,300,000 shares of common stock for services rendered valued at $135,450.

During the six months ended December 31, 2015 the Company issued 68,220,350 shares of common stock for the conversion of $104,220 of convertible debt to Roy Meadows and Trinexus, Inc. (a corporation formed and controlled by Mr. Meadows to which he sold a portion of his convertible debt) prior to executing the exchange agreement to Series C preferred stock. These issuances gave Mr. Meadows in excess of 10% of the outstanding common stock, making him a Control Person. See Subsequent Events.

On July, 17 2015, the Company issued 2,000,000 shares of common stock to acquire all of the assets of Dollar Shots Club, LLC.

9. Income taxes

As of December 31, 2015, the Company had approximately $6,500,000 of federal and state net operating loss carryovers ("NOLs") which begin to expire in *2027*. Utilization of the NOLs may be subject to limitation under the Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under regulations.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the assessment, management has established a full valuation allowance against all the deferred tax asset relating to NOLs for every period because it is more likely than not that all of the deferred tax asset will not be realized.

10. Subsequent Events

On January 22, 2016, the Company filed an Information and Disclosure Statement for the Period Ended December 31, 2015 disclosing the terms of the Series C preferred stock that was issued to Roy Meadows in exchange for his convertible debt on November 16, 2015. In that filing, the Company listed Roy Meadows as a Control Person since he owns 100% of the outstanding shares of Series C preferred stock and converted over 10% of common stock from his convertible debt. Since that filing, Mr. Meadows has issued demand letters to the Company claiming the Company violated the term of his exchange agreement by naming him a Control Person. The Company does not agree with Mr. Meadow’s position.