

INFORMATION AND DISCLOSURE STATEMENT

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

**Period Ending
June 30, 2014**



Medical Marijuana, Inc.

**12975 Brookprinter Place, Suite 160
Poway, CA 92064**

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

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

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.

FORWARD LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as “expects”, “plans”, “may,”, “anticipates”, “believes”, “should”, “intends”, “estimates”, and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with the share exchange our ability to raise additional capital to finance our activities; the effectiveness, profitability and; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the OTC Markets (the “OTC”), or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

FOOD AND DRUG ADMINISTRATION DISCLOSURE (FDA)

The statements found herein have not been evaluated by the Food and Drug Administration (FDA) and are not intended to diagnose, treat, cure or prevent any disease or medical condition.

1. NAME OF ISSUER AND ITS PREDECESSORS (IF ANY)

Medical Marijuana, Inc. (the “Company”, “we”, “our”, “us”, “MJNA”) was originally incorporated as Berkshire Collection, Inc., in Canada in 2003. Subsequently, we changed our domicile to Oregon and changed our name on two separate occasions. On April 28, 2009, we changed our name Medical Marijuana, Inc. and trading symbol to “MJNA.”

2. ADDRESS OF ISSUER PRINCIPAL EXECUTIVE OFFICES

Company Headquarters:

Address: 12975 Brookprinter Place, Suite 160
Poway, CA 92064
Phone: (866) 273-8502
Email: info@medicalmarijuanainc.com
Website: www.medicalmarijuanainc.com

Investors Relations Contact:

SmallCapVoice.Com, Inc. - Stuart Smith
Phone: (512) 267-2430
Email: ssmith@smallcapvoice.com
Website: www.smallcapvoice.com

Internal - Investor Relations Contact

Perry Coleman
Phone: (443) 453-5088
perry@medicalmarijuanainc.com

3. SECURITY INFORMATION

Trading Symbol: MJNA

Exact title and class of securities outstanding: Common Stock

CUSIP: 58463A105

Par or Stated Value: \$.001 per share of Common Stock

Total shares authorized: 5,000,000,000

Total shares outstanding: 949,084,442 (as of 06/30/14)

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.

Is the Transfer Agent registered under the Exchange Act? Yes

Describe any trading suspension orders issued by the SEC in the past 12 months:

NONE.

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

NONE.

4. ISSUANCE HISTORY

As of June 30, 2014:

Shares Issued: NONE

5. FINANCIAL STATEMENTS

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes.

Independent Accountant's Review Report

Board of Directors

Medical Marijuana, Inc.

San Diego, California

I have reviewed the accompanying balance sheet of Medical Marijuana, Inc. as of June 30, 2014, and the related statements of income, and cash flows for the period of April 1, 2014 through June 30, 2014. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Anthony W. Imbimbo, CPA

September 24, 2014

Medical Marijuana, Inc.
Balance Sheet
As of June 30, 2014

	<u>June 30, 2014</u>
ASSETS	
Current Assets	
Checking/Savings	2,962,333.26
Accounts Receivable	1,570,956.46
Other Current Assets	
Inventory Asset	4,755,991.48
Total Merchant Account Reserves	61,029.07
Total Notes Receivable	3,532,866.25
Total Prepaid Assets	314,137.76
Security Deposit	5,930.41
Total Note Receivables	6,135,997.67
Investments	47,481,137.15
Total Other Current Assets	<u>62,287,089.79</u>
Total Current Assets	66,820,379.51
Fixed Assets Net of Depreciation	<u>702,183.27</u>
TOTAL ASSETS	<u>67,522,562.78</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	3,769,352.08
Credit Cards Payable	4,248.68
Notes Payable	12,967,563.55
Payroll Liabilities	96,396.74
Sales Tax Payable	30,466.68
Total Current Liabilities	<u>16,868,027.73</u>
Total Liabilities	16,868,027.73
Equity	
Capital Stock	2,416,666.67
Dividends Paid	(201,500.00)
Less: Non Ownership Portion of Subsidiaries	(75,956.89)
Retained Earnings	29,617,080.11
Net Income	(912,501.35)
Additional Paid in Capital	18,862,238.63
Common Stock	949,084,442.00
Total Equity	<u>50,654,534.99</u>
TOTAL LIABILITIES & EQUITY	<u>67,522,562.72</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Medical Marijuana, Inc.
Statement of Income
April 1, 2014 through June 30, 2014

	April 1, 2014 through June 30, 2014
Ordinary Income/Expense	
Income	4,821,741.99
Cost of Goods Sold	3,052,508.42
Gross Profit	1,769,233.57
Expense	
General and Admin Expenses	
Advertising and Promotion	442,020.92
Bank Service Charges	308,630.70
Licenses & Taxes	20,393.56
Computer, IT Support & Web Development	98,944.15
Contributions	27,489.02
Depreciation Expense	2,070.52
Dues and Subscriptions	14,194.74
Insurance Expense	175,935.05
Janitorial Expenses	4,264.00
Meals and Entertainment	10,240.08
Office Expense	51,119.47
Postage and Delivery	5,953.18
Rent Expense	29,287.36
Repairs and Maintenance	1,182.61
Security	105,868.78
Telephone Expense	5,925.12
Travel Expense	257,837.65
Utilities	16,594.67
Payroll and Benefits	733,812.72
Professional Services	537,024.81
Total Expense	2,848,789.11
Net Ordinary Income	(1,079,555.54)
Less Net Income from Non Ownership Portion of Subsidiaries	158,805.72
Net Income	(920,749.82)

The Accompanying Notes are an Integral Part of These Financial Statements

Medical Marijuana, Inc.
Statement of Cash Flows
April 1, 2014 through June 30, 2014

	April, 1, 2014 through June 30, 2014
OPERATING ACTIVITIES	
Net Income	(964,049.89)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(439,071.40)
Inventory Asset	(1,972,618.71)
Notes Receivable	(4,859,436.15)
Prepaid Assets	(45,757.48)
Security Deposit	(1,244.03)
Accounts Payable	786,007.39
Credit Cards Payable	(113,848.52)
Notes Payable	4,888,963.55
Payroll Liabilities	18,529.93
Sales Tax	(654.50)
Process Holding Account	(12,791.49)
Net cash provided by Operating Activities	(2,701,281.28)
INVESTING ACTIVITIES	
Business Investments	(3,804,276.75)
Business Investment: Intellectual Property	835,939.92
Fixed Assets Acquired Net of Depreciation	(132,742.78)
Net cash provided by Investing Activities	(3,101,079.61)
FINANCING ACTIVITIES	
Less: Non Ownership Portion of Subsidiaries	(115,480.58)
Retained Earnings	(2,381,188.28)
Additional Paid in Capital	7,347,392.22
Net cash provided by Financing Activities	4,850,723.36
Net cash increase for period	581,652.11
Cash at beginning of period	2,380,681.15
Cash at end of period	<u><u>2,962,333.26</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

Medical Marijuana, Inc.
Consolidating Statement of Income
April 1, 2014 through June 30, 2014

	HempMeds PX	CanChew Bio- Technologies, LLC	Hemp Vap	HMPX LLC	HV Investment Holdings LLC	Medical Marijuana, Inc.	MJNA Holdings	MJNA Investments LLC	Red Dice Holdings	Wellness Managed Services	TOTAL
Ordinary Income/Expense											
Income	3,432,510.79	12,697.10	658,949.84	-	-	-	283,196.05	-	352,911.71	81,476.50	4,821,741.99
Cost of Goods Sold	2,345,990.99	-	417,543.27	-	-	-	783.15	-	267,672.76	20,518.25	3,052,508.42
Gross Profit	1,086,519.80	12,697.10	241,406.57	-	-	-	282,412.90	-	85,238.95	60,958.25	1,769,233.57
Expense											
General and Admin Expenses											
Advertising and Promotion	303,772.19	44,873.69	-	-	-	-	64,350.00	6,117.61	10,683.92	12,223.51	442,020.92
Bank Service Charges	389.98	1,181.71	27.00	-	-	-	298,457.88	170.00	7,937.97	466.16	308,630.70
Licenses & Taxes	12,943.20	900.00	-	-	-	175.00	6,034.46	-	-	340.90	20,393.56
Computer, IT Support & Web Development	98,541.30	-	-	-	-	-	-	46.85	-	356.00	98,944.15
Contributions	3,000.00	-	-	-	-	-	-	23,450.00	1,039.02	-	27,489.02
Depreciation Expense	-	-	-	-	-	-	-	-	2,070.52	-	2,070.52
Dues and Subscriptions	6,002.72	99.90	-	-	-	5,351.61	-	-	1,500.00	1,240.51	14,194.74
Insurance Expense	24,076.81	-	-	-	-	-	-	144,500.00	1,814.59	5,543.65	175,935.05
Janitorial Expenses	4,264.00	-	-	-	-	-	-	-	-	-	4,264.00
Meals and Entertainment	8,186.24	-	-	-	-	1,070.52	-	-	48.62	934.70	10,240.08
Office Expense	22,064.07	-	-	-	-	-	127.26	18,540.07	5,387.69	5,000.38	51,119.47
Postage and Delivery	4,557.28	-	-	-	-	-	-	-	-	1,395.90	5,953.18
Rent Expense	26,730.67	-	-	-	-	-	-	-	2,790.93	(234.24)	29,287.36
Repairs and Maintenance	544.30	-	-	-	-	-	-	-	340.35	297.96	1,182.61
Security	79,730.93	-	-	-	-	5,475.00	20,606.25	-	-	56.60	105,868.78
Telephone Expense	1,565.70	-	-	-	-	-	-	-	3,785.16	574.26	5,925.12
Travel Expense	240,059.16	-	-	-	-	460.68	5,175.04	3,768.45	2,958.86	5,415.46	257,837.65
Utilities	14,160.74	-	-	-	-	-	20.24	1,662.00	695.47	56.22	16,594.67
Payroll and Benefits	604,899.30	-	-	-	-	-	-	-	70,632.60	58,280.82	733,812.72
Professional Services	195,692.50	75,089.67	-	-	-	5,032.52	75,000.00	106,626.23	84,229.39	(4,645.50)	537,024.81
Total Expense	1,651,181.09	122,144.97	27.00	-	-	17,565.33	469,771.13	304,881.21	195,915.09	87,303.29	2,848,789.11
Net Ordinary Income	(564,661.29)	(109,447.87)	241,379.57	-	-	(17,565.33)	(187,358.23)	(304,881.21)	(110,676.14)	(26,345.04)	(1,079,555.54)
Less Net Income from Non Ownership Portion of Subsidiaries	123,035.39	69,088.38	(68,153.13)	-	-	-	-	-	21,662.57	13,172.51	158,805.72
Net Income	<u>(441,625.90)</u>	<u>(40,359.49)</u>	<u>173,226.44</u>	<u>-</u>	<u>-</u>	<u>(17,565.33)</u>	<u>(187,358.23)</u>	<u>(304,881.21)</u>	<u>(89,013.57)</u>	<u>(13,172.53)</u>	<u>(920,749.82)</u>

Medical Marijuana, Inc.
Consolidating Balance Sheet
As of June 30, 2014

	HempMeds PX	CanChew Bio- Technologies, LLC	Hemp Vap	HMPX LLC	HV Investment Holdings LLC	Medical Marijuana, Inc.	MJNA Holdings	MJNA Investments LLC	Red Dice Holdings	Wellness Managed Services	TOTAL
ASSETS											
Current Assets											
Checking/Savings	7,231.62	1,923,497.06	-	139,800.60	8,801.48	37,698.20	41,183.99	505,045.85	289,761.16	9,313.30	2,962,333.26
Accounts Receivable	1,031,696.57	-	480,963.66	-	-	-	-	-	-	58,296.23	1,570,956.46
Other Current Assets											
Inventory Asset	3,820,102.15	629,617.50	136,360.10	-	-	31,248.00	1,600.00	-	123,903.33	13,160.40	4,755,991.48
Total Merchant Account Reserves	61,029.07	-	-	-	-	-	-	-	-	-	61,029.07
Total Notes Receivable	308,314.43	-	8,801.48	980,117.98	-	-	2,235,632.36	-	-	-	3,532,866.25
Total Prepaid Assets	312,364.29	-	-	-	-	-	1,773.47	-	-	-	314,137.76
Security Deposit	2,613.00	-	-	-	-	-	-	-	-	3,317.41	5,930.41
Total Note Receivables	-	-	-	-	-	6,135,997.67	-	-	-	-	6,135,997.67
Investments	-	4,754,276.75	-	-	-	42,726,860.40	-	-	-	-	47,481,137.15
Total Other Current Assets	4,504,422.94	5,383,894.25	145,161.58	980,117.98	-	48,894,106.07	2,239,005.83	-	123,903.33	16,477.81	62,287,089.79
Total Current Assets	5,543,351.13	7,307,391.31	626,125.24	1,119,918.58	8,801.48	48,931,804.27	2,280,189.82	505,045.85	413,664.49	84,087.34	66,820,379.51
Fixed Assets Net of Depreciation	319,056.54	-	-	192.49	-	295,165.76	22,519.70	32,376.94	-	32,871.84	702,183.27
TOTAL ASSETS	5,862,407.67	7,307,391.31	626,125.24	1,120,111.07	8,801.48	49,226,970.03	2,302,709.52	537,422.79	413,664.49	116,959.18	67,522,562.78
LIABILITIES & EQUITY											
Liabilities											
Current Liabilities											
Accounts Payable	2,799,492.73	-	10,672.34	28,196.21	-	-	72,725.52	-	824,133.86	34,131.42	3,769,352.08
Credit Cards Payable	-	-	-	4,248.68	-	-	-	-	-	-	4,248.68
Notes Payable	3,365,680.87	100,286.00	269,000.00	1,090,000.00	8,801.48	4,089,358.33	2,324,474.17	842,304.00	737,663.28	139,995.42	12,967,563.55
Payroll Liabilities	93,820.63	-	-	-	-	-	-	-	2,576.11	-	96,396.74
Sales Tax Payable	9,559.66	-	-	-	-	-	3,242.85	-	17,461.28	202.89	30,466.68
Total Current Liabilities	6,268,553.89	100,286.00	279,672.34	1,122,444.89	8,801.48	4,089,358.33	2,400,442.54	842,304.00	1,581,834.53	174,329.73	16,868,027.73
Total Liabilities	6,268,553.89	100,286.00	279,672.34	1,122,444.89	8,801.48	4,089,358.33	2,400,442.54	842,304.00	1,581,834.53	174,329.73	16,868,027.73
Equity											
Capital Stock	-	-	-	-	-	-	-	-	2,416,666.67	-	2,416,666.67
Dividends Paid	-	-	-	-	-	-	-	-	(201,500.00)	-	(201,500.00)
Less: Non Ownership Portion of Subsidiaries	(110,406.47)	(54,723.94)	120,689.79	-	-	-	-	-	-	(31,516.27)	(75,956.89)
Retained Earnings	95,370.45	(59,567.92)	-	-	-	32,799,613.62	-	-	(3,218,529.24)	193.20	29,617,080.11
Net Income	(391,110.20)	(25,995.05)	225,763.11	(2,333.82)	-	(125,356.15)	(97,733.02)	(304,881.21)	(164,807.53)	(26,047.48)	(912,501.35)
Additional Paid in Capital	-	7,347,392.22	-	-	-	11,514,846.41	-	-	-	-	18,862,238.63
Common Stock	-	-	-	-	-	949,084,442.00	-	-	-	-	949,084,442.00
Total Equity	(406,146.22)	7,207,105.31	346,452.90	(2,333.82)	-	993,273,545.88	(97,733.02)	(304,881.21)	(1,168,170.10)	(57,370.55)	998,790,469.17
TOTAL LIABILITIES & EQUITY	5,862,407.67	7,307,391.31	626,125.24	1,120,111.07	8,801.48	997,362,904.21	2,302,709.52	537,422.79	413,664.43	116,959.18	1,015,658,496.90

Medical Marijuana, Inc.
Consolidating Statement of Cash Flows
April 1, 2014 through June 30, 2014

	HempMeds PX	CanChew Bio- Technologies, LLC	Hemp Vap	HMPX LLC	HV Investment Holdings LLC	Medical Marijuana, Inc.	MJNA Holdings	MJNA Investments LLC	Red Dice Holdings	Wellness Managed Services	TOTAL
OPERATING ACTIVITIES											
Net Income	(441,625.90)	(40,359.49)	173,226.44	-	-	(17,565.33)	(187,358.23)	(304,881.21)	(132,313.67)	(13,172.50) x	(964,049.89)
Adjustments to reconcile Net Income to net cash provided by operations:											
Accounts Receivable	(175,253.42)	-	(272,645.94)	-	-	-	-	-	6,413.30	2,414.66 x	(439,071.40)
Inventory Asset	(2,130,562.59)	(214,500.00)	(42,213.50)	243,312.13	-	-	(1,600.00)	-	161,897.40	11,047.85 x	(1,972,618.71)
Notes Receivable	(174,112.19)	-	138,170.24	(980,117.98)	-	(1,967,845.25)	(2,140,632.36)	-	265,101.39	-	(4,859,436.15)
Prepaid Assets	(43,984.01)	-	-	-	-	-	(1,773.47)	-	-	-	(45,757.48)
Security Deposit	-	-	-	-	-	-	-	-	-	(1,244.03) x	(1,244.03)
Accounts Payable	984,714.91	-	10,672.34	(217,449.74)	-	-	72,725.52	-	(65,395.79)	740.15 x	786,007.39
Credit Cards Payable	(118,097.20)	-	-	4,248.68	-	-	-	-	-	-	(113,848.52)
Notes Payable	2,142,827.34	-	(42,971.72)	1,090,000.00	8,801.48	783,156.58	1,836,856.98	842,304.00	(240,354.10)	16,322.65	4,888,963.55
Payroll Liabilities	17,327.47	-	-	-	-	-	-	-	1,202.46	-	18,529.93
Sales Tax	-	-	-	-	-	-	3,242.85	-	(4,100.24)	202.89 x	(654.50)
Process Holding Account	-	-	-	-	-	-	(12,791.49)	-	-	-	(12,791.49)
Net cash provided by Operating Activities	61,234.41	(254,859.49)	(35,762.14)	139,993.09	8,801.48	(1,202,254.00)	(431,330.20)	537,422.79	(7,549.25)	16,311.67	(2,701,281.28)
INVESTING ACTIVITIES											
Business Investments	-	(5,254,276.75)	-	-	-	-	-	-	1,450,000.00	-	(3,804,276.75)
Business Investment: Intellectual Property	-	-	-	-	-	-	-	-	835,939.92	-	835,939.92
Fixed Assets Acquired Net of Depreciation	(176,667.87)	-	-	(192.49)	-	-	(22,519.70)	(32,376.94)	96,886.06	2,128.16	(132,742.78)
Net cash provided by Investing Activities	(176,667.87)	(5,254,276.75)	-	(192.49)	-	-	(22,519.70)	(32,376.94)	2,382,825.98	2,128.16	(3,101,079.61)
FINANCING ACTIVITIES											
Less: Non Ownership Portion of Subsidiaries	(123,035.39)	(69,088.38)	68,153.13	-	-	-	-	-	21,662.57	(13,172.51)	(115,480.58)
Retained Earnings	-	-	-	-	-	-	-	-	(2,385,186.52)	3,998.24	(2,381,188.28)
Additional Paid in Capital	-	7,347,392.22	-	-	-	-	-	-	-	-	7,347,392.22
Net cash provided by Financing Activities	(123,035.39)	7,278,303.84	68,153.13	-	-	-	-	-	(2,363,523.95)	(9,174.27)	4,850,723.36
Net cash increase for period	(238,468.85)	1,769,167.60	32,390.99	139,800.60	8,801.48	(1,202,254.00)	(453,849.90)	505,045.85	11,752.78	9,265.56	581,652.11
Cash at beginning of period	245,700.47	154,329.46	(32,390.99)	-	-	1,239,952.20	495,033.89	-	278,008.38	47.74	2,380,681.15
Cash at end of period	<u>7,231.62</u>	<u>1,923,497.06</u>	<u>-</u>	<u>139,800.60</u>	<u>8,801.48</u>	<u>37,698.20</u>	<u>41,183.99</u>	<u>505,045.85</u>	<u>289,761.16</u>	<u>9,313.30</u>	<u>2,962,333.26</u>

MEDICAL MARIJUANA, INC.

Notes to Financial Statements (6-30-14)

Note 1: Summary of Significant Accounting Policies

Nature of Operations.

Medical Marijuana Inc. ("MJNA" or "Company") is an Oregon corporation vested in the medical marijuana and industrial hemp markets. The company is comprised of a diversified portfolio of products, services, technology and businesses solely focused on the cannabis and hemp industries.

These products range from patented and proprietary cannabinoid-based products, to whole plant or isolated high value extracts specifically manufactured and formulated for the pharmaceutical, nutraceutical and cosmeceutical industries.

The Company's services are extensive and varied, ranging from medical clinic management to the capitalization and development of existing industry business and product leaders. Services include development of cannabinoid-based health and wellness products, and the development of medical-grade cannabinoid compounds. Finally, MJNA services include the licensing of its proprietary testing, genetics, labeling, and packaging, tracking, production and standardization methods for the medicinal cannabinoid industry.

Basis of Financial Statement Presentation. The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash Equivalents. Holdings of highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Marketable Securities. Management classifies all investments as available-for-sale. Available-for-sale securities are carried at fair value.

Inventories. Inventories are valued at cost. Inventory consists of CanChew gum and raw materials.

Property, Plant, and Equipment. Property, plant, and equipment are recorded at cost less depreciation and amortization. Depreciation and amortization are primarily accounted for on the straight-line method based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals which extend the life of the asset are capitalized whereas maintenance and repairs and small renewals are expensed as incurred.

Revenue Recognition. Revenue is recognized in the financial statements (and the customer billed) either when materials are shipped from stock or when the vendor bills the Company for the order. Net sales are arrived at by deducting discounts, freight, and sales taxes from gross sales.

Supplementary Information. A breakdown of consolidating income by subsidiary has been included.

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.

Subsidiaries and Corporate Investments

<u>Corporate Holdings</u>	<u>Ownership Percentage</u>
Wellness Managed Services	100%
Canipa Holdings	80%
HempMedsPX	80%
HempWire	50%
Red Dice Holdings	100%
CanChew Biotechnologies, LLC	50%
HempVAP™	50%
KannaLife Sciences	16.5%

Wellness Managed Services

Wellness Managed Services engages in the management, capitalization and development of health and wellness facilities, medical clinics and cooperatives throughout North America.

Wellness Managed Services provides a comprehensive array of clinically-supporting health and wellness products and services that will attract patients while providing for a fully operational, profitable enterprise. We seek to provide facilities and patients alike with the latest in quality products and support services that will serve the health and wellness community. Wellness Managed Services has been actively acquiring and developing its services. This subsidiary is in negotiations for several additional facilities in Canada, California, Colorado and Arizona at present, and is looking to further expand throughout the US as well as develop an international division.

Canipa Holdings

Canipa Holdings was formed to assist Medical Marijuana Inc.'s expansion efforts in Europe, the Middle East and Asia. Canipa Holdings focuses its efforts on obtaining product and marketing approvals as well as distribution partners for the entire line of Medical Marijuana Inc. portfolio of products.

HempMedsPX

HempMedsPX, is a subsidiary of Medical Marijuana Inc. that focuses on the online marketing, distribution and sales of our portfolio of products. Working with various industry companies, HempMedsPX develops the content and presentations for the various ecommerce sites that promote and sell the products.

Hempwire

Hempwire is a joint venture between HempmedsPX and Livewire, Inc. The venture will concentrate on the distribution of HempmedsPX products.

Red Dice Holdings

Red Dice Holdings, LLC is the owner of the Dixie Brand of products including Dixie Botanicals. The company has over 70 unique consumer products and is one of the most recognizable cannabis and hemp brands in the world. The brands have been featured by *60 Minutes*, *Forbes*, *Fortune*, and *Fast Company*, to name a few.

The company sells direct-to-consumer products, looks to integrate additional brands into its distribution and manufacturing platform, and licenses its brand(s) and IP to others looking to manufacture and distribute the products within their markets. Besides marketing, sales and licensing, the company has a full-time team of researchers and product development specialists who are tasked with improving the products and developing additional delivery methods.

CanChew Biotechnologies, LLC

CanChew Biotechnologies focuses on the treatment of pain and other medical disorders with the application of chewing gum-based cannabis/cannabinoid medical products. The company is focused on the R&D and execution of their clinical development plan for these products and the out-licensing of their technology. Clinical development focuses on the R&D of the formulation, production and the development of chewing gum-based cannabinoid products for the treatment of issues like pain, nausea and vomiting, anorexia, spasticity and various other medical issues.

HempVAP™

HempVAP™, a subsidiary of MJNA (50% MJNA and 50% HDDC), is the first hemp-based cannabidiol (CBD) vaporizer product on the market. HempVAP™ products include flavored CBD-rich hemp oil that is used with a custom-designed HempVAP™ vaporizer pen. HempVap is sold through HempMedsPX and was launched in the 4th Quarter of 2013.

KannaLife Sciences

KannaLife Sciences (“KannaLife”), is a late-stage biopharmaceutical and phytomedical technology company. They were created to develop natural, phytomedical products to be used in health and wellness regimens. They are also involved in the research and development of novel new therapeutic agents to be used as transport carriers for other compounds seeking to break the blood/brain barrier. They are also developing their own compounds to be used for the treatment and prevention of oxidative and neurotoxic stresses borne from a variety of ailments and illnesses.

Note 2: Related-Party Transactions

Hemp Deposit and Distribution Company

The Company has an agreement with Hemp Deposit and Distribution Company ("HDDC", d.b.a. CannaBANK Inc.). HDDC is the majority shareholder and acts as the merger, acquisition, and due diligence arm for the Company. HDDC also provides working capital for the Company as needed, or can and has previously provided capital or its equity in MJNA to invest in and purchase companies, products, or services for MJNA.

Note 3: Inventories

Inventories are comprised of hemp-based raw materials and finished goods. Inventory is valued at cost.

Note 4: Investments

The Company maintains a portfolio of equity securities.

Note 5: CanChew Biotechnologies, LLC

The Company purchased 50% of CanChew Biotechnologies, LLC ("CanChew") in 2012 for a purchase price of 47,000,000 shares of Company common stock (\$4,700,000 as of date of issuance). CanChew focuses on the treatment of pain and other medical disorders with the application of chewing gum based cannabis/cannabinoid medical products and has developed an over-the-counter product called CanChew hemp CBD gum. CanChew is also developing its medical product called MedChewRX. CanChew's day to day operations are completely controlled and operated by CanChew executive management.

Note 6: Research & Development

The Company incurred direct costs for developing their products and intellectual properties.

Note 7: Fixed Assets

Fixed assets are entirely comprised of office equipment. Fixed assets are shown net of depreciation.

Note 8: Stockholders' Equity

At June 30, 2014, the number of authorized and issued shares and the related par value:

Total shares of Common Stock authorized: 5,000,000,000
Total shares of Common Stock outstanding: 949,084,442
Par Value: \$0.001

6. DESCRIBE THE ISSUER'S BUSINESS, PRODUCTS AND SERVICES

A. A description of the issuer's business operations;

1. The Company is in the development stage.
2. To the best of our knowledge the Company is not, nor has ever been, a "shell company."

B. Date and state (or jurisdiction) of incorporation:

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

C. The issuer's primary and secondary SIC Codes:

7380, Miscellaneous Business Services.

D. The issuer's fiscal year end date: December 31st

E. Principal products or services and their markets:

The Company currently has the following divisions, subsidiaries and affiliates:

Divisions

1. The Hemp Network™
2. CannaFuel™
3. The Pet Hemp Emporium™

Subsidiaries (Companies Owned 50% or more)

1. Wellness Managed Services™
2. Ace Hydro™
3. HempMedsPX™ (formerly HempMedsRX)
4. Red Dice Holdings™ (Dixie Brand)
5. PhytoSPHERE™ Systems
6. CanChew® Biotechnologies
7. Canipa Holdings™

Investment Holdings

1. KannaLife Sciences
2. CannaVest Corp.

Affiliates

CannaBANK, Inc. (Hemp Deposit and Distribution Corporation)

Government Regulation

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 and that may cause the company to have to take serious corrective actions, changes in business plan, or even close or stop its business practices and/or operations.

The Company presently has forty-six (46) team members—including part-time or contracted—within our corporate structure (including subsidiaries).

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 these fit into the Company's business strategies. The following excerpts were taken directly from prior management's annual reports.)

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

EDUCATIONAL SYMPOSIUM AND SEMINARS

The Company began its expanded seminars with its first education forum at the Los Angeles Convention Center on January 16-17, 2010. Shortly thereafter, the Company held its second seminar in April 2010 in San Diego at that city's convention center. The focus of these seminars was 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. Currently no symposium or seminars are planned pending evaluation of the business efficacy of this division.

UNDER NEW MANAGEMENT, FUTURE AREAS OF CONCENTRATION MAY INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

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

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.

Hemp Products – We are actively searching for a greatly expandable product line to increase network marketing production.

Medical Marijuana Inc. – divisions and subsidiaries:

1. The Hemp Network™.

The Hemp Network's™ main objective was 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.

Additional Notes: As of this date, the Company has evaluated expenses and overhead to proceed under this option and have elected to run all products through the well-established and nationally-branded HempMedsPX™ in order to reduce expenditures and maintain consistent control of processes.

2. MMI Nutraceuticals™

MMI Nutraceuticals™ (MMIN) is a division of the Company that deals with all nutraceutical products including CBD (cannabidiol) and THC-free brands and products. The MMIN team handles the development, research, contracting, patents and sales of these products.

Additional Notes: The CBD nutraceutical product line is expected to generate attention in the United States and abroad because of its purported beneficial properties for humans and animals. Currently we are not aware of any other direct competitors in this marketplace. The Company will look for distributors to sell the future nutraceutical products.

3. MMI Biotechnology™

MMI Biotechnology™ is the division that will build and develop specialty equipment and technology for the medical, herbal, pharmaceutical and nutraceutical markets. The Company has put this focus on hold to concentrate its efforts on product launches and new product acquisitions with existing subsidiaries in the best interest of the Company.

4. CannaFuel™

CannaFuel™, is a division of the Company that oversees and coordinates the research and development of hemp-based and other biomass-based fuels. Currently the company has put this focus on hold to concentrate its efforts on product launches and new product acquisitions with existing subsidiaries in the best interest of the Company.

5. The Pet Hemp Emporium™

Pet Hemp Emporium™ is a division of the Company that has developed 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 than conventional products that are petroleum (oil)-based. These products are not available to consumers yet. Instead, the Company is anticipating expanding into wholesale distribution and direct distribution to pet stores before investigating marketing these products directly to consumers.

Additional Notes: Currently, the Company can only supply the products in bulk. The Company continues to evaluate the possibility of selling direct to consumer.

Subsidiaries

1. Wellness Managed Services, LLC™

Wellness Managed Services, LLC™ provides management support and services to cooperatives, collectives, health and wellness facilities, and medical clinics. The services offered range from management to product distribution.

The Company continues to focus on the viability and structuring of this objective for several reasons:

- a. The accounts will provide, in most cases, an immediate cash flow;
- b. In most cases, the account has shelf space for our products;
- c. In most cases, the accounts provide direct sales access for our products to end-consumers and, most importantly, to the individuals who recommend specific products;
- d. Because the accounts, in most cases, are established businesses, our operating costs are much lower because we aggregate the operating costs in administration, legal, accounting and marketing, giving the company a strategic advantage.

2.. HempMedsPX™ (formerly HempMedsRX) (80% owned by the Company and 20% owned by Hemp Deposit and Distribution Corporation.)

HempMedsPX, LLC is the master distributor and contracted marketing company for the Medical Marijuana Inc. portfolio of hemp-based CBD products. This division is in the process of finalizing exclusive distribution agreements with internal subsidiaries as well as outside parties

for a fixed percentage fee plus costs. At the present time, the distribution agreements are with CanChew® Biotechnologies, LLC for CanChew® gum and CannaVest for Real Scientific Hemp Oil™ (RSHO™), Cibdex™, and Cibaderm™. HempVAP™ is exclusively marketed and distributed through HempMedsPX™. Other entities are being considered for exclusive agreements with HempMedsPX™. The name was changed upon advice of our counsel due to our products being plant-based (PX) and not pharmaceutical-based (RX).

The company is in the process of evaluating several potential employees or new hires to run and further develop HempMedsPX™. We have hired internal legal and patent consultants, writers, marketing/sales managers, sales staff, distribution staff, a Director of Communications as well as various marketing, website management and product consultants.

3. Red Dice Holdings™ (100% owned by Medical Marijuana Inc.)

Red Dice Holdings, LLC owns the Dixie Botanical™ and Dixie Classic™ brands of consumable products. The Company provides all of the necessary hemp-based CBD oil to Red Dice Holdings™ brands. The products can be found at retail locations throughout Colorado. Once brand awareness is further established through online presence and media presence, the company anticipates offers from national and international marketing and distribution companies, at which time the company may need to re-evaluate and modify its sales and marketing strategies to conform to a more typical sales and distribution organization.

4. CanChew Biotechnologies, LLC

CanChew® Biotechnologies focuses on the treatment of pain and other medical disorders with the application of chewing gum-based cannabis/cannabinoid medical products. The company is focused on the R&D and execution of their clinical development plan and the out-licensing of their technology. Clinical development focuses on the R&D of the formulation, production and the development of chewing gum-based products for the treatment of issues like pain, nausea and vomiting, anorexia, spasticity and various other medical issues.

a. Product Development

CanChew® gum was brought to market first for over-the-counter use. MedChewRX™ is being developed for medical purposes, specifically pain treatment associated with a variety of long-term, chronic or degenerative diseases whereby cannabinoid therapy is finding increasing application in a global marketplace.

b. CanChew® Advantage

The CanChew® formulation offers a unique, socially acceptable, patient-friendly, taste-masked and convenient delivery format for delivery of cannabidiol (CBD) via the oral mucosal membranes.

c. Advantages of Oral-Mucosal Delivery System for MedChewRX™:

- Bypass of the gastrointestinal tract and hepatic portal system, increasing the bioavailability of orally-administered drugs that otherwise undergo hepatic first-pass metabolism.
- Drug is protected from degradation due to pH and digestive enzymes of the middle gastrointestinal tract.
- Improved patient compliance due to the elimination of associated pain with injections.
- Sustained drug delivery.
- A relatively rapid onset of action can be achieved relative to the oral route.
- Oral mucosal systems exhibit a faster initiation and decline of delivery than do transdermal patches.
- The large contact surface of the oral cavity contributes to rapid and extensive drug absorption.

The Company is currently seeking a GMP pharmaceutical manufacturer for its MedChewRX™ pharmaceutical drug, as well as a partner for clinical development and trials. The two require different GMP certifications. The pharmaceutical drug GMP certification is much more strenuous and is required for MedChewRX's™ clinical development.

The Company anticipates starting its MedChewRX™ clinical trials in Europe in 2014, with the overall clinical development taking three to five years. The company has a significant strategic advantage to its product and the development of this business:

1. The company has already developed an over-the-counter product (CanChew®), which is available for sale currently. Most companies developing a pharmaceutical drug do not also have a product for sale on the over-the-counter market. This gives CanChew® Biotechnologies the ability to fuel its own growth and the growth of its pharmaceutical unit.

2. Gum-based delivery has a much greater efficacy over traditional methods of consuming cannabinoid-based products.

3. The safety profile of MedChewRX's™ APIs allows for more attractive sponsoring opportunities for research universities and doctors.

5. KannaLife Sciences™

KannaLife Sciences™ (“KannaLife”), is a late-stage biopharmaceutical and phytomedical technology company. They were created to develop natural, phytomedical products to be used in health and wellness regimens. They are also involved in the research and development of novel new therapeutic agents to be used as transport carriers for other compounds seeking to break the blood/brain barrier. They are also developing their own compounds to be used for the treatment

and prevention of oxidative and neurotoxic stresses borne from a variety of ailments and illnesses.

KannaLife's™ unique approach to drug development combines traditional and integrative healthcare practices with modern technology to create a pipeline of potential biopharmaceutical drug candidates for clinical development.

The KannaLife™ scientific team is comprised of dedicated professionals, clinicians, and biochemists who have a strong background in phytopharmaceutical, biological, and Ayurvedic sciences. This team brings a long track record of successfully developing drugs from plant sources that are complex in nature and structure. The team also has the requisite relationships with nationally-supported institutions of health as well as top academic food and science departments at several recognized universities in the United States.

KannaLife™ depends on the sustainability of plant life to create its products and practices environmentally-sound business practices. Their ultimate goal is to become a profitable and socially responsible company that seeks to improve the quality of life of the patients needing and using their products.

KannaLife Sciences, Inc.
363 West Hills Road
West Hills, NY 11743
Phone: (516) 669-3219
Fax: (516) 628-8282
URL: <http://www.kannalife.com>

General Inquiries

Email: info@kannalife.com

Public Relations

Email: media@kannalife.com

Medical Marijuana, Inc. is currently working with the following affiliates:

Hemp Deposit and Distribution Corporation (d.b.a. CannaBANK™) performs mergers and acquisitions and acts as a conduit through which assets are transferred from Hemp Deposit and Distribution Corporation (“HDDC”) to the 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. Through liquidation of its equity and financial raises, in which CannaBANK™ guaranteed said funding, CannaBANK™ provided in excess of \$4 million in financing for the acquisition and development of several pending transactions, including the Dixie Elixirs Brand™, PhytoSPHERE Systems™, CanChew® Biotechnologies, several cannabinoid-based hemp delivery systems, KannaLife Sciences, and several Wellness Managed Services accounts. CannaBANK™ is expanding its funding resources for the Company.

The nature of products or services offered:

Currently the entire Company’s product and service portfolio is being evaluated by new management for marketability and profitability. The company has investments in other companies and brands which also have products and services.

7. DESCRIBE THE ISSUER'S FACILITIES

Due to the exponential growth the Company has experienced by adding several large vendor accounts, as well as other ventures, the Company has retained additional facilities to provide for said growth. The Company secured three (3) separate executive suites in Poway, CA as well as added a 14,000 sf warehouse and distribution center. The Company anticipates adding significantly to personnel to facilitate the expansions. Sales and Customer service will remain at the existing facility.

8. OFFICERS, DIRECTORS AND CONTROL PERSONS

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 two members on the board:

Chairman:	Michelle Sides
Director:	Michael D. Julian

New Board Member(s)

The Company has and continues to search for qualified individuals that will provide guidance and leadership lending to the success of the business objectives. As such, the Company is proud and honored to have Michael Julian on its board. Mr. Julian has been a highly respected investigator for the State of California and is President/CEO of NBI Professional Investigative

Services as well as MPS Security. Mr. Julian will provide assistance not only in business-related matters, but will also lend expertise in locating and vetting future executives, existing partnerships, and future opportunities to ensure that we locate the most qualified individuals and partnerships that are both viable and in line with Company objectives.

Mr. Julian's bio is as follows:

Michael Julian, CPI PPS CSP

Michael grew up working in the PI and security company his father founded in 1967. Beginning in 1990, he started work there full time, specializing in surveillance operations. He obtained his Private Investigators license in 1994 and majored in Administration of Justice in college where he was inducted into the Phi Theta Kappa International Scholastic Order for academic excellence.

After joining the California Association of Licensed Investigators (CALI) in 1995, he served as a District Governor, a member of the Legislation and Technology Committees, Education & Training Task Force, chaired the Bi-Laws Committee, and held the Vice President of Administrative Services position for five terms before becoming president in 2012.

Michael regularly teaches continuing education courses offered by CALI, as well as industry related classes for California State University Fullerton, and National Business Institutes on topics such as business, technology, personal locates, asset discovery, and basic, intermediate, and advanced surveillance techniques.

Michael is a 2003 Executive Protection Institute class 55 graduate and member of the Nine Lives Associates. He has personally provided executive and asset protection to corporate executives, celebrities, natural and man-made disaster victims, and persons-at-risk for over two decades. He also instructs on multiple executive protection topics at EP schools and industry conferences. Michael is one of less than 50 Certified Security Professionals (CSP) in California.

Mr. Julian owns shares of Medical Marijuana Inc.

The Company continues with its efforts to find additional Board Members and Advisor Board Committee Members.

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. There are currently three Advisors to the Board:

Dr. Philip A. Van Damme
Dr. George Anastassov
Lekhram Changoer

Management

Michelle Sides

Chairman of the Board, Chief Operating Officer
4901 Morena Blvd, Suite 701
San Diego, CA 92117

Prior to joining Medical Marijuana Inc., Ms. Sides was Chief Operating Officer for HDDC (d.b.a. CannaBANK™), located in San Diego, California. She earned her law degree from Nova Southeastern University. She is a member of the Florida State Bar Association. Ms. Sides holds a Bachelor of Science from Palm Beach Atlantic College, majoring in Business and Organizational Management. Michelle spent six years on the Board of Directors, as Executive Vice President, and as General Counsel for EH Building Group II, LLC, which was nationally recognized as one of the fastest-growing developers in 2006-08, winning numerous awards for production, design, and marketing. Prior to EH, Michelle honed her legal expertise as Legal and Operations Manager for the Commonwealth Network Corporation, as well as the Director of Legal Affairs for Power Sports, Inc. Both 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 owns shares of Medical Marijuana, Inc.

Dr. Philip A. Van Damme

Chief Scientific Officer, CanChew Biotechnologies
Kuyperstraat 5
3404 HL IJsselstein, Netherlands

Dr. Philip. A. Van Damme, DMD MD PhD, was born in Yerseke, The Netherlands Dr. Van Damme is an oral & cranio-maxillofacial surgeon living and working in the Netherlands. Dr. Van Damme first studied dentistry at the Utrecht University Dental School (Rijksuniversiteit Utrecht, The Netherlands) from 1971 through February 1977. He then fulfilled his military duty in the Dutch Royal Navy from May 1977 through October 1978, as Lieutenant-Dentist. Dr. Van Damme studied medicine at the Utrecht University Medical School, the Netherlands from 1978 through January 1983. He trained in general surgery at the Joannes de Deo Stichting Hospital from July 1983 through April 1984, while taking the International ECFMG/VQE examinations in Paris, France. Dr. Van Damme was trained in Oral & Maxillofacial Surgery in the University Hospital Nijmegen, The Netherlands from May 1984 through May 1988.

His PhD Thesis titled: *Sub periosteal Palatal Soft Tissue Expansion* was submitted on December 6, 1996 at the Nijmegen University (Katholieke Universiteit Nijmegen). Dr. Van Damme has been Section Editor of the Journal of Cranio-Maxillo Facial Surgery, for the sections Research, Development and New Horizons, and Reviewer for different other

scientific journals. There are more than 70 PubMed listed publications and he presented more than 100 times at national and international scientific meetings. In 2004, Dr. Van Damme had dual roles of being Visiting Professor in the Mount Sinai Hospital in New York, USA, and Visiting Surgeon in the Burdenko Institute in Moscow, Russia. In subsequent years he held numerous staff positions at several well respected medical clinics in the Netherlands. Together with Prof. George E. Anastassov MD DDS FAC, he has a patent application (US20110097283 – EP2280687 – CA2719830) on chewing gum compositions comprising cannabinoids.

In December 2007, he became Director-owner of Mareda Holding BV (Investment Company) and President-founder of Stichting Sanammad (intellectual property foundation) together with Lekhram Changoer MSc BSc).

Dr. Philip A. Van Damme owns shares of Medical Marijuana Inc.

Dr. George E. Anastassov

Chief Executive Officer, CanChew Biotechnologies

Kuiperstraat 5

3404 HL IJsselstein, Netherlands

Dr. Anastassov graduated with BA Degree in Fine Arts, followed by MD Degree and a DDS Degree, and currently is completing his Executive Physician MBA degree.

Dr. Anastassov is trained in Surgery, Oral and Maxillofacial Surgery, Plastic Surgery and Craniofacial and Base of the Skull Surgery both in the United States and Europe. His training was acquired at the following institutions: A Fellowship in Cranio-Maxillofacial Surgery (Prof. H.P.M. Frehofer), The Catholic University, St. Radboud Hospital, Nijmegen, the Netherlands, Residency at the Department of Oral and Maxillofacial Surgery, Montefiore Medical Centre, Albert Einstein College of Medicine, New York, Followed by a further Fellowship in Craniofacial and Base of Skull Surgery, at the department of Cranio-Maxillofacial and Plastic and Reconstructive Surgery (Prof. Dr. Dhc Ulrich Joos), Wilhelms University, Münster, Germany.

He has variety of clinical and administrative appointments including Associate Clinical Professor Maxillofacial Surgery, The Mount Sinai School of Medicine, Associate Director, Department of Maxillofacial Surgery, Elmhurst Hospital Centre, N.Y., Attending, Department of Maxillofacial Surgery, The Mount Sinai Hospital, New York. Consultant in Maxillofacial Surgery, Bronx VA Hospital Centre, N.Y., Attending Surgeon, Department of Otolaryngology/Head and Neck Surgery, Beth Israel Medical Centre, New York. He also is a Visiting Professor, Department of Cranio-Maxillofacial Surgery and Plastic and Reconstructive Surgery, Wilhelm's University, Munster, Germany.

He is the principal at Maxillofacial Surgery Services in New York City.

Editorially, Dr Anastassov is presently active as Editorial Consultant for 'Head and Face

Medicine', 'Graefe's Archives for Clinical and Experimental Ophthalmology', 'Journal of Oral and Maxillofacial Surgery', 'The Journal of Oral Surgery, Oral Medicine, Oral Pathology and Radiology', 'Issues in Maxillofacial, Plastic and Reconstructive Surgery, Implantology and Clinical Stomatology' and 'Craniofacial Trauma and Reconstruction'. He is on the Editorial Board of 'The International Journal of Oral and Maxillofacial Surgery' and 'Folia Medica'.

Dr. Anastassov holds 9 US & European Professional Society Memberships and is double board certified. Dr. Anastassov has published books and chapters in 3 professional textbooks as well as 46 peer-reviewed journal publications and has presented in as an invited guest lecturer on 104 national and international professional meetings.

Dr. Anastassov owns shares of Medical Marijuana Inc.

Lekhram Changoer

Chief Technology Officer, CanChew Biotechnologies

Kuyperstraat 5

3404 HL IJsselstein, Netherlands

Lekhram Changoer was born in Surinam (South America). Lekhram holds a Bachelor Degree in Analytical/Organic Chemistry and Masters Degree in Organic Chemistry. He has over 20 years of experience in the area of Sales & Marketing, R&D, product development, and quality assurance of technical, consumer healthcare and pharmaceutical products – all servicing European and other international markets.

In 1992, Lekhram first joined IWC Chemical products BV where he was responsible for the development of functional coatings and corrosion inhibitors for the chemical industry: Yara, Kemira, and others. In his second corporate role, Lekhram joined Scott Specialty Gases BV where he was responsible for managing the R&D, QC and QA of functional calibration gases for the petrochemical and automotive Industry for companies such as Mercedes Benz, Rolls Royce, Dera, Shell, Exxon, and General Electric.

In the area of consumer healthcare products, Lekhram worked on the development of cosmetics and medical device products for various retail chains and consumer healthcare companies. At Codi International BV he was responsible for managing product development in the field of wet wipes and successfully developed products for companies such as Proctor & Gamble, Sara Lee, Henkel and Reckitt Benckiser. In 1999 Lekhram's career took him to Royal Sanders BV with the position of R&D & QC manager – here, he was responsible for the development of cosmetics, medical devices and other healthcare products for clients: Sara Lee, Colgate Palmolive, Virgin Cosmetics, Keune Cosmetics and private labels for various retail chains: Ahold, AC Watson, DM and Rossmann.

In 2002, Lekhram joined the Ardoz/NGen group of companies as a Managing Director. During his tenure his achievements included the filing new patents in the field of active oxygen therapy. This incorporated the accreditation of the products by the Dutch Skin Foundation and the British Dental Health Foundation. He developed new oral healthcare

drug applications for periodontitis, peri-implantitis / bone repair and oral mucositis. The OTC products with active oxygen, amongst others also a new chewing gum application (for Perfetti van Melle in Italy), were successfully launched under his directorship in markets at: Boots, Ahold and El Corte Ingles Pharmacy retail and pharmacy chains under the cosmetic 76/768/EEC and medical device 93/42/EEC directive.

In 2010, Lekhram co-founded APeT BV (www.apetholding.com) which focuses on a first of its kind patented therapy for psychiatric diseases like ADHD and Autism as a replacement for methylphenidate and analogs. This therapy involves an in-house developed diagnostic and treatment with the human body's own internal compound(s). The impact on national healthcare has been so important that he has been able to get the largest Dutch insurance company to fund the clinical trial, after which it will most probably become the new standard of care. A new patented pharmacotherapy was filed, which will guarantee protection of the therapy as well as patient therapy loyalty.

In association with Prof. George E. Anastassov MD, DDS, FAC and Dr. Philip A. Van Damme, DMD, MD, PhD, the Sanammad Foundation (www.sanammad.com) was established in 2010 – the Sanammad Foundation holds internationally patent pending technology on chewing gum compositions comprising Cannabinoids.

Lekhram is also involved and co-founder in: CFM Pharma BV (www.cfmpharma.com) which holds patented technologies and focuses on the prevention of secondary injury in indications such as deep burn wounds, myocardial infarct and general trauma. GCP Dental BV (www.gcp-dental.com) has developed a 100% patented biocompatible material for restorative dental applications (where Glass Carbomer® Technology allows the tooth to heal itself) with a global market approach.

Mr. Changoer owns shares of Medical Marijuana Inc.

B. **Legal/Disciplinary History.**

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

- A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding within the past five years
- 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.
- 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,
- 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. **Beneficial Shareholders of 5% or more.**

Name	Address	# Shares	%
Hemp Deposit and Distribution Corp. (“HDDC”) ⁽¹⁾	2665 Ariane Drive, #207 San Diego, CA 92117	341,654,437 ⁽¹⁾⁽²⁾	32

⁽¹⁾ Includes shares held or controlled by the following affiliates of HDDC, CanChew® Biotechnologies, LLC, CannaBank™, Red Dice Holdings™.

⁽²⁾ Does not include shares of common stock the Company intends to issue during the quarter ending September 30, 2014, upon conversion of outstanding notes held by HDDC as well as previously due issuances to officers, issuances for new joint ventures and incentive programs to retain new executives and directors.

D. **Legal Proceedings**

On or about June 20, 2014, Medical Marijuana, Inc. was named as a defendant in a complaint filed by ROEN Ventures, LLC, in civil action filed in the the District Court, County of Clark, State of Nevada, Case A-14-702789-B. The complaint seeks damages for Breach of Contract and requests Specific Performance. Medical Marijuana, Inc. has filed an answer to the complaint denying all allegations, intends to vigorously defend the action and has filed a counter claim against Roen Ventures, LLC for Breach of Contract and has requested Specific Performance. In addition, Medical Marijuana, Inc. has filed a third party complaint in the action against Bart P. Mackay, Michael Moná, Jr., Michael Moná, III, MAI Dun Limited, LLC Marcia Holdings, LLC, and MIC-NIC Trust seeking damages arising from allegations of Misrepresentation, Defamation, Breach of Fiduciary Duty, Intentional Interference with Contracts, Misappropriation of Trade Secrets and Conversion.

9. THIRD PARTY PROVIDERS.

SEC Counsel

Law Offices of Michael Corrigan
Michael Corrigan, Esq.
Carmel Valley Centre II
11995 El Camino Real, Suite 301
San Diego, CA, 92130

FDA Counsel

Duane Morris LLP
Michael Swit, Esq.
750 B. Street, Suite 2900
San Diego, CA 92101

Auditor

Anthony W. Imbimbo
Anthony W. Imbimbo & Associates
2445 5th Avenue, Suite 350
San Diego, CA 92101

Investor Relations Consultant

Stuart Smith
SmallCapVoice.Com, Inc. - Stuart Smith
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www.smallcapvoice.com

Internal - Investor Relations Contact

Perry Coleman
Phone: (443) 453-5088
perry@medicalmarijuanainc.com

QUARTER RECAP:

Through HempMedsPX™, Medical Marijuana Inc. significantly increased its cannabidiol (CBD)-rich hemp oil awareness campaign to include the following:

HempMedsPX™ was the first CBD-rich hemp oil company to be accepted by the American Herbal Products Association (AHPA) for membership. The AHPA is the only national trade association that is focused primarily on herbs and botanicals and herbal products. In addition to AHPA membership, HempMedsPX™ is a sponsor of the AHPA's 2014 events.

HempMedsPX™ supported the American Academy of Anti-Aging Medicine (A4M) as a Platinum Elite Sponsor, expanding brand awareness to the organization's membership base of more than 26,000 medical and healthcare professionals.

HempMedsPX™ signed a two-year supplier agreement with a home-based business. The first purchase order from this business is valued at over \$1,000,000 in products.

HempMedsPX™ sponsored and participated in the 5th Annual U-T Successful Living Expo, a San Diego event focused on the unique health and wellness concerns of the 55-and-older demographic. In support of this event, information about CBD from hemp was also shared with more than 350,000 San Diego Union-Tribune (U-T) Sunday newspaper subscribers and 70,000 U-T email subscribers through print and online advertising. HempMedsPX™ presented "What's the Buzz About CBD?" during the expo, informing attendees about an alternative to medical marijuana.

The Company was the only hemp CBD exhibitor at the *HIGH TIMES* Los Angeles Medical Cannabis Cup and received an overwhelmingly positive reception by attendees February 8-9.

On March 20th, Medical Marijuana, Inc. announced that the Company signed a memorandum of understanding (MOU) to develop a joint venture with LiveWire Ergogenics, Inc. under the name of HempWire™, LLC. HempWire™ is a manufacturer of functional foods containing Cannabinoids. The CBD-rich hemp oil used in these HempWire™ products is sourced from HempMedsPX™.

Medical Marijuana, Inc. announced on March 31st that due to the exponential growth of its subsidiary company, HempMedsPX™, the Company is moving to a larger multi-building campus location in the Scripps Poway Parkway area of San Diego. The current location will serve as administrative offices for other Medical Marijuana, Inc. subsidiaries.

Media exposure expanded significantly in the first quarter. Media coverage included:

Natural Awakenings: “A New Super Hemp Oil?”

NBC 7 San Diego: Feature story by Candice Nguyen – “San Diego Company Sells Legal Alternative to Medical Marijuana.”

The Voice of Merrill: Conservative talk radio show invites Medical Marijuana Inc. on the air.

Leaf Science: Interview with Charles Vest, HempMedsPX™ VP of Communications.

FOX 5 News San Diego: Featured HempMedsPX™ products in their news segment entitled, “Healing with Hemp.”

WHAS-TV 11 Kentucky: Use of CBD-rich hemp oil was featured on news segment. The story included comments from Deb McGrath of the Epilepsy Foundation of Kentuckiana and Kentucky State Senator Julie Denton.

Fox News Tampa Bay: Renee Petro from Florida defends her use of Real Scientific Hemp Oil™ (RSHO™) for her son.

Trade shows and expos featuring products from HempMedsPX™ included:

- January 9-13: International Gift & Home Furnishings Marketplace – Atlanta, GA
- January 21-23: CHAMPS – Las Vegas
- January 25-27: ISSE International Salon & Spa Expo – Long Beach, CA
- January 29-30: Tobacco Plus Expo – Las Vegas
- February 1: U-T Successful Living Expo – San Diego, CA
- February 8-9: HIGH TIMES Medical Cannabis Cup, Los Angeles
- March 6: AHPA Member Breakfast & Herbwalk
- March 7-9: Natural Products Expo West – Los Angeles
- March 13-16: A4M BHRT Symposium / Fellowship – San Francisco
- March 16-19: ASD – Las Vegas

Continuing the Company’s community outreach efforts, support was given to MyCompassion.org and efforts to create awareness of CBD-rich hemp oil products expanded throughout the Midwest in March. HempMedsPX™ contributed to the efforts of AutismOne in support for the organization’s global annual conference. The co-Founder of AutismOne promoted HempMedsPX™ through their radio broadcast on VoiceAmerica in the first quarter. Charles Vest, VP of Communications for HempMedsPX™, issued a call-to-action for charitable organizations that would like HempMedsPX™ support to contact community@hempmedspx.com for details.

Medical Marijuana, Inc.’s subsidiary Wellness Managed Services™ launched a joint venture with MPS Security under the brand MPS International™ (MPSI) on January 1, 2014. Operational highlights from Q1 include the following:

MPSI’s focus on expanding operations included:

- Hired 3 reps- 2 in Colorado and 1 in Washington
- Finalized leases for a building location in Denver for a service that will be announced in May
- Purchased 2 armored trucks for the Denver location

CBD-rich hemp oil products sold in the Denver market are approximately \$45,000

Expanded service offerings to include “consultative services”

Landed the security account for the Denver Mart – annual revenue expectation \$250,000

Began providing security in four dispensaries and retail marijuana stores

KANNALIFE SCIENCES, INC. – FIRST HALF 2014 SUMMARY

A. KANNALIFE™ EXISTING AND POTENTIAL THIRD PARTY BUSINESS RELATIONSHIPS, LICENSES AND JOINT VENTURES

***Cautionary Note:** The Company can make no assurances that the Company will enter into any joint ventures or strategic partnerships discussed below on favorable terms or at all. Any memorandum of understanding entered into by the Company is speculative in nature and in no way guarantees the formal entrance into a business relationship.

National Institutes of Health – Office of Technology Transfer (“NIH-OTT”)

On June 12, 2010 Kannalife™ filed an application for an exclusive license with National Institutes of Health – Office of Technology Transfer (“NIH-OTT”), for the development and commercialization of a target drug candidate to be used in the treatment of patients suffering with hepatic encephalopathy (“HE”). The application for exclusive license is for U.S. patent 6,630,507 “Cannabinoids as Antioxidants and Neuroprotectants (the “507 Patent”).

On November 17, 2011, Kannalife™ received notice of publication in the Federal Register of NIH-OTT’s Prospective Grant of Exclusive License – Development of Cannabinoid(s) and Cannabidiol(s) Based Therapeutics to treat hepatic encephalopathy in humans.

On June 12, 2012, Kannalife™ signed an exclusive license agreement with NIH-OTT for exclusive use of the ‘507’ Patent in the U.S. and selected markets for the commercial development of a target drug candidate to treat Hepatic Encephalopathy (HE). The licensed patent rights are worldwide and apply to the United States, Australia, and Europe, with additional rights in the United Kingdom, and Ireland.

On July 17, 2014, Kannalife™ signed a non-exclusive license agreement with NIH-OTT for the use of the ‘507’ Patent in the U.S. and selected markets for the commercial development of a target drug candidate to treat Chronic Traumatic Encephalopathy (CTE). The licensed patent rights are worldwide and apply to the United States, Australia, and Europe, with additional rights in the United Kingdom, and Ireland.

IteraMed and Advanced Neural Dynamics – Research and Development

On April 4, 2013, Kannalife™ entered into research and development agreements with Advanced Neural Dynamics (“AND”) and IteraMed (“IteraMed”) to test and evaluate cannabidiol (“CBD”) for use in the HE clinical treatment model and for the development of one or more novel target drug candidates as neuroprotectants in the HE clinical treatment model. As part of its ongoing pre-clinical research and development efforts, the Company also signed a lease with the Pennsylvania Biotechnology Center/Baruch S. Blumberg Institute in Doylestown, PA (“PBC”).

Baruch S. Blumberg Institute – Materials Transfer Agreement

On December 20, 2013, Kannalife™ signed a materials transfer and testing agreement with the Natural Product Discovery Institute (“NPDI”), a division of the Baruch S. Blumberg Institute (“BSBI”), to provide KannaLife™ with access to a collection of more than 100,000 extracts from plants, fungi, and bacteria, previously owned by Merck and donated to the Institute in 2011. The NPDI natural products library is regarded as one of the best collections of screen ready druggable libraries made from living organisms. Pursuant to this agreement, the Company and its scientific team have an opportunity to access targeted plant species for the identification of novel phytochemicals to treat the diseases of Chronic Traumatic Encephalopathy (“CTE”) and HE.

Salvation Life Sciences, Inc. – North American Joint Venture with Salvation Botanicals BC Ltd.

On December 18, 2013, Kannalife™ entered into a Memorandum of Understanding (the “Salvation MOU”) with Salvation Botanicals BC Ltd., a British Columbia corporation (“SBOT”) and Salvation Biosciences, Inc., a Canadian corporation (“SBIO”). The Salvation MOU describes the outline of terms for a proposed joint venture between SBOT and the Company. Pursuant to the Salvation MOU, the Company will own 49% of the class A common stock and 49% of the class B preferred stock of Salvation Life Sciences, Inc., a newly formed Canadian corporation (“SLSI”). The remaining 51% of SLSI will be owned by a combination of Canadian national interests and SBOT. SBIO will be a party only in scientific research and development, but will not own any shares in SLSI.

On April 11, 2014, SLSI was duly formed and incorporated as a federally registered company in Canada.

SBOT is currently one of only a handful of selected producer licensees through Health Canada under the new Marijuana for Medical Purposes Regulations (SOR 2013/119). Since 2001, Health Canada has granted access to marihuana for medical purposes to Canadians who have had the support of their physicians.

The business of SLSI will be centered on standardization and packaging of botanical medicaments and patient wellness in Canada under the Marijuana for Medical Purposes Regulations (SOR 2013/119). Under Division 5 – Packaging, Labeling, Shipping, subparagraph 64 of the Marijuana for Medical Purposes Regulations (SOR 2013/119), and the production and sale of quality controlled and quality assured botanical medicaments derived from *cannabis taxa* under the same regulations.

In addition to the intellectual property and business brought forth by the Company into the potential joint venture with SLSI, SBOT is slated to bring the following products services and competencies regarding medical application of cannabinoid based therapeutics:

Development of quality control and good manufacturing protocols

Identifying cannabinoid/terpene profiles for individual cannabis sativa/indica/ruderalis strains

Determining the most effective extraction protocols as required for each unique finished product

Applying specific cannabinoid profiles to specific conditions to maximize the efficacy of the final product for each of those conditions

Testing sustained dosage levels through a process of observational study and clinical trial
Documenting results and publishing data

Intellectual Property in the form of GMP, SOPs, cannabinoid/terpene profiles, QA/QC protocols
Consultation Services

Consumable Teas

Skin care based salves, creams, tinctures, infused oils and supplements

SBOT is also currently in the process of obtaining a narcotics Dealers License to analyze medicinal cannabis. SBOT has passed its physical inspection and awaiting the approval of its license. The license SBOT is applying for will enable SBOT to possess up to 5 KG's of cannabis for testing purposes, and perform extractions for analytical purposes. This type of license is the prerequisite to acting in the capacity as a provider for the following:

Possess cannabis

Produce pharmacological/nutraceutical products for ourselves and others

Produce base materials and raw materials for production

Sale of pharmacological/nutraceutical cannabis products

Package material/ products

Transport and delivery

Perform laboratory analysis

Perform research and development

Conduct clinical trials

Perform virtually any activity required to conduct business under the controlled drugs and substances act.

Theravalues Corporation – International Joint Venture

On April 10, 2014, Kannalife™ entered into a Memorandum of Understanding (the “Theravalues MOU”) with Theravalues Corporation, a Japanese pharmaceutical company specializing in anti-oxidative stress relieving nutraceuticals and pharmaceuticals (“Theravalues”).

The Theravalues MOU describes the potential terms of an eventual joint venture and/or a Revenue Sharing Agreement and/or and Materials Supply and Transfer Agreement to further their mutual efforts to commercialize high quality, phyto-botanical, semi-synthetic and synthetic pharmaceutical grade products from botanicals in North America and Japan.

The areas of focus for the proposed joint venture revolve around the joint research and development of combination therapeutics using naturopathic (plant based) and synthetic (pharmaceutical grade) compounds consisting of Theracurmin® (high absorption Curcumin); EMIQ™ (high absorption Quercetin); KLS-13019 (a novel synthetic benzo-diol); Traumatol™; KannaHops™ and other naturally derived cannabinoids on a worldwide basis.

Under the terms of the proposed agreement, Theravalues would sell to the company, at a to-be-negotiated price, not to exceed the lowest wholesale price paid by any Theravalues customer, bulk quantities of Theracurmin® (high absorption Curcumin); and EMIQ™ (high absorption Quercetin), for the Company’s use and purpose of creating new products based on cannabinoid related combination Phytoextract Medicaments and Naturopathic products for sale through Kanna Botanicals, Inc. (a wholly owned subsidiary of the company). Such products would include, but not be limited to, ingestible tablets; oral sprays; skin patches; liquid tinctures and extracts; edibles; skin care products and hair care products.

The sale of bulk quantities of Theracurmin® (high absorption Curcumin); and EMIQ™ (high absorption Quercetin) to the Company by Theravalues would be on an exclusive basis to KLSI for cannabinoid based Combination Phytoextract Medicaments and Naturopathic Products, and shall not endeavor to sell bulk quantities of Theracurmin® (high absorption Curcumin); and EMIQ™ (high absorption Quercetin) to any third party seeking to use TVC’s products in combination with cannabinoid based products.

As part of the Theravalues MOU, the company may employ the direct sales and marketing efforts of its network sales channel Kannaway™ LLC. Regarding intellectual property, Theravalues and the Company shall have joint patent ownership on novel combination synthetic therapeutics involving synthesized Theracurmin® and KLS-13019, worldwide.

Kannaway™, LLC – Product Development and Marketing Agreement

On March 29, 2014 Kannalife signed a five (5) year product development agreement with Kannaway™, LLC, a lifestyle network and relationship marketing company that sells lifestyle products containing ingredients derived from cannabidiol (CBD) rich hemp oil and hemp based

(i) botanical products, (ii.) naturopathic and nutritional supplements, and (iii.) nutraceuticals. Kannaway LLC currently has over 50,000 independent sales and marketing representatives in its network. Kannaway™ LLC sells lifestyle products containing ingredients derived from cannabidiol (CBD) rich hemp oil and hemp based (i.) botanical products, (ii.) naturopathic and nutritional supplements, and (iii.) nutraceuticals. The product development agreement between Kannaway™ LLC and the Company includes, among other things, product development milestone revenues for the Company totaling \$750,000 and a stock swap of 4.99% of the Common Stock of the Company in exchange for 4.99% interest in Kannaway™ LLC.

Temple University – Animal Behavioral/Pre-Clinical Model

On May 1, 2014, Kannalife™ signed a Research Services Agreement with Temple University to test the effects of cannabidiol and cannabidiol like molecules in a hepatic encephalopathy model of cognitive impairment in support of the identification of compounds with *in vivo* efficacy. The tests to be performed by Temple University will involve a mouse model of hepatic encephalopathy and administration of CBD or CBD analogues to be conducted by Dr. Sara Jane Ward with the study titled – “Cognitive, neurological, and motor function in a mouse model of hepatic encephalopathy: effects of CBD and CBD analogues.”

Alternative Health Group & SYB, Inc. – North American Joint Venture

On May 7, 2014, Kannalife™ entered into a Memorandum of Understanding (the “AHG-SYB MOU”) with Alternative Health Group, Inc. (“AHG”) and SYB Inc. (“SYB”) for the creation of a commercial venture for (a) the creation of high quality, standardized phyto-botanical products from naturally recurring cannabis and hemp taxa; and (b) establish clinical protocols and trials in Canada using high quality, standardized phyto-botanical products from naturally recurring cannabis and hemp taxa (the “Botanical Medicaments and Naturopathic Products”). AHG currently maintains a proprietary, patent-pending system for patient management, administration and transactional supervision for the deployment of Medical Marijuana (the “MMJ Clinical Billing System”) and has targeted the opening of twenty (20) alternative health clinics in Canada by the end of 2014, with an ultimate goal of two hundred (200) across Canada (the “AHG Customer Base”). AHG intends to conduct and/or assist in conducting clinical studies (the “Canadian Clinical Studies”) on a case-by-case basis in partnership with the Company’s research team and the AHG clinic doctors to administer novel therapeutics from naturally recurring plantae, semi-synthetic sources, and synthetic sources, including but not limited to cannabis taxa and hemp taxa.

As part of the contemplated joint venture, SYB plans to provide financial support for the Canadian Clinical Studies to cover the costs of the Company’s joint efforts with AHG regarding the same.

On all Botanical Medicaments and Naturopathic Products produced and sold in the Territory under this MOU, and sold to SYB, regarding the same, KLSI and AHG shall split all revenue associated with this Paragraph on a 50/50 basis after COGS. On the use of the Company’s standardization solutions, including but not limited to the C-Level and C-Dashboard that which is incorporated into the MMJ Clinical Billing System, and that which results in third party

revenue in the Territory, the Company and AHG shall split all revenue associated with this Paragraph D on a 50/50 basis after COGS.

AHG will use its farming resources in the field of cultivating naturally recurring cannabis and hemp taxa to provide raw material resources for further research and development of commercially viable Botanical Medicaments and Naturopathic products. AHG agrees that the sale of bulk quantities of cannabis and hemp biomass (high quality controlled and quality assured organic material) will be on a non-exclusive basis to the Company for the development of Botanical Medicaments and Naturopathic Products, and shall not endeavor to sell bulk quantities of the raw materials making up the Botanical Medicaments and Naturopathic Products to any third party seeking to use AHG's products in competition with the mutual interests of the Parties hereto this agreement. So that this is perfectly clear, AHG will have the right to sell its cultivated products to any party, including, but not limited to the Company.

Kannalife™ shall appoint two (2) industry experts on the SYB mentor and/or advisory board (the "KLSI Experts") with compensation to be negotiated, that will include but not be limited to stock grants, stock option or cash from SYB. All travel related expenses and expenses associated with the mentor/advisory board appointments shall be either paid in advance by SYB and/or through reimbursement as agreed in advance. Any physical attendance or required attendance by the KLSI Experts shall be noticed by SYB by giving at least twenty-one (21) day prior written request via email. For all teleconference and videoconference (i.e., Skype, GoToMeeting, etc.) related attendance by KLSI Experts, there shall be a five (5) day prior written request via email by SYB.

For any formed joint venture corporation between the company and AHG, there shall be a right of first refusal granted to SYB to purchase up to 9.99% of the to-be-formed joint venture corporation at the greater of the (i.) value derived via an independent qualified appraisal (valuation) conducted by a renowned global consulting group (i.e., Deloitte, McKinsey, etc.), or (ii.) an agreed upon valuation as determined between the company and AHG. In the event that the company and AHG create any new products or by-products which are subsequently patented, copyrighted, or trademarked, the parties hereto shall hold said rights equally, either in the new company or individually pursuant to their agreement herein. This shall also include all publication rights as to the discoveries made by the parties. All parties will be given credit for the discovery and new products. Notwithstanding the foregoing, it is understood that for inventorship to be certain, such certainty can only be arrived at pursuant to U.S. and Canadian patent law, as further determined by selected patent counsel.

B. KANNALIFE™ INTELLECTUAL PROPERTIES

On June 12, 2010 Kannalife™ filed an application for an exclusive license with National Institutes of Health – Office of Technology Transfer ("NIH-OTT"), for the development and commercialization of a target drug candidate to be used in the treatment of patients suffering with hepatic encephalopathy ("HE"). The application for exclusive license is for U.S. patent 6,630,507 "Cannabinoids as Antioxidants and Neuroprotectants (the "507 Patent").

On November 28, 2012, Kannalife™ filed for a provisional patent with the United States Patent and Trademark Office (“USPTO”) for its “C-Level™/KannaPak™ Formulary, Database, Lab Testing and Packaging System for Standardization of Botanical Medicaments.” The Company believes it is in the lead position to be the primary source of solutions in standardized packaging, testing, labeling, combined with a database (the “C-Level™ Library and Database”) storing a repository of quantitative and third party lab test results of the composition of matter in *cannabis taxa* and a variety of administrable forms (oils, tinctures, pills, infused foods, dermatological products, etc.). This filing on this provisional patent was amended and re-filed on December 2, 2013 under application 61/910,787.

On January 13, 2014, Kannalife™ filed for a provisional patent with the USPTO for its “Novel Functionalized 1, 3-Benzene-diols and Their Treatment of Hepatic Encephalopathy”, under application 61/926,869.

On February 28, 2014, Kannalife™ completed the integration and design of the first ever automated packaging and labeling system for medical marijuana and medical marijuana-infused products under the KannaPak™, C-Level™ and C-Dashboard system. This “C-Level™/KannaPak™ Formulary, Database, Lab Testing and Packaging System for Standardization of Botanical Medicaments” is ready for deployment and is currently being shipped for assembly.

C. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND KANNALIFE™E DIRECTOR INDEPENDENCE

Information regarding disclosure of compensation to directors is incorporated by reference from the section of this memorandum entitled “*Director Compensation.*”

South Park Ventures, LLC

In June 2013, Kannalife™ entered into a 50/50 joint venture with Biotech, Inc., a Colorado corporation (“Biotech”) for the creation of South Park Ventures, LLC (“SPV”). As part of the SPV joint venture, the parties created South Park Pharmaceuticals, Inc., a Colorado corporation (“SPP”), as the wholly owned subsidiary of SPV. The creation of SPP would provide for, among other things, the creation of a cGLP styled laboratory, the expansion of phyto-pharmaceutical research and development of Cannatol™, and the QA/QC for sale of Cannatol™ and other botanical medicaments for sale as naturopathic wellness and therapeutic medicaments under the brand name of South Park Pharmaceuticals, Inc.

Through the creation of the SPV joint venture, the company acquired certain intellectual property and botanical formulations, namely Cannatol™, from Jason Cranford (“Cranford”) in exchange for 1,000,000 shares of restricted Common Stock of the company and a maximum contribution of \$100,000 into the newly formed SPV. Biotech was to match funds, in-cash or in-kind, on or before December 31, 2013 and contribute intellectual property in the areas of botanical research and development, including exclusive raw material output namely in high cannabidiol based *cannabis taxa* biomass from Rifle’s six (6) acre property, greenhouse and production facilities in Fairplay, CO. Additional agreements would be required, including but not limited to licensing

agreements between SPP and Rifle; and SPV and the company. In addition to the company's contributions, the company has agreed to license the Cannatol™ to SPV in furtherance of the joint venture interests between Rifle and KannaLife™. As of December 31, 2013, the company has met the requirements under the terms of agreement. Also, the company was the sole member in interest pursuant to the terms governing capital contributions of the parties. However, Jason Cranford was a managing member of SPV during this time by mutual consent of the parties.

In December 2013, after re-evaluation of the Colorado regulations and significant legal and commercial considerations the Company, Cranford and Biotech concluded that Rifle was best suited to be the joint venture partner in SPV, rather than Biotech.

On February 18, 2014 the parties agreed to amend the original transaction to replace Biotech with Rifle. Accordingly, the parties agreed to (a.) amend the original definitive joint venture agreement, operating agreement and related documents to the SPV to replace Biotech with Rifle Mountain LLC ("Rifle") and (b) allow Cranford and Rifle the opportunity to meet the capital contribution requirements of the joint venture on or before December 31, 2014. In addition to the changes in the original terms of agreement for SPV, the Company issued to Cranford an additional 2,000,000 shares of the Company's restricted Common Stock underlying the purchase of Cannatol™ and its formulations. Rifle Mountain LLC, is the owner, licensee and operator of two (2) optional premise cultivation ("OPC") and two (2) medically infused products ("MIP") licenses in the State of Colorado.

Kannalife™ owns 100% of the membership interests in South Park Ventures, LLC.

South Park Ventures, LLC currently holds a note payable to it from Rifle Mountain, LLC with a face amount of \$37,083.68 together with interest payable at a rate of ten percent (10%) per annum, maturing on December 31, 2014. It also owns approximately \$62,500 in laboratory equipment and processing equipment, all tolled as a result of the company's cash investment of \$100,000 into South Park Ventures, LLC.

On May 15, 2014, Kannalife™ entered into a Settlement and Release Agreement between the Kannalife™ and Cranford, as well as Biotech, Inc. and Rifle Mountain, LLC to mutually unwind the joint venture.

CannaVEST Corp.

On or about April 4, 2014 the Kannalife™ received a letter from CannaVEST Corp. requesting a redemption of its investment of \$750,000. Thereafter, on or about May 30, 2014, in connection with the acceptance of the requested redemption by CannaVEST Corp, Kannalife™ approved the sale of the Common Stock and Series A Preferred stock owned by CannaVEST Corp., a Delaware Corporation ("CannaVEST"), to Hemp Deposit and Distribution Corporation, a Delaware Corporation (the "HDDC") via stock purchase agreement between the CannaVEST and HDDC. As part of this purchase of the shares, CannaVEST Corp., no longer holds its two board seats on the Company's board of directors. These two seats are now held by Medical Marijuana, Inc., per HDDC's request and by way of an amendment to the voting agreement regarding the Series A Preferred Stock. As a result of the purchase of shares by HDDC from

CannaVEST, HDDC is currently the beneficial owner of 3,059,439 shares or 24.975% of the Series A Preferred Stock, and 27,417,000 shares or 23.60% of the Common Stock.

Other than the aforementioned, none of our officers, directors, proposed director nominees, beneficial owners of more than 10% of our shares of common stock, or any relative or spouse of any of the foregoing persons, or any relative of such spouse who has the same house as such person or who is a director or officer of any parent or subsidiary of Kannalife, has any direct or indirect material interest in any transaction to which we are a party since our incorporation or in any proposed transaction to which we are proposed to be a party. In the event a related party transaction is proposed, such transaction will be presented to our board of directors for consideration and approval. Any such transaction will require approval by a majority of the disinterested directors and such transactions will be on terms no less favorable than those available to disinterested third parties.

D. KANNALIFE™ LEGAL PROCEEDINGS

On or about September 18, 2013, a lawsuit was filed by two individuals against Kannalife™ and the Company's CEO. The plaintiffs allege that they provided business services in the amount of \$150,000, including but not limited to providing strategic introductions to the CEO and the Company and are seeking 17% of the issued and outstanding stock of Kannalife.™ The Company believes the allegations to be without merit and shall continue to vigorously defend itself.

On or about September 30, 2013, Kannalife™ filed a motion to dismiss all five causes of action alleged against the CEO and the Company.

On May 12, 2014, the court dismissed all five causes of action against Kannalife™ and the CEO as to one plaintiff. Currently, three causes of action remain open for the remaining plaintiff. Kannalife believes the allegations to be without merit and shall continue to vigorously defend itself. In addition, it has filed several counter claims against the plaintiffs and is seeking damages for, amongst other things, tortious interference.

Other than aforementioned, there are no pending legal proceeding relating to our company and its CEO to which we are a party, and to our knowledge there are no material proceedings to which any of our directors, executive officers or affiliates are a party adverse to us or which have a material interest adverse to us.

10. ISSUER CERTIFICATION

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

The certification shall follow the format below.

I, Michelle L. Sides, Chairman and Chief Operating Officer, certify that:

1. I have reviewed this quarterly statement of Medical Marijuana Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, which have been prepared by the Company auditor, 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.

Date: September 24, 2014



Chairman and COO Signature