

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Ladybug Resource Group, Inc.

an Oklahoma Corporation

1408 S. Denver Avenue
Tulsa, OK 74119
Office: (918) 727-7137
Fax: (918) 727-7139
Website: <https://goldmtd.com>
Email: info@goldmtd.com
SIC Code; 6719

Annual Report For the Period Ending: December 31, 2021 (the "Reporting Period")

As of May 24, 2022, the number of shares outstanding of our Common Stock was:

346,892,500

As of December 31, 2021, the number of shares outstanding of our Common Stock was:

346,892,500

As of December 31, 2020, the number of shares outstanding of our Common Stock was:

346,892,500

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the Company has occurred over this reporting period:

Yes: ☒ No: ☐

¹ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Predecessor Entities: Prior to April 8, 2022, the Company's predecessor issuer was Ladybug Resource Group, Inc., a former Nevada company formed on November 27, 2007.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g., active, default, inactive):

(current) Ladybug Resource Group, Inc. – Oklahoma: active in good standing

(predecessor) Ladybug Resource Group, Inc. – Nevada

From the date of incorporation, April 8, 2022, Ladybug Resource Group, Inc., has had ongoing operations and is, therefore, an "Issuer" that is not and has never been a "Shell Company" or ever was a "Former Shell Company" as defined in Rule 144(i) of the Act.

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

NONE

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

Domiciliary Merger: On April 6, 2021, the predecessor issuer, Ladybug Resource Group, Inc. of Nevada ("Ladybug NV"), completed a domiciliary merger into Ladybug Resource Group, Inc. of Oklahoma formed on April 1, 2022, with that Oklahoma company being the survivor.

Holding Company Reorganization: On April 8, 2022, Ladybug Resource Group, Inc. became the parent/successor issuer pursuant to Section 1081(g) of the Oklahoma Act titled "Agreement and Plan of Reorganization" ("Parent Subsidiary Formation") which was executed by Ladybug Resource Group, Inc. (formed on April 1, 2022) ("Ladybug A"), Ladybug Resource Group, Inc. and Ladybug Merger, Inc. (OK). Under the Agreement, Ladybug A merged into Ladybug Merger, Inc. and Ladybug A ceased to exist, wherein Ladybug Merger, Inc. became the survivor and successor under Section 1088 of the Oklahoma Act, having acquired all of Ladybug A assets, rights financial statements, obligations, and liabilities as the constituent or resulting corporation. Ladybug Resource Group, Inc. became the parent and the holding Company of Ladybug Merger, Inc. under the Parent Subsidiary Formation, which was in compliance with Section 1081(g) of the Oklahoma Act.

Upon consummation of the Parent Subsidiary Formation, each issued and outstanding equity of the former Ladybug A was transmuted into and represented the identical equity structure of Ladybug Resource Group, Inc. (On a share-for-share basis), having the same designations, rights, powers and preferences, and qualifications, limitations, and restrictions. Upon consummation of the Agreement, the Company was the issuer since the former Ladybug NV equity structure was transmuted pursuant to Section 1081(g) into current issued and outstanding equities of the Company. The Parent Subsidiary Formation was exempt from the registration requirements of the Securities Act of 1933 ("Act") as there was no "offer" or "sale" as defined in Section 2(3) of the Act to invoke the requirements of Rule 145 also under the Act. Under the terms of the Agreement the shareholders and equity holders of the former Transition had no appraisal rights or rights to a shareholder vote and consequently no investment decision was made by the shareholders. Further, the transaction complied with the provisions of Rule 144(D)(3)(x) titled "Holding Company Formation".

Corporate Separation: On April 8, 2022, by resolution of the Board of Directors, the subsidiary Ladybug merger Inc. was divested and no longer consolidated into the Company.

Share Exchange: On April 8, 2022, Ladybug Resource Group, Inc., the "Holding Company," completed a Share Exchange Agreement with The Cali Girl, a California Limited Liability Corporation, and Share Exchange Agreement on April 12, 2022, with Gold Mountain Distribution, Inc., a California Corporation, companies both having ongoing operations.

The address(es) of the issuer's principal executive office:

1408 S. Denver Avenue
Tulsa, OK 74119

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

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

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

Custodianship: On January 18, 2019, Barbara McIntyre Bauman was appointed as the Custodian (the "Custodian") of the predecessors issuer, Ladybug Resource Group, Inc., a Nevada company pursuant to an "Order For Appointment of Receiver" by the District Court of Clark County, Nevada, Case No. A-18-785686-C, which granted broad powers to the Custodian to "do any acts necessary and convenient", "that the Custodian deems necessary to manage and preserve the Custodianship Property", and to "terminate all previously known and unknown officers and directors".

2) Security Information

Trading symbol: LBRG
Exact title and class of securities outstanding: Common Shares
CUSIP: 50582Q202
Par or stated value: \$.00001
Total shares authorized: 1,000,000,000 as of date: December 31, 2021
Total shares outstanding: 346,892,500 as of date: December 31, 2021
Number of shares in the Public Float²: 23,425,000 as of date: December 31, 2021
Total number of shareholders of record: 77 as of date: December 31, 2021

Additional class of securities

Trading symbol: LBRG
Exact title and class of securities outstanding: Preferred Stock
CUSIP: 50582Q202
Par or stated value: \$.00001 USD

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

Total shares authorized:	31,000,000	as of date: December 31, 2021
Series (A) Preferred Stock Authorized:	20,000,000	as of date: December 31, 2021
Series (A) Preferred Stock Outstanding:	20,000,000	as of date: December 31, 2021
Series (B) Preferred Stock Authorized:	1,000,000	as of date: December 31, 2021
Series (B) Preferred Stock Outstanding:	1,000	as of date: December 31, 2021
Series (C) Preferred Stock Authorized:	10,000,000	as of date: December 31, 2021
Series (C) Preferred Stock Outstanding:	2,355,000	as of date: December 31, 2021

Transfer Agent

Action Stock Transfer Corp.
 2469 E. Fort Union Blvd
 Suite 214
 Salt Lake City, UT 84121
 801-274-1088
 www.actionstocktransfer.com

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

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

On May 8, 2019, the Company's predecessor, Ladybug Resource Group, Inc., a Nevada company, Issued Twenty Million (20,000,000) Series (A) Preferred Shares, to James B. Frack, in exchange for payment of Barbara McIntyre Bauman's court-appointed custodian debt.

On September 17, 2021, the Company's predecessor issuer, Ladybug Resource Group, Inc., a Nevada company, Barbara McIntyre Bauman's court-appointed custodian approved the issuance of One Million (1,000,000) Series (B) Preferred Shares to Alan K. Fetzer in exchange for the initiation and completion of the Company's reorganization.

On September 17, 2021, Barbara McIntyre Bauman's resigned from all offices, as director and as custodian of the Company's predecessor issuer, Ladybug Resource Group, Inc., a Nevada company, and appointed Alan Fetzer to all offices and as director of the Company's predecessor issuer, Ladybug Resource Group, Inc., a Nevada company.

Incorporation: Ladybug Resource Group, Inc. ("LBRG, LBRG (OK), or the Company) was incorporated in Oklahoma on April 8, 2022.

From the date of incorporation, April 8, 2022, Ladybug Resource Group, Inc. (OK) has had ongoing operations and is, therefore, an "Issuer" that is not, and has never been a "Shell Company" or ever was a "Former Shell Company" as defined in Rule 144(i) of the Act.

Certificate of Designation: On April 8, 2022, LBRG filed a Certificate of Designation of Preferences, Rights and Limitations of Series (A) Preferred Stock designating Twenty Million (20,000,000) shares of Preferred Stock as Series (A) Preferred Stock. The Certificate of Designation of Series (A) Preferred Stock granted no voting rights to any holder.

Certificate of Designation: On April 8, 2022, LBRG filed a Certificate of Designation of Preferences, Rights and Limitations of Series (B) Preferred Stock designating One Million (1,000,000) shares of Preferred Stock as Series (B) Preferred Stock.

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

The Certificate of Designation of Series (B) Preferred Stock granted special voting and conversion rights to any holder.

Certificate of Designation: On April 8, 2022, LBRG filed a Certificate of Designation of Preferences, Rights and Limitations of Series (B) Preferred Stock designating Ten Million (10,000,000) shares of Preferred Stock as Series (C) Preferred Stock. The Certificate of Designation of Series (C) Preferred Stock granted special voting and conversion rights to any holder.

Domiciliary Merger: On April 6, 2021, the predecessor issuer, Ladybug Resource Group, Inc. of Nevada ("Ladybug NV"), completed a domiciliary merger into Ladybug Resource Group, Inc. of Oklahoma formed on April 1, 2022, with that Oklahoma company being the survivor.

Holding Company Reorganization: On April 8, 2022, Ladybug Resource Group, Inc. became the parent/successor issuer pursuant to Section 1081(g) of the Oklahoma Act titled "Agreement and Plan of Reorganization" ("Parent Subsidiary Formation") which was executed by Ladybug Resource Group, Inc. (formed on April 1, 2022) ("Ladybug A"), Ladybug Resource Group, Inc. and Ladybug Merger, Inc. (OK). Under the Agreement, Ladybug A merged into Ladybug Merger, Inc. and Ladybug A ceased to exist, wherein Ladybug Resource Group, Inc. became the survivor and successor under Section 1088 of the Oklahoma Act, having acquired all of Ladybug A assets, rights financial statements, obligations, and liabilities as the constituent or resulting corporation. Ladybug Resource Group, Inc. became the parent and the holding Company of Ladybug Merger, Inc. under the Parent Subsidiary Formation, which was in compliance with Section 1081(g) of the Oklahoma Act.

Upon consummation of the Parent Subsidiary Formation, each issued and outstanding equity of the former Ladybug A was transmuted into and represented the identical equity structure of Ladybug Resource Group, Inc. (On a share-for-share basis), having the same designations, rights, powers and preferences, and qualifications, limitations, and restrictions. Upon consummation of the Agreement, the Company was the issuer since the former Ladybug NV equity structure was transmuted pursuant to Section 1081(g) into current issued and outstanding equities of the Company. The Parent Subsidiary Formation was exempt from the registration requirements of the Securities Act of 1933 ("Act") as there was no "offer" or "sale" as defined in Section 2(3) of the Act to invoke the requirements of Rule 145 also under the Act. Under the terms of the Agreement the shareholders and equity holders of the former Transition had no appraisal rights or rights to a shareholder vote and consequently no investment decision was made by the shareholders. Further, the transaction complied with the provisions of Rule 144(D)(3)(x) titled "Holding Company Formation".

Corporate Separation: On April 8, 2022, by resolution of the Board of Directors, the subsidiary Ladybug merger Inc. was divested and no longer consolidated into the Company.

On April 8, 2022, The Board of Directors accepted the resignation of Alan K. Fetzer as Chairman and appointed Alan K. Fetzer as President, CEO, Secretary, Treasurer and Director and appointed David E. Argudo, as Chairman and Director.

On April 8, 2022, The Board of Directors approved the issuance of Fifty Thousand (50,000) "Series (C) Preferred" Shares to Shayland Moise and Fifty Thousand (50,000) "Series (C) Preferred" Shares to Ariana Tibbets, as set forth in Share Exchange Agreement for 100% of The Cali Girl, California issued and outstanding Stock.

On April 12, 2022, The Board of Directors approved the issuance of One Hundred Twenty-Five (1,522,125) "Series (C) Preferred" Shares to David E. Argudo and Seven Hundred Thirty-Two Thousand Eight Hundred Seventy-Five (732,875) "Series (C) Preferred" Shares to Ariana Tibbets, as set forth in Share Exchange Agreement for 100% of Gold Mountain Distribution, Inc., California issued and outstanding Stock.

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

A. Changes to the Number of Outstanding Shares

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

Shares Outstanding as of Second Most Recent Fiscal Year End: 12/31/2020 Opening Balance Date December 31, 2020 Common Stock: 346,892,500 Series (A) Preferred Stock: 20,000,000			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g., for cash or debt conversion) - OR-Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
8-May-19	Issued	20,000,000	Series (A) Preferred	\$0.00001	No	James B. Frack	Agreement Purchase	Restricted	Section 368(a)(1)(B)
17-Sept-21	Issued	1,000,000	Series (B) Preferred	\$0.00001	No	Alan K. Fetzer	Agreement	Restricted	Section 368(a)(1)(B)
1-Apr-22	Returned to Treasury	999,000	Series (B) Preferred	\$0.00001	No	Alan K. Fetzer	Agreement	N/A	N/A
8-Apr-22	Issued	50,000	Series (C) Preferred	\$5.00	No	Ariana Tibbets	Exchange Agreement	Restricted	Section 368(a)(1)(B)
8-Apr-22	Issued	50,000	Series (C) Preferred	\$5.00	No	Shayland Moise	Exchange Agreement	Restricted	Section 368(a)(1)(B)
12-Apr-22	Issued	1,522,125	Series (C) Preferred	\$5.00	No	David E. Argudo	Exchange Agreement	Restricted	Section 368(a)(1)(B)
12-Apr-22	Issued	732,875	Series (C) Preferred	\$5.00	No	Ariana Tibbets	Exchange Agreement	Restricted	Section 368(a)(1)(B)
Shares Outstanding on Date of This Report: 12/31/2021 Ending Balance: December 31, 2021 Common Stock: 346,892,500 Series (A) Preferred: 20,000,000 Series (B) Preferred: 1,000 Series (C) Preferred: 2,355,000									

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

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
<u>20-Dec-13</u>	<u>\$40,265</u>	<u>\$20,000</u>	<u>\$20,265</u>	<u>12-Dec-16</u>	<u>\$0.0001</u>	AFM Associates Alex Mack, Control Person	<u>Loan</u>
<u>22-Mar-1</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$0</u>	<u>23-Mar-1</u>	<u>42% discount</u>	AFM Associates Alex Mack, Control Person	<u>Note</u>
<u>22-April 4</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$0</u>	<u>23-Apr 4</u>	<u>42% discount</u>	AFM Associates Alex Mack, Control Person	<u>Note</u>
<u>22-May-5</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$0</u>	<u>23-May-5</u>	<u>42% discount</u>	AFM Associates Alex Mack, Control Person	<u>Note</u>

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

4) Financial Statements

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

- ☒ U.S. GAAP
☐ IFRS

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

Name: **L. Huang**
Title: **Accountant**
Relationship to Issuer: **Third Party Vendor**

- 1) Attached are the financial statements of the Company from its date of inception on April, 8, 2022, those being the consolidated financials of its wholly owned subsidiary, The Cali Girl.
- 2) Also attached as Exhibit A, are the supplemental financial statements of the Company's now divested subsidiary Ladybug Merger Inc. Under Section 1088 of the Oklahoma Act, Ladybug Merger, Inc. acquired all of the predecessor's assets, rights financial statements, obligations, and liabilities as the constituent or resulting corporation. Ladybug Merger, Inc. was divested upon the inception of the Company on April 8, 2022, having never been a part of the Company

INCORPORATED BY REFERENCE

5) Issuer's Business, Products and Services

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

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

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

LBRG is pleased to announce the acquisition of Gold Mountain Distribution, CA, and The Cali Girl, CA, LBRG investment solidified their existing strategic partnership, allowing both companies to accelerate the growth of current operations and new product development to the next level of continued growth.

LBRG is currently evaluating potent acquisition candidates and Investing in Growth Businesses, the anchor of our investment strategy, for long-term growth and returns for our shareholders.

Gold Mountain Distribution, further referred to as ("GMD"), California, has been granted a Title-11 Distributor License, License No. C11-0000609-LIC on July 7, 2019, from the Bureau of Cannabis Control for the State of California for "Adult-Use and Medical-Distribution License Provisional".

The Cali Girl, further referred to as ("TCG"), California has the required virtual store-front license and distribution license, allowing TCG to board cannabis goods and sell directly to the consumer.

B. Please list any subsidiaries, parents, or affiliated companies.

Gold Mountain Distribution, California

The Cali Girl, California

C. Describe the issuers' principal products or services.

Gold Mountain Distribution
A wholly-owned subsidiary of
Ladybug Resource Group, Inc. Trading Symbol: LBRG

- Is a full-service distributor. GMD will compete as one of the largest consolidators and distributors of cannabis brands in California while being positioned for a nationwide & global expansion. GMD's current focus is on GMD existing centralized location, a cannabis aggregating & distribution HUB in West Sacramento, where we are strategically positioned to be able to consolidate cannabis products from various regions of Northern California, such as the Emerald Triangle (Mendocino, Humboldt & Trinity), Lake County, Yolo County, and Nevada County. GMD has two Compliant, Climate control, Commercial Ford Vans that are DOT certified used for transporting the product.

The Company's revenues are generated from packing, storing, fulfillment & sales. Pricing for packing, storage and fulfillment is 5% to 10% of gross sales, and for sales, it is 15% to 25%. For each area of the GMD facility, 20' x 20' x 8', the Company is authorized to accommodate 2000 pounds of trim flower. The turn-around time is either the same-day if it is ready to be received and distributed or up to 4–5-day turn-around if the product needs to be quarantined for testing, repackaged, or any quality assurance evaluation.

The focus of revenue is on Brands. The GMD management team offers experience, relationships and aggregation capabilities that allow us to tap into the cultivator industry and negotiate agreements in the California market, where there are more than 50,000 cannabis growers. GMD is positioned to take some of these farms and celebrate their work and philosophies by developing and distributing their brands. Still, we are also positioned to take their raw "flower" and move it under GMD exclusive in-house brands. GMD partnerships with master cultivators, extractors and manufacturers guarantee that we can provide supplies for any demand shifts in the market. We provide full-service processing, packaging, marketing, storage, sale, and last-mile fulfillment to GMD external brands. We are capable of servicing and distributing GMD exclusive in-house brands. By doing so, we increase profitability and increase value to GMD shareholders.

A state license is required to engage in commercial cannabis activity in California. The Medical Cannabis Regulation and Safety Act (MCRSA) was established through a series of bills passed by the California State Legislature in 2015 and 2016. MCRSA established the state's three cannabis licensing authorities, the Bureau of Cannabis Control ("BCC"), Cannabis Cultivation Licensing ("Cal Cannabis"), and the Manufactured Cannabis Safety Branch. MCRSA also created California's first framework for the licensing, regulation, and enforcement of commercial medicinal cannabis activity. On January 1, 2018, the state's three cannabis licensing authorities began issuing licenses for medicinal and adult-use

cannabis activities for cultivation, manufacturing, retail, distribution, microbusinesses, testing laboratories, and temporary cannabis events. These licensed commercial cannabis businesses are now operating under new state cannabis regulations approved by the Office of Administrative Law (OAL) and went into effect on January 16, 2019.

Market Overview

The cannabis market supply chain is made up of five stages: cultivation, manufacturing, distribution, transportation, and retail. GMD provides the track and traces compliance for the cultivators, which is interwoven into all the stages. For compliance's sake, the movement of cannabis products must be tracked and traced throughout the supply chain. All harvested batches need to be accounted for, ensuring the finished product can be tied back to its original plant. This is where the GMD track and trace technology enables tracking from seed to sale. Track and Trace systems can vary by state; however, GMD is authorized to connect with these track and trace systems to assist cannabis businesses in managing their operations while reporting their data automatically to track and trace systems.

Like all other agricultural products – Cannabis starts with farming, also known as growing or cultivating. The cultivation process has 6 broad stages: germination, seeding, vegetative, pre-flowering, flowering, and harvesting. Historically, Cannabis has been grown for three purposes: Fiber, seeds, or drug-type cultivars.

The distribution of Cannabis is a complex system that is heavily regulated by the states. Quite often, the distributors deal with the most compliance hurdles in the entire supply chain. Their role isn't only to move products between wholesalers and retailers, although this may change in the future. Depending on the state, distributors can be used in several different ways. They can ship or store products and act as an external sales team for the wholesaler. Their job can also be to collect payments from retailers and move money on behalf of the wholesaler.

There are specific challenges when it comes to the distribution of cannabis products. The flow of seed-to-sale is state-specific, meaning that growers, wholesalers, and retailers face different hurdles depending on location.

First, the federal government has restrictions on vehicle size, meaning that any freight truck regulated by the US Department of transportation is prohibited from transporting marijuana products. Growers and manufacturers must therefore find smaller freight organizations to work with. This can complicate transportation and compromise safety and security and have a negative impact on the cost for consumers and distributors.

Secondly, federal distribution laws prohibit interstate transport of Cannabis and therefore limiting the economic impact to each state alone. This means retailers cannot establish a nationwide distribution system, and ultimately, it's led to product shortages. Strong arguments are being made that moving product across regions, from where they are best made to where there is high demand, is necessary for making the legal cannabis industry more sustainable and equal.

And lastly – adding to the complexity – intra-state transport is also heavily regulated with state body licensing, which can complicate the product flow from distributor to consumer.

GMD offers third-party Lab testing, an essential part of the legal cannabis industry. Every state has its regulations around testing, but they all help ensure that products are safe to consume and easy to dose. Cannabis products are tested in an accredited lab using various methods; such as analytical chromatography, mass spectrometry and nuclear magnetic resonance spectrometry. The purpose of the tests is to look for contamination, pesticides, mold, and mildew – to ensure that the products meet compliance. A cannabis product can only be distributed and sold once it has been approved through lab testing. State regulatory bodies have a list of banned pesticides and products must be free of these to make it to the dispensary.

All products can also get additional tests to work out their cannabinoid and terpene profile, but these aren't necessary for compliance. However, testing the potency of the product is essential for accurate labeling. Cannabis is tested in two stages within the supply chain. Before selling the harvest, the first stage takes place where batches are assigned ID tags and sent in for lab testing. Secondly, products that have been altered from the original flower must be tested again. Most states need a sample of the product, for example, an edible or a concentrate, which they'll test on behalf

of the entire batch made from the same harvest. These results will then be linked to that specific batch in the state's seed-to-sale software.

Having a secure and safe protocol for storing cannabis products is imperative. GMD's Quality Assurance Program provides the final step before shipping Cannabis to retailers. Distributors will then ensure that packaging looks correct, labeling meets the state's guidelines and contains everything needed to be compliant. The requirements around labeling differ from state to state, but they typically consist of chemical information (THC, CBD levels), weight, serial number, and specific dates (cultivation, testing, expiration, etc.). When distributors receive the products, they place them in storage. During testing the storage needs to be a quarantine area, but once products have passed the tests they can be stored safely on shelves. Some edibles may require storing in low temperatures, in which case the distributors keep them in freezers.

Once cannabis products have gone through testing and been approved, GMD is responsible for transporting the product to the retailer as soon as a sales order is placed. However, there are strict regulations for delivering cannabis goods and most distributors hold specific licenses. In California, Distributors with a type 13 license (transport-only distributors) are responsible for delivering Cannabis between licensees but may not transport any cannabis goods to retailers. Only distributors with a type 11 license are allowed to transport Cannabis to retailers, as they must collect excise tax upon delivery. They are also responsible for remitting tax payments to the government within the appropriate time frame.

At the end of the supply chain are the retailers, commonly known as dispensaries, and the sale of the products. Consumers can only purchase cannabis products from a licensed retailer. Delivery groups, or non-storefront retailers, can also dispense cannabis products to patients/consumers but only by vehicle delivery. Challenges and problems within retail in much the same way as distribution has its challenges, so does the cannabis retail business. Product sampling, product knowledge, and compliance concerns are common challenges for retailers. Finding vendors can also be problematic for retailers as you can only buy from licensees in your state. And for compliance's sake, retailers must check licensing and lab testing of all brands they bring into their stores.

Cannabis Market Outlook

The medical marijuana market has witnessed massive growth in recent times. The market growth is primarily attributed to the rise in awareness regarding the benefits of medical marijuana. According to the MRFR reports dated February 16, 2022, the medical marijuana market is projected to acquire a valuation of over USD 54,677 million at CAGR of 34% during the forecasted period, says Market Research Future (MRFR). Furthermore, factors such as increasing the legalization of marijuana in several countries, expanding the cannabis industry to prevent cancer, and growing authorization of medical marijuana are also likely to positively impact the medical marijuana market's growth over the assessment timeframe. However, the development of the medical marijuana market is expected to be impeded by the strict rules and regulations regarding the application of marijuana.

Cannabis Market Segmentation

The global medical marijuana market has been divided into numerous segments based on product type, application, distribution channel, and region. By product type, the global market for medical marijuana is split into ointments & creams, oil, solids, and dissolvable/powders. Based on application, the medical marijuana market is divided into Alzheimer's disease, schizophrenia, cancer, and multiple sclerosis. The medical marijuana market is divided into retail & pharmacy stores, online platforms, and others based on distribution channels.

Cannabis Market Regional Analysis

The medical marijuana market is studied across five major regions: North America, Europe, Asia-Pacific, South America, and the Middle East & Africa.

The North American region will likely lead the global medical marijuana market over the review timeframe. The regional market's growth is being driven by the growing application of Cannabis in the medical field. Furthermore, the current

research on the benefits of Cannabis is likely to catalyze the growth of the regional medical marijuana market over the review timeframe. Moreover, the rising prevalence of chronic ailments among the growing geriatric population is another crucial aspect of boosting the growth of the regional market.

The European regional medical marijuana is projected to register substantial growth over the assessment timeframe. The regional market's rise in performance is attributed to the rising R&D on Cannabis and the growing demand for medical marijuana to treat chronic diseases.

The Asia-Pacific's market for medical marijuana is likely to record the highest growth rate over the assessment timeframe over the review timeframe. The regional market's growth is being driven by the growing initiative to expand the healthcare infrastructure, the presence of developing countries, and increasing cases of chronic illness. On the other hand, stringent rules and regulations imposed by the governments across the region are likely to restrict the regional market's growth.

The Middle East & African regional medical marijuana market is likely to record steady growth over the assessment era. This is because of the presence of underdeveloped countries and lack of awareness.

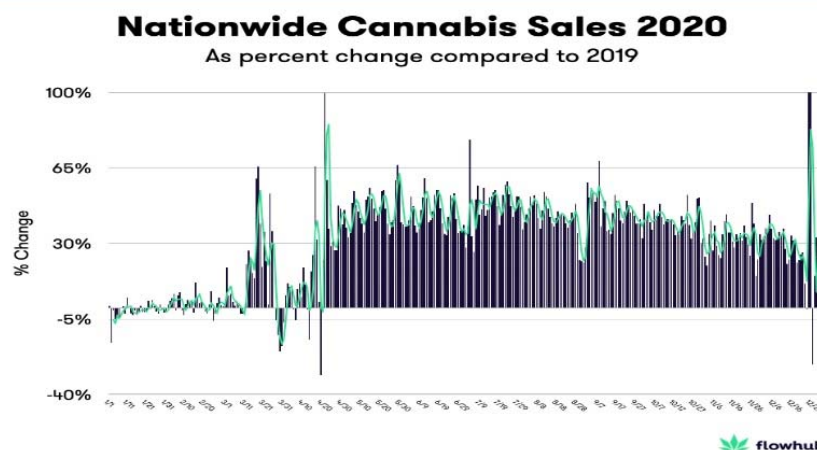
Cannabis Market Competitive Analysis

The global medical marijuana market has an intensely competitive landscape with a vast number of new entrants increasing the extent of market concentration. The international players adopt numerous new strategies such as corporate acquisition, product launch, and others. The list of leading players in the medical marijuana market includes MediPharm Labs (US), Medical Marijuana Inc (US), CanniMed Ltd. (Canada), Emerald Health Therapeutics Inc. (Victoria, BC), Cannabis Sativa Inc (Nevada), GBSciences Inc. (Nevada), Pfizer Inc. (US), Aphria (Ontario), GW Pharmaceuticals Plc (US), Canopy Growth Corporation (US), and several others.

The Cannabis Distribution Association (CDA) represents a diverse group of cannabis distributors throughout California. GMD envisions a well-regulated marketplace that ensures economic viability for small businesses, promotes supply chain integrity, and prioritizes consumer safety.

GMD Market Opportunity

The U.S. cannabis industry is worth \$61 billion. Every year, analysts predict what the cannabis industry is worth. And every year, that number exceeds expectations. The U.S. cannabis industry is now projected to be worth USD 100 billion by 2030. For reference, in 2019, Wall Street's top cannabis analyst, Cowen Vivien Azer, predicted it'd be \$80 billion by 2030. 12% of Americans are active marijuana users, nationwide cannabis sales increased 67% in 2020, and support for legal marijuana is at an all-time high of 68%.

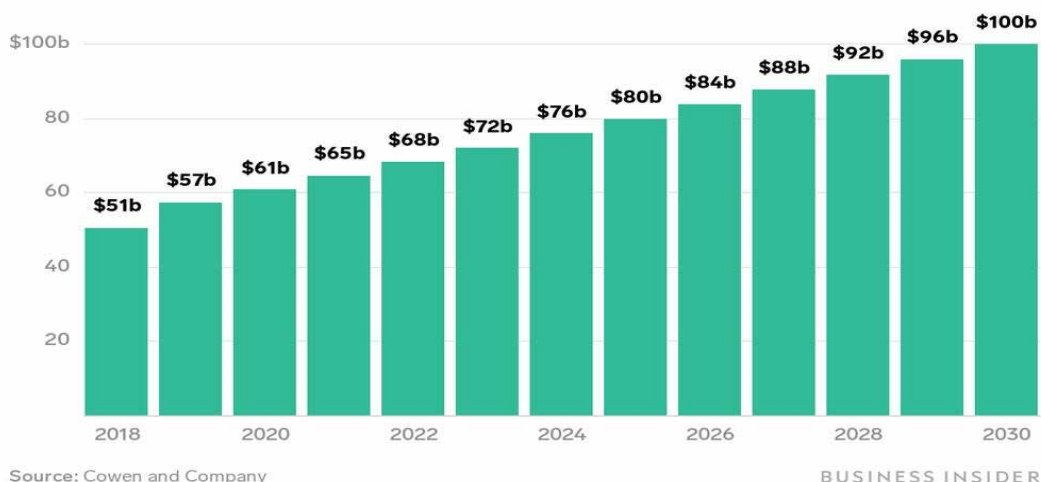


Delivery and online ordering reigned supreme with online ordering, curbside pickup, and delivery were significant trends in 2020 that helped consumers get their products quickly and safely. Similarly, the State of the Cannabis Industry found that stores with orders ahead enabled sold 22% more on average than stores without orders ahead. Not surprisingly, tech companies in cannabis eCommerce, like Dutchie, dramatically increased their market share in 2020.

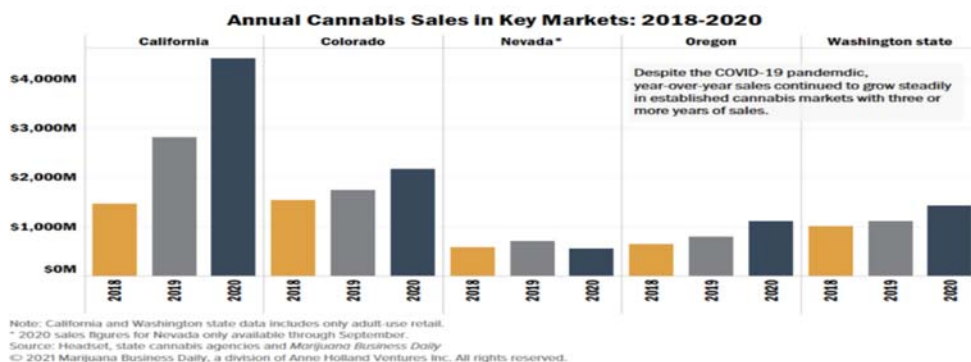
Cannabis product type preferences change as consumers change, and so do their THC preferences. In 2019, vape sales decreased by 15% after "vape gate." Those consumers turned toward edibles (up 24% in Oct. 2019). 2020 followed suit, with edibles being the most popular product category, accounting for 22% of all sales. Speculation was that because COVID-19 is a respiratory illness, consumers would shift away from inhalables. LeafLink, a cannabis industry wholesale marketplace, found that at the start of the COVID-19 pandemic, inhalables remained popular. And that trend continued throughout 2020, despite flower shortages in some key states like California and Colorado.

Acceptance of recreational marijuana Recreational use is legal in 12 U.S. states; as of January 2021, 12 states have legalized the use of recreational Cannabis (in addition to medical marijuana) for individuals over age 21: California, Alaska, Oregon, Washington, Maine, Colorado, Nevada, Vermont, Michigan, Massachusetts, Illinois, and Arizona (plus the District of Columbia).

Projected US cannabis market

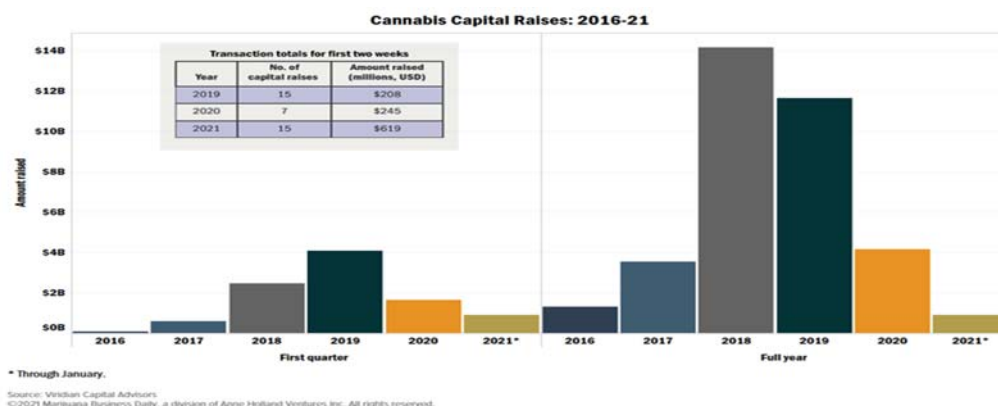


2020 was an odd year, with the onset of a global pandemic, quickly changing local regulations and an eventual "essential" status for cannabis businesses. Throughout all this, though, several states crushed prior year sales records, including mature markets like California, Oregon, and Colorado. Marijuana Business Daily says experts expect this trend of increasing market size to continue.



Investments into cannabis brands, including capital raises, slowed dramatically in 2020. However, once dispensaries were deemed essential, investors showed renewed interest. [\\$2.6 billion was raised](#) in the first half of 2020 — a 67% decline.

However, following a Democratic election, North American cannabis companies raised over [\\$1.6 billion in January 2021](#) alone.



Secondary Industry Overview

General Cannabis Statistics: Marijuana remains the most widely used recreational drug globally, and its usage stats are staggering. The number of cannabis users is growing sharply, and the market is expanding rapidly.

Cannabis usage statistics:

- According to WHO, approximately 147 million people, or 2.5% of the total global population, consume marijuana.
- This number is more significant according to Statista, which reports that there were more than 219 million marijuana users in the world in 2017.
- Also, in 2016, 24 million US citizens, or 8.9% of the total population, were current cannabis users.
- Similarly, in 2018, 123,935 million US citizens had used marijuana in their lifetime, which is a significant increase from 104,950 million in 2009.
- Moreover, in 2018, over 11.8 million young adults in the US said they had used marijuana in the past year.
-

Cannabis market statistics

- The sales of legalized Cannabis in the US are projected to grow at a compound rate of 14% (CAGR) to reach \$29.7 billion by 2025.
- Besides, by 2023, the total retail marijuana sales will reach between \$25 billion and \$30 billion annually in the United States
- In 2018, California was the leading state in total cannabis sales, with \$5.6 billion.
- Similarly, in Canada, the average price of illegal Cannabis is \$8.24 per gram. When sold via legal channels, the same amount goes for \$8.98.
- Furthermore, in 2017, marijuana users in North America spent nearly \$9 billion on legal Cannabis.
- Moreover, 91% of infused product companies claim that they at least break even and make profits.
- The overall cannabis industry spending in Canada is projected to rise by 58% in the coming years.
- In addition, the legal cannabis trade in the United States grew by 37% to reach \$9.5 in net worth.
- Legalizing Cannabis would generate \$8.7 billion in federal and state tax revenue annually.
- The average price of one gram of cannabis flower in Washington was \$8.1 in 2018.

Cannabis product preference statistics- Much like any industry, the cannabis industry offers different products to satisfy the unique needs of the target customers. On the other hand, consumers from different generations have developed specific preferences for product types.

- In terms of marijuana product preference, 43.6% prefer flowers, 16.6% vapor pens, 9.8% concentrates, 9.6% prerolls, and 9.6% edibles.
- But how does each generation prefer to consume marijuana? Generation Z (vapor pen), Millennials (Hybrid flower), Generation X (hybrid flower), Baby Boomers (hybrid flower), and Silent generation (tincture).
- In the same way, Canadian weed users prefer different cannabis-based edible products, including baked goods

(51%), chocolate (43%), candies and lollipops (37%), beverages (31%), honey (25%), freezers (24%), ice creams (23%), potato chips (22%), and biscuits (20%)

Job creation statistics- As the world struggles to decipher whether marijuana is good or bad, the industry is putting food on the table for some people. Interestingly, marijuana jobs pay handsomely well (10.7%) above the median US salary.

- Marijuana job openings increased by 76% year-over-year in December 2018.
- As a result, there were 1,512 job openings in the marijuana industry in the US alone in December 2018.
- Besides, 53% of marijuana jobs are for technical and professional workers.
- Interestingly, at \$58,511, marijuana jobs pay well above the median US salary.

Cannabis Consumer Demographics

Adolescents, young adults, and adults have all dipped their toes into smoking weed. But as the following marijuana statistics reveal, the graph is skewed towards young adults, the millennials, and 12th graders.

- In 2016, 6.5% of adolescents (aged 12 to 17), 20.8% of young adults (aged 18 to 25), and 7.2% of adults (aged 26 or older) were using marijuana in the US.
- Likewise, since legalization, Millennials have made the majority of marijuana sales at 51.49%. Generation X comes a distant second at 25.74%, followed by Baby Boomers at 15.84%, Generation Z at 5.94%, and the silent generation at 0.99%.
- Also, in 2017, 5.9% of 12th graders, 2.9% of 10th graders, and 0.8% of 8th graders used marijuana daily.
- Also, around 35 million Americans use marijuana regularly. Of this number, 24% are aged between 18 and 29, 13% (30 to 49), 11% (50 to 64), and 6% are over 65.
- Moreover, in Canada, the share of weed consumers in 2019 is spread as follows 15 to 24 (24%), 25 to 34 (26.9%), 35 to 44 (20.1%), 45 to 54 (15.7%), 55 to 64 (10.7%), and 65 or older (6.1%)
-

The silent generation (people aged 74 or older) runs the show in terms of spending. This generation has the most significant basket size, which is clearly their willingness to shell out more. This is highly possible because the silent era has accumulated more wealth and has grown their earning power over the years; hence, the ability to spend more.

- In terms of spending or basket size in 2019, the silent generation leads the way at \$33.68 on average. Baby boomers come second at \$30.66, followed by Generation X (\$28.31), Millennials (\$25.01), and Generation Z (\$23.59).
- Likewise, the silent generation spends \$16.97 per item, the highest among the generations. Baby boomers spend \$15.93 per item, Generation X (\$14.82 per item), Millennials (\$13.81 per item), and Generation Z (\$13.63 per item).
- Besides, men shell out more (\$14.80 per cannabis item) compared with women (\$13.75 per item).
- Interestingly, 55% of cannabis users in Canada transition to legal purchase channels to have better quality products.
- Moreover, 33% of marijuana users buy online from licensed producers. Whereas 30% buy from licensed private retailers, and 28% buy from government retailers.

Consumption of Cannabis by Region- When you think of countries where Cannabis is widespread, the United States or The Netherlands spring to mind, right? Now, it turns out that the trends are changing, and the statistics below offer a sneak peek into the dynamic cannabis world. But the numbers also offer a glimpse into the US market, which has, for many years, dominated the cannabis scene.

- According to the UNODC data, Oceania (New Zealand and Australia) leads the way regarding the prevalence of Cannabis at 10.9%. America comes second at 8.4%, followed closely by Africa (6.4%), Europe (5.4%), and Asia (1.8%). (UNODC data)
- Furthermore, when we investigate specific regions, Oregon leads the way in terms of marijuana use by the state in the United States at 28.56%. Colorado comes second at 27.77%, followed by District of Columbia (27.03%), Vermont (25.71%), Maine (24.53%), Alaska (24.52%), Washington (24.18%), and Nevada (22.61%).
- Besides, there are eleven states with legal recreational marijuana, including Alaska, California, Colorado, the District of Columbia, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, and Washington
- In addition, 22 states in the United States have legalized medical marijuana use.

- The west region controls 66% of the legal cannabis market in Canada. Ontario holds a 65% market share, Quebec 47%, and Atlantic (55%).
- Interestingly, more than 28 countries across the globe have eliminated the criminal penalties for possession of marijuana.

Medical Cannabis Statistics and Facts- As shown below by the marijuana statistics, Cannabis can be of great benefit, primarily when used for medical purposes.

- As of May 2018, California had the highest number of medical marijuana patients at 915,845. Other states on the top 5 list include Michigan (269,553), Arizona (162,528), Florida (108,981), and Colorado (88,946).
- Besides, the sales of medical Cannabis will grow by \$8.7 billion between 2018 and 2025.
- In the same fashion, the medical marijuana or cannabinoid pharmaceutical market will reach \$10 billion by 2022.
- Interestingly, in 2018, 67% of physicians favored marijuana use for medical purposes.
- Moreover, by 2018, Michigan had issued 215 medical marijuana production licenses, the highest number in the US.
- In 2014, 80% of physicians supported the legalization of medical marijuana and stated that it's potentially beneficial.
- Approximately 6% of US citizens smoke marijuana to relieve stress.

Medical Cannabis for cancer patients- Even with different states in the United States implementing permissive medical marijuana laws, uncertainty still looms over the effectiveness of this product for medical conditions. For patients with cancer, medical marijuana is a light at the end of the tunnel regarding symptom management.

The following medical marijuana statistics prove that patients, family members, and physicians are for the idea of using weed to deal with cancer symptoms.

- 83% of US citizens support the use of medical marijuana among cancer patients.
- Besides, 93% of cancer patients reported that medical marijuana helped manage their conditions or related symptoms.
- Also, 62% of cancer patients in the US are open to using medical marijuana to manage their cancer, nausea, pain, or other symptoms.
- In addition, 63% of cancer patients believe the benefits of medical marijuana outweigh the risks.
- As of 2018, 13% of cancer patients, 4% of cancer patients' family members, and 8% of caregivers have used medical marijuana to manage symptoms in the last 12 months.
- Interestingly, 48% of cancer patients using medical marijuana had difficulty accessing it in 2018.
- Moreover, approximately 45.9% of medical oncologists have recommended medical marijuana for cancer-related issues.
- Besides, 34.3% of oncologists believe that medical marijuana is equal to or more effective in managing cancer pain than standard treatments.

Overall, the use of marijuana in the medical field proves that this drug is a double-edged sword. People have seen the benefits of marijuana, and the consensus is to legalize the drug for medical use and make it available to the growing number of patients. It's not surprising then that there is an upsurge of businesses looking to try the legal production of medical marijuana.

Recreational Cannabis Statistics and Facts- Unlike medical marijuana, recreational marijuana has been the bone of content for years now. To legalize or not to legalize? Many states in the US have chosen the former, and as a result, the market for recreational marijuana is growing steadily. As you will notice, states that pioneered the legalization continue to dominate the sales chart for recreational Cannabis.

- In 2018, the total sales of legalized recreational marijuana amounted to \$4.4 billion.
- Also, as of 2018, the total sales of recreational marijuana in the US reached \$11.67 trillion.
- The recreational marijuana market in the US is valued at \$3.2 billion.
- Meanwhile, California is the leading state in recreational marijuana sales at \$5.6 billion.
- Besides, as of 2019, 10 states plus DC allowed for the use of recreational marijuana for people over the age of 21 years.
- Much like medical marijuana, there is sounding evidence that legalizing recreational marijuana increases the

prevalence of cannabis use.

- Correspondingly, recreational marijuana legalization has been linked with a 6% increase in car collision claims.
- In 2012, Colorado and Washington became the first states to legalize recreational marijuana for adults.
- Moreover, recreational marijuana will account for 67% of the market spending in the next decade, with medical Cannabis taking up the remaining 33%.
- On average, a recreational marijuana user spends \$49 on one purchase made every 14 days.
- The top 5 reasons why Canadians use recreational Cannabis are to help relax (66%), reduce stress or anxiety (62%), have fun with friends (58%), improve mood (48%), and as an alternative to alcohol (41%).

Legalization of Cannabis Statistics and Facts- Initially, the point of departure regarding the legality of marijuana use was the same for both the federal and state laws. However, recently, disparities have begun to show. While federal law has maintained a stance against marijuana, state laws have taken a dynamic approach. The results? Well, the marijuana statistics below tell the whole story.

- In 2013, Uruguay became the first country to legalize the growing, selling, and consumption of marijuana.
- In 2019, eleven states plus Washington, DC, legalized recreational marijuana for citizens over 21 years.
- Also, 32 states, including the District of Columbia, have legalized medical marijuana.
- In 2016, more than 70% of Florida voters approved the use of marijuana for medical purposes.
- Besides, more than 30 states in the United States allow for the use of marijuana to treat dozens of health problems.
- Two-Thirds of US citizens are for the legalization of marijuana, which reflects a steady increase in public support.
- Also, only 8% of Americans think marijuana should be illegal under all circumstances.
- According to 59% of US citizens, marijuana should be legalized for medical or recreational use. On the other hand, 32% think it should be legalized for medical use only.
- Moreover, according to a study by Gallup, in 2017, 64% of US citizens supported the legalization of marijuana.
- As of 2018, there were 9,397 active licenses of marijuana businesses across the United States.

The Cannabis Market is Shaping Up- Many things are taking place in the dynamic cannabis world. A section of the population thinks marijuana is a harmless herb and has put the best foot forward to unearth its benefits. Oncologists are for the idea of legalizing medical marijuana to help cancer patients deal with symptom management. On the other hand, cancer patients have clutched at the prospect of using Cannabis to ease pain and vomiting. Besides, the general public has expressed resounding support for the legalization of marijuana for both medical and recreational use. The states are heeding the calls, and many have legalized or are in the process of stipulating marijuana laws. The goal is to cleanse the tainted marijuana image, hoping to turn the tables and let the good side of weed begin to show. It's still early, nothing has been won yet, but there is hope that the cannabis industry will be huge in the coming years.

The Cali Girl

**A wholly-owned subsidiary of
Ladybug Resource Group, Inc. Trading Symbol: LBRG**

The Cali-Girl, California – is committed to providing and developing cannabis products from cultivated farms, market support, and sourcing of farms for Gold Mountain Distribution in a rapidly accelerating homeopathy market. While consciously Offering customers Cannabis products to advance a healthy, organic, active lifestyle.

Additional The Cali-Girl, products, and services Disclosed Gold Mountain Distribution Description.

6) Issuer's Facilities

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

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

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

Gold Mountain Distribution and The Cali Girl, sublease a 6,400 square-foot facility located at 3939 West Capitol Avenue in West Sacramento, California, and has the required virtual store-front license and distribution license, allowing GMD &TCG to board cannabis goods and sell directly to the consumer.

7) Company Insiders (Officers, Directors, and Control Persons)

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

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the Company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Alan K. Fetzer	President, CEO, Secretary, Treasurer and Director	4100 West Flamingo Road, #2750 Las Vegas, NV 89103	1,000	Series (B) Preferred	0.10%	51% Voting Control
David E. Argudo	Chairman and Director	3939 West Capital Ave, West Sacramento CA	1,522,125	Series (C) Preferred	15.22%	

8) Legal/Disciplinary History

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

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

NO

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

NO

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

NO

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

NO

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

NONE

9) Third Party Providers

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

Securities Counsel

Heskett & Heskett
John Heskett
2401 Nowata Place Ste. A.
Bartlesville, OK 74006
Telephone (918) 336-1773
Facsimile (918) 336-3152
jheskett@hesklaw.com

Accountant or Auditor

L. Huang
J & E Accountant
26895 Aliso Creek Rd,
Aliso Viejo, CA 92656

10) Issuer Certification

Principal Executive Officer:

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

The certifications shall follow the format below:

I, Alan K. Fetzer certify that:

1. I have reviewed this Annual Report, For the Period Ending: December 31, 2021, of Ladybug Resource Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 24, 2022

/s/ Alan K. Fetzer

Alan K. Fetzer, CEO

Principal Financial Officer:

I, Alan K. Fetzer certify that:

1. I have reviewed this Annual Report, For the Period Ending: December 31, 2021, of Ladybug Resource Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 24, 2022

/s/ Alan K. Fetzer

Alan K. Fetzer, CFO

Ladybug Resource Group, Inc.

Trading Symbol (LBRG)

ANNUAL REPORT

The Cali Girl, LLC

Private Company Unaudited Financial Statements
For The Fiscal Year Ended December 31, 2021

The Cali Girl, LLC

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Private Company Financial Statements

(Unaudited)

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The Cali Girl, LLC

Balance Sheet

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,906	\$ 1,553
Total Current Assets	<u>2,906</u>	<u>1,553</u>
 Property and equipment, net	 58,000	 20,000
 TOTAL ASSETS	 <u>\$ 60,906</u>	 <u>\$ 21,553</u>
 LIABILITIES AND MEMBERS' CAPITAL		
Liabilities		
Credit Line	\$ -	\$ 4,632
Loan other	39,052	-
Total Current Liabilities	<u>39,052</u>	<u>4,632</u>
 Total Liabilities	 <u>39,052</u>	 <u>4,632</u>
Members' Capital		
Opening balance equity	10,000	10,000
Capital distributions	(112,837)	(103,270)
Retained earnings	110,191	37,866
Net income	14,500	72,325
Total Members' Capital	<u>21,854</u>	<u>16,921</u>
TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u>\$ 60,906</u>	<u>\$ 21,553</u>

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

The Cali Girl, LLC
Statement of Operations

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Revenue	\$ 145,174	\$ 106,742
Cost of revenue	-	-
Gross profit	145,174	106,742
Operating Expenses		
General and Administrative Expenses	94,261	34,417
Depreciation	12,000	-
Professional fees	17,158	-
Total Operating Expenses	123,419	34,417
Net Operating income	21,755	72,325
Other expense		
Interest Expense	(7,417)	-
Other Income	162	-
Total Other expense	(7,255)	-
Net income	\$ 14,500	\$ 72,325

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

The Cali Girl, LLC
Statement of Cash Flows

	For the Year Ended December 31, 2021
OPERATING ACTIVITIES	
Net income	\$ 14,500
Depreciation	12,000
Adjustments to reconcile Net Income to Net Cash provided by operations:	-
Net cash provided by operating activities	26,500
INVESTING ACTIVITIES	
Purchase of property & equipment	(50,000)
Net cash used in investing activities	(50,000)
FINANCING ACTIVITIES	
Repayment credit line	(4,632)
Proceeds from auto loan	39,052
Members' contributions	4,078
Members' distributions	(13,645)
Net cash provided by financing activities	24,853
Net change in cash	1,353
Cash at beginning of period	1,553
Cash at end of period	\$ 2,906

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

The Cali Girl, LLC
Statement of Changes in Members' Capital

Members' capital, January 1, 2021	\$	16,921
Capital contributions	\$	4,078
Capital distributions	\$	(13,645)
Net income	\$	14,500
Members' capital, December 31, 2021	\$	21,854

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

The Cali Girl, LLC
Notes to the Private Company
Unaudited Financial Statements
December 31, 2021

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

The Cali Girl, LLC (the "Company" or "Cannagirl") was incorporated in California on May 3, 2018, with a principal place of business in San Francisco, California.

Cannagirl began as the brainchild of Ariana Tibbets ("Ariana") back in Arcata, CA in 2008, when Ariana was working to produce a line of organic homeopathic products under the umbrella of her upstart company Emerald Flower Pharmacy ("EFP"). Cannagirl was to be the flagship brand of EFP and include a line of tinctures and topical applications, the formulation of which were the result of years of practice in Western and Eastern medicines. In 2012, Ariana moved back to the Sierra Foothills, where she could be close to family and focus on her own farming in order to provide for her children. The passing of Proposition 64 led Ariana to start Gold Mountain Distribution ("GMD") in 2016. While sourcing out farms for her Gold Mountain Distribution company, she saw an enormous amount of strong, female driven cannabis farms throughout that state; this, paired with the #MeToo movement, made for a perfect situation to relaunch Cannagirl under a slightly revised ethos, one that reflected her maturation into motherhood, yet still captured her spirit of homeopathy: Mother and Earth approved

There may be other female-focused brands in cannabis, whether they be subscription services, media outlets, retail/delivery services or more, but none have the industry legacy of Cannagirl. The Company differentiates itself through its authenticity to the grass-roots foundation of California Cannabis. The Company's connections, relationships, strategic partnerships, and personal, hands-on experience is something that no other entity can match. The Company knows the struggling farmer in the Emerald Triangle, the state-wide regulating committees in Sacramento, and the best manufacturers, retail operators and distributors across the entire state.

Additionally, while other companies may be female focused in their customer segmentation, Cannagirl puts the female at the front of every aspect of the supply chain, from seed to sale. The Company wants its customers to know the face and name of every farmer the Company sources from, the Company wants them to gravitate towards supporting female empowerment across the entire industry.

Currently, the Company generates or will generate revenue through various ways:

Cannagirl coffee: The Company has been working with Dr. Scott Martin, MD, out of Henderson, NV, on a line of cannabis-infused coffee. The Company was introduced to Dr. Martin and his excitement for the brand itself compelled him to partner with the Company on the coffee, an already project of his. The appeal of this partnership comes in three primary factors: First, the premium quality of the coffee itself. Dr. Martin has connections to genuine Kona coffee from Hawaii and is blending it with (for now) Columbian coffee at a 20/80 split. Most Kona blends are 10%. Second, is the infusion of THC or CBD. All cannabis-infused coffees on the market have beans sprayed with CBD, which gets lost in both the grinding and percolation processes. The Company has a proprietary connection with GeoCann to use their custom method process, which uses emulsified CBD and THC powder that is 100% water soluble. The final factor is a powder called Whole Green Coffee Powder ("WGCP"), which is a 100% organic compound proven to spur weight loss.

THC Products: Cannagirl is, and always has been, about getting the most premium THC products into consumers' hands in order to benefit and support the proliferation of female farmers in California and around the world. Cannagirl is currently positioned to be a market leader in female THC products in California, and the Company is looking to expand this influence globally. The Company has flower, pre-rolls and vape pens, all sourced from world-class farms and master extractors. These products were launched in San Francisco, CA and Sacramento, CA in late 2018. The Company has personal relationships with top dispensary owners in these regions, as well as Los Angeles/Orange County, Santa Barbara, and Monterey Bay areas, all of whom are enthusiastic about carrying the brand.

Events: The Company is considering expanding Cannagirl into the cultural zeitgeist via events. The Company is exploring collaboration with events coordinators to bring Cannagirl to the forefront of such events and generate excitement and word-of-mouth influence.

Skin care: A key component of Ariana's vision, skincare products are further down the Company's pipeline purely due to the cost of goods required to launch.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP").

The accompanying unaudited financial statements have been prepared on a basis consistent with GAAP for financial information. In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. The results of operations for the periods are not necessarily indicative of the results expected for any future period.

Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of its wholly owned subsidiaries.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Such estimates include management's assessments of the carrying value of certain assets, useful lives of assets, and related depreciation and amortization methods applied.

Cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2021, the Company had no cash equivalents besides what was in the cash balances as of this date.

Fair value of financial instruments

In accordance with FASB ASC 820-10, *Fair Value Measurements and Disclosures*, the Company discloses the fair value of its assets and liabilities in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation. FASB ASC 820-10-35-39 to 55 provides three levels of the fair value hierarchy as follows:

Level One - Inputs use quoted prices in active markets for identical assets or liabilities of which the Company has the ability to access.

Level Two - Inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level Three - Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid, credit line approximate their fair value because of the short maturity of those instruments.

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB ASC to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Revenue recognition

The Company recognizes revenue in accordance with ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Under ASU 2014-9, the Company recognizes revenue when its customers obtain control of the promised good or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company applies the following five-step: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

At contract inception, once the contract is determined to be within the scope of ASU 2014-09, the Company identifies the performance obligation(s) in the contract by assessing whether the goods or services promised within each contract are distinct. The Company then recognizes revenue for the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company's performance obligations are established when a customer submits a purchase order notification (in writing, electronically or verbally) for goods, and the Company accepts the order. The Company identifies the performance obligation as the delivery of the requested product in appropriate quantities and to the location specified in the customer's contract and/or purchase order. The Company generally recognizes revenue when the product or service has been transferred to the customer, at which time the Company has an unconditional right to receive payment. The Company's sale prices are final, and the selling prices are not affected by contingent events that could impact the transaction price. Revenue is typically recognized at the time the product is delivered to our customer, at which time the title passes to the customer, and there are no further performance obligations.

The Company records a liability when receiving cash in advance of delivering goods or services to the customer. This liability is reversed against the receivable recognized when those goods or services are delivered.

Income taxes

As a limited liability company, the Company itself is not subject to United States federal income taxes. The members are individually liable for income taxes, if any, on their share of the Company's net taxable income. Accordingly, no provision or credit for income taxes is recorded in the accompanying financial statements. The Company anticipates paying distributions to its members in amounts adequate to meet its tax obligation.

Equipment

Equipment is recorded at cost. Depreciation is provided using straight line method over the estimated useful life of the related assets.

<u>Asset Category</u>	<u>Estimated Useful Life (Years)</u>
Vehicle	6 years

Impairment of Long-Lived Assets

The carrying value of long-lived assets are reviewed on a regular basis for the existence of facts and circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset over its estimated fair value.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02 (Topic 842), Leases, and issued subsequent amendments to the initial guidance or implementation guidance including ASU 2017-13, 2018-01, 2018-10, 2018-11, 2018-20 and 2019-01 (collectively, including ASU 2016-02, "ASC 842"), which supersedes the guidance in topic ASC 840, Leases. The new standard requires lessees to classify leases as either finance or operating based on whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether related expenses are recognized based on the effective interest method or on a straight-line basis over the term of the lease. For any leases with a term of greater than 12 months, ASU 2016-02 requires lessees to recognize a lease liability for the obligation to make the lease payments arising from a lease, and a right-of-use asset for the right to use the underlying asset for the lease term. An election can be made to account for leases with a term of 12 months or less similar to existing guidance for operating leases under ASC 840. The new standard will also require new disclosures, including qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. For public companies, the new standard is effective for interim and annual reporting periods beginning after December 15, 2018. The accounting standard is effective for non-public entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. We have elected this extension and the effective date for us to adopt this standard will be for fiscal years beginning after December 15, 2021. The Company is currently evaluating the potential impact of the Update on its financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Company classifies the following instruments as cash and cash equivalents: cash on hand, unrestricted bank deposits, and all highly liquid investments purchased with original maturities of three months or less.

The cash account balance of the business as of December 31, 2021, is as follows:

<u>Institutions</u>	<u>Interest rate</u>	<u>Maturity Date</u>	<u>Balance</u>
FIRST US - BoA	-	-	\$2,906

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Coverage (FDIC) standard amount is \$250,000 per depositor, per insured bank. As of December 31, 2021, the business had deposits with the First US and Bank of America that did not exceed the FDIC coverage limit.

NOTE 5 –SUBSEQUENT EVENTS

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no other reportable subsequent event(s) to be disclosed.

Exhibit A

Exhibit A are supplemental financial statements of the Company's now divested subsidiary Ladybug Merger Inc. Under Section 1088 of the Oklahoma Act, Ladybug Merger, Inc. acquired all of the predecessor's assets, rights, financial statements, obligations, and liabilities as the constituent or resulting corporation. Ladybug Merger, Inc. was divested upon the inception of the Company on April 8, 2022, having never been a part of the Company.

Ladybug Merger, Inc. Balance Sheet

	<u>December 31, 2021</u>
ASSETS	
Current Assets	
Cash and cash equivalents	<u>0.00</u>
Total Current Assets	<u>0.00</u>
 Prepaid deposit	 0.00
 TOTAL ASSETS	 <u>0.00</u>
 LIABILITIES AND EQUITY	
Liabilities	
Credit Line	<u>0.00</u>
Total Current Liabilities	<u>0.00</u>
 Total Liabilities	 <u>0.00</u>
Capital	
Opening balance equity	0.00
Capital contributions	0.00
Capital distributions	0.00
Retained earnings	0.00
Net income	<u>0.00</u>
Total Capital	<u>0.00</u>
TOTAL LIABILITIES AND CAPITAL	<u>0.00</u>

Exhibit A

Ladybug Merger, Inc. Statement of Cash Flows

	<u>For the Year Ended December 31, 2021</u>
OPERATING ACTIVITIES	
Net income	0.00
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Total Adjustments to reconcile Net Income to Net Cash provided by	
Net cash provided by operating activities	<u>0.00</u>
INVESTING ACTIVITIES	
	0.00
Net cash used in investing activities	<u>0.00</u>
FINANCING ACTIVITIES	
Loans and credit line distributions	0.00
	<u>0.00</u>
Net cash used by financing activities	<u>0.00</u>
Net change in cash	0.00
Cash at beginning of period	<u>0.00</u>
Cash at end of period	<u><u>0.00</u></u>

Exhibit A

Ladybug Merger, Inc. Statement of Operations

	For the year ended December 31, 2021
Revenue	0.00
Cost of revenue	0.00
Gross profit	0.00
Operating Expenses	
General and Administrative Expenses	0.00
Total Operating Expenses	0.00
Net Operating Income	0.00
Other Expense	
Interest Expense	0.00
Total Other expense	0.00
Net income	0.00

Exhibit A

Ladybug Merger, Inc. Balance Sheet

	<u>December 31, 2020</u>
ASSETS	
Current Assets	
Cash and cash equivalents	0.00
Total Current Assets	<u>0.00</u>
Prepaid deposit	0.00
TOTAL ASSETS	<u><u>0.00</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Credit Line	0.00
Total Current Liabilities	<u>0.00</u>
Total Liabilities	<u>0.00</u>
Capital	
Opening balance equity	0.00
Capital contributions	0.00
Capital distributions	0.00
Retained earnings	0.00
Net income	0.00
Total Capital	<u>0.00</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>0.00</u></u>

Exhibit A

Ladybug Merger, Inc. Statement of Cash Flows

	<u>For the Year Ended December 31, 2020</u>
OPERATING ACTIVITIES	
Net income	0.00
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Total Adjustments to reconcile Net Income to Net Cash provided by	
Net cash provided by operating activities	<u>0.00</u>
INVESTING ACTIVITIES	
	0.00
Net cash used in investing activities	<u>0.00</u>
FINANCING ACTIVITIES	
Loans and credit line	0.00
distributions	0.00
Net cash used by financing activities	<u>0.00</u>
Net change in cash	0.00
Cash at beginning of period	0.00
Cash at end of period	<u><u>0.00</u></u>

Exhibit A

Ladybug Merger, Inc. Statement of Operations

	For the year ended December 31, 2020
Revenue	0.00
Cost of revenue	0.00
Gross profit	0.00
Operating Expenses	
General and Administrative Expenses	0.00
Total Operating Expenses	0.00
Net Operating Income	0.00
Other Expense	
Interest Expense	0.00
Total Other expense	0.00
Net income	0.00