



## North American Cannabis, Inc. (USMJ)

*Attempting to Become the Starbucks of Cannabis*

Rating:  
**ACCUMULATE**

North American Cannabis, Inc.  
2523 Bomar Avenue  
Dallas, TX 75235  
Phone: (972) 528-0162  
www.GROWUSMJ.com

### FULL RESEARCH REPORT ON USMJ:

Published September 29, 2015

**Long-Term Target Price: \$0.55**

**Near-Term Target Price: \$0.15**

**Recent Price: \$0.0009**

- **Legal cannabis sales in the United States reached \$2.7 billion in 2014, concentrated in only six states.**
- **Worldwide market for marijuana expected to reach \$10.2 billion by 2018.**
- **Legal marijuana was the fastest growing industry in the United States in 2014.**
- **Acquired CityBlends Café Licensee, with revenues exceeding \$400,000 and 55% Gross Margins.**

#### COMPANY OVERVIEW AND PRODUCTS:

North American Cannabis, Inc. (OtherOTC: USMJ), (“the company”) focuses on the market for legal marijuana products. The company was incorporated in Nevada in 1999 as Mextrans Seafood Consulting, and has undergone several business strategy and name changes. Beginning in the fall of 2013, the company brought in a new management team which shifted the company’s focus from biodiesel products produced from algae and changed the company’s name from Algae International Group, Inc. In November 2013, the company entered the emerging legal cannabis market sector.<sup>1</sup> The company initiated several different enterprise pilots in the legal cannabis market, and progressively narrowed its focus to cannabis consumer products. The company is headquartered in Dallas, Texas.

The company’s corporate structure consists of two divisions: American Seed & Oil Company; and AmeriCanna Café. Within the American Seed & Oil Company, the company focuses on two areas: first, cannabis infused consumer product pilots centered on the areas of healthcare and consumer wellness; and second, a cooperative for cannabis growers that focuses on sustainability. Within the consumer products area, the company will establish partnerships with independent innovators of cannabis consumer products, minimizing the company’s investment in new product development. Within the growers’ cooperative area, the company has established the “Cannabis Cultivators Operative” to bring products grown under high quality standards to consumers, and pool advertising and marketing resources.



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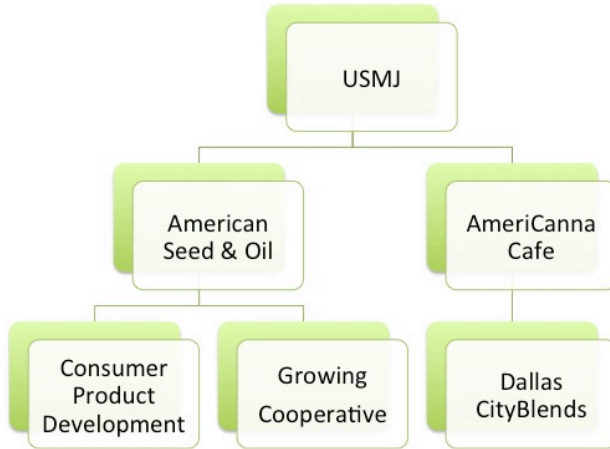
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Those consumer development projects that are ready to become mainstream products within the



## Corporate Structure



American Seed & Oil division will be spun into independently-listed public holding companies, reducing the company's financing requirements for multiple operations. Existing shareholders of the company's stock will participate in the new companies through stock dividend distributions. In a similar fashion, future "mainstream" initiatives developed under the AmeriCanna Café division will be developed under new

public companies, with stock dividend distributions to existing shareholders of the company.



## AmeriCanna Café A Destination Beverage Business "The Starbucks of Cannabis"



In June 2015, the company created its "AmeriCanna Café" concept through the acquisition of a ten-year-old smoothie café operation, the Dallas Metroplex CityBlends Café, in Dallas, Texas. This acquisition gives the company a profitable model, with over \$400,000 in annual sales and 55% gross margins, from which to build a national retail chain under its AmeriCanna Café brand.

The company has introduced hemp protein, CBD and hemp energy infused smoothies in its existing smoothie café, and has announced plans to launch its flagship cannabis infused beverage restaurant in the summer of 2016. The company plans to rollout a nationwide chain of such cafés which serve cannabis infused coffees, smoothies, cold pressed juices, and cannabis edibles.



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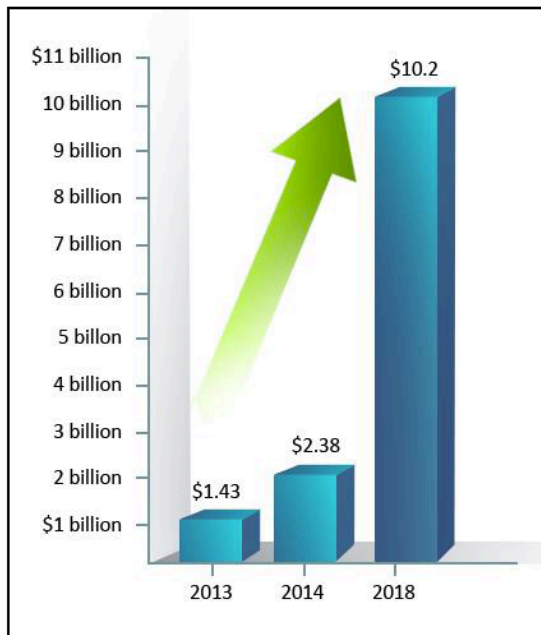
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The initial menu features CBD and hemp infused beverages which are currently legal federally, with plans to add THC infused beverages as the law permits.

### MARKET AND COMPETITION:

#### The US National Legal Marijuana Growth Rate



In five states, the market for legal marijuana products exceeds \$100 million annually, with sales in a sixth state exceeding \$50 million.<sup>5</sup> If marijuana is legalized at the federal level, revenues for the legal cannabis industry could reach \$35 billion by 2020 according to Greenwave Advisors.<sup>6</sup>

In 2014, the market for legal cannabis, or marijuana, increased by 74% to reach \$2.7 billion in retail and wholesale sales, and was the fastest growing industry in the United States.<sup>2</sup> This growth is expected to continue, with the market reaching \$10.2 billion by 2018.<sup>3</sup> Between 2009 and 2014, the cannabis industry grew 16.2% annually, and growth is expected to increase to 23.3% annually between 2014 and 2019.<sup>4</sup>



Source: ArcView Market Research (\$bil., consumer and wholesale sales).

The market for legal cannabis sales in 2014 was \$2.7 billion, largely concentrated in six states.<sup>7</sup> Currently, 23 states have legalized medical marijuana, and two states, Washington and Colorado, have legalized marijuana for recreational use.



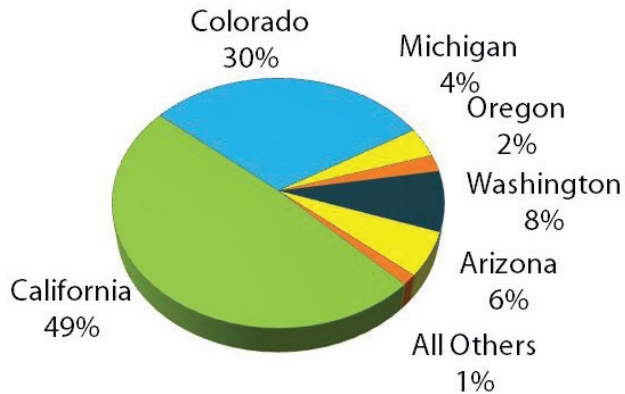
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Large active medical marijuana markets are expected to emerge in Illinois, Massachusetts and Nevada during 2015 – 2016, with additional medical marijuana markets expected to emerge in Minnesota and New Hampshire during the same time period.



Source: ArcView Market Research (consumer and wholesale sales) and stems of the cannabis (marijuana) plant.

There are at least 85 different active cannabinoids (chemical compounds that repress neurotransmitter release in the human brain). The two most widely known and used are Cannabidiol (“CBD”) and Tetrahydrocannabinol (“THC”). Cannabidiol is believed to have a number of beneficial effects on the human body, and lacks the psychoactive (mood or consciousness altering) effects of THC. Cannabidiol is often obtained through industrial hemp, found in the seeds

Hemp, a member of the cannabis plant species that lacks THC, is emerging as a potentially strong product in a variety of industries. Hemp is generally defined as varieties of cannabis that contain no more than 0.3% of THC<sup>8</sup>. The \$500 billion Farm Bill (Public Law 113-79), which passed in 2014, allows for limited hemp cultivation and permits universities and state agricultural agencies to grow hemp without interference from the federal government and the Drug Enforcement Agency.<sup>9</sup> Production of hemp has been stagnant in the United States since 1937 when the passage of the Marihuana Tax Act, which levied a tax on anyone who dealt commercially in cannabis, hemp, or marijuana, began the prohibition of cannabis.<sup>10</sup> Industrial hemp cultivation is now legal in 26 states, including: California; Colorado; Connecticut; Delaware; Hawaii; Illinois; Indiana; Kentucky; Maine; Maryland; Michigan; Minnesota; Missouri; Montana; Nebraska; Nevada; New York; North Dakota; Oregon; South Carolina; Tennessee; Utah; Vermont; Virginia; Washington; and West Virginia.<sup>11</sup>

There are over 25,000 products based upon industrial hemp, including: construction timbers; foundation blocks; clothing; oil-based paints; as moisturizing agents in creams and other body products; cooking; plastics; health food and meal; hemp milk; paper; textiles; bio-fuel; and nutritional products. The estimated size of the U.S. market in hemp-based products exceeds \$580 million annual sales.<sup>12</sup>

The size and rapid growth of the legal marijuana market has resulted in a highly competitive and fragmented market which has attracted numerous smaller players offering both retail marijuana and hemp products and medical marijuana and hemp products. Many of these smaller players have significant risks, including: weak financial results, high cash burn rates, and an inability to gain traction and develop a significant market presence. Companies that have potential to do well in the rapidly emerging legal marijuana industry are those that have overcome the obstacles of developing proprietary products, have strong management teams, and have significant customer acceptance.



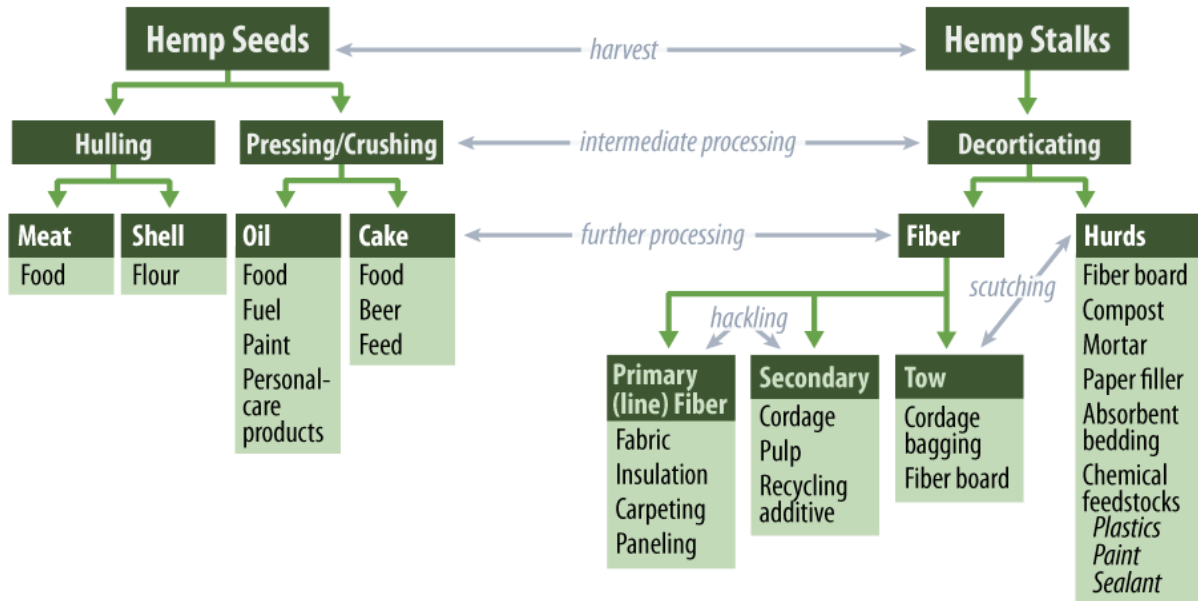
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Competitive factors in the industry include existing strategic relationships with customers and vendors, ability to meet consumer demand, quality and breadth of product offerings, scalability, customer service, and price.

### Industrial Hemp




Due to the limited nature of the company’s current financial filings, the company has not listed those companies that it considers competitors. Companies that have entered, or announced plans to enter, the market for cannabis-infused beverages include: Dixie Elixirs; Greene Concepts Inc. (OtherOTC: LKEN); Marijuana Market; Mirth Provisions; The Venice Cookie Company; and Totally Hemp Crazy (OtherOTC: THCZ). Companies that have entered the market for cannabis-infused edibles include: Auntie Dolores; Baked; Bhang Chocolate; Cheeba Chews; The Farmacy; Gramp’s Gourmet Goodies; The Green Cross; Green Karma Delivery; Harborside Health Center; Home Grown Bakery; Hubby’s Edibles; Marijuana Market; Medmar Healing Center; Nugtella; OrganiCann; and Sunset Super Shop.

Many of the company’s potential competitors are more established corporations that have substantially greater capital, financial, managerial, marketing, personnel, product development and other resources than the company.

**MANAGEMENT:**

**Steven Rash – Chairman/Chief Executive Officer** - Mr. Rash is a medical industry veteran with a lengthy list of career accomplishments and experiences.



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Mr. Rash has negotiated medical device licensing agreements and health care partner strategic alliances that combined have generated over \$650 million in new revenues. Mr. Rash has also managed numerous drug trials and secured multiple FDA approvals.

He has signed over 400 managed care contracts and made more than 200 Boardroom presentations at Fortune 500 companies. Mr. Rash served as President and CEO of American BioMed, Vice President of Blue Rhino Corporation, and Division President of Maxum Health Corporation. He earlier held numerous vice presidential positions at BOC Group, PLC.

Mr. Rash has a BS in Business Administration from the University of Delaware and an MBA from Southern Illinois University. Mr. Rash is also a Veteran of the United States Army.

**Edward Bollen – Director/Founder** – Mr. Bollen has over 30 years experience with the U.S. government, beginning with his service in the U.S. Marine Corps. Following active duty, Mr. Bollen worked with various military and law enforcement entities at the local, state, and federal level, including the Drug Enforcement Agency. On behalf of the U.S. government, Mr. Bollen served as a Contracting Officer Technical Representative, working with U.S. government contractors to develop specialized equipment, projects or designs. Mr. Bollen has also worked in both the United States intelligence community, and the United States Foreign Service, as a diplomat stationed primarily in Africa and the Middle East.

**RECENT DEVELOPMENTS:**

On Tuesday, August 25, 2015, the company's introduction of smoothies infused with hemp protein, at its newly acquired health food cafe in Dallas, was featured on the NBC Evening News. NBC's coverage included additional cannabis products to be sold in the cafe. The news report highlighted the company's plans to open its first cafe under the AmeriCanna Cafe brand name in Frisco, Texas. Frisco, Texas has been recognized in recent years as one of the top places to live in the nation, due to strong infrastructure, quality commercial developments, and exceptional leadership. The site selected for the first AmeriCanna Café is less than one mile from Jerry Jones' new \$2 billion, 91-acre multi-use event center and home for the Dallas Cowboys.

On Tuesday, July 28, 2015, the company executed an agreement to spin-off its healthcare operations in a transaction to include a shareholder dividend. Shareholders are to receive one share of the healthcare operation spinoff for every one share of North American Cannabis Holdings, Inc. The company entered into an agreement with Puration, Inc. (OtherOTC: PURA) to exchange North American's healthcare operations for Puration preferred stock.

On Friday, July 10, 2015, the company filed a Pro Forma financial statement following the June 30, 2015 acquisition of a Dallas, Texas based destination beverage business.



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The statement disclosed approximately \$420,000 in annual revenue and a gross profit margin of 55% from the acquired operation. The acquired business is an ongoing operation with over a 10-year operating history selling smoothies and other beverages and serving health conscious food. The company plans for the management from the acquired operation to open a first standalone AmeriCanna Cafe in the Dallas Metroplex as the model store for a national chain.

On Tuesday, June 30, 2015, the company announced the strategic acquisition of the cornerstone of its AmeriCanna Café business plan. The acquired health beverage café, located in the Dallas Metroplex, is the flagship licensee of the CityBlends smoothie and juice bar brand. CityBlends has a nationwide network of over 300 licensed smoothie and juice bar operators, in addition to a growing global presence. "The Dallas Metroplex store acquired by [the company] is a longtime CityBlends leader and an ideal operation to work with in innovating a new beverage line," said Stephanie Suddarth, CityBlends President.

On Wednesday, June 24, 2015, the Company's AmeriCanna Café business was featured in an article released by cannabis advocate "Cashinbis". The article refers to the AmeriCanna Café the "Starbucks of Cannabis".

On Tuesday, Jun. 16, 2015, the company introduced The 'AmeriCanna Café,' a Cannabis Infused Beverage Shop Chain. The AmeriCanna Café is a destination beverage company designed to let consumers interface with trained staff to learn about the specific benefits of cannabis and to select healthy and refreshing cannabis infused beverages. The menu will include custom blended hemp infused coffee, cold pressed juices and smoothies in addition to carrying raw hemp seeds and other hemp infused foods. As state and federal law permits, THC infused beverages and foods will be added to the menu.

***RISK FACTORS:***

An investment in the common stock of the company is subject to a number of risks. The information on the following page contains excerpts of some of the risk factors that existing and potential investors should anticipate, as provided by the company. Because shares of the company's common stock do not trade on a listed exchange, the company is not required to file its financial statements with the U.S. Securities and Exchange Commission ("SEC"). Thus, there are no risk factors included in the company's financial statement filings.<sup>13</sup>

Investors should carefully consider the risk factors set out on the next page of this report, and consider all other information contained herein, as well as the company's anticipated future filings with the SEC, before making an investment decision. We assume no obligation to update or revise any such forward-looking statements to reflect events or circumstances that occur after such statements are made.



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- The company has recently incurred substantial losses and it may not be able to achieve or sustain profitability in the future.
- The company's growth is dependent upon securing sales to new customers, growing net sales to existing customers and increasing its market share, in a competitive market for beverages.
- The company faces risks related to the integration of the newly acquired Dallas Metroplex CityBlends café.
- The company's future growth is heavily dependent upon its ability to profitably grow its AmeriCanna Café concept, including the ability to locate and staff profitable locations and maintain a positive working relationship with CityBlends and Lone Star Distribution.
- The company's gross margins and profitability may be adversely affected by rising commodity costs.
- If the company is unable to attract, train and retain key personnel, its business may be materially and adversely affected.
- The company is dependent upon the funds it has raised so far and the support of its majority shareholders to continue its operations, which may be insufficient to achieve significant revenues, and the company may need to obtain additional financing which may not be available.
- The company may be unable to secure additional funding in the future or to obtain such funding on favorable terms.
- Problems with product quality, including defects, could result in a decrease in customers and net sales, unexpected expenses and loss of market share.
- The company may be subject to claims that it has infringed, misappropriated or otherwise violated the patent or other intellectual property rights of a third party. The outcome of any such claims is uncertain and any unfavorable result could adversely affect its business, financial condition and results of operations. The company's business could be adversely affected by seasonal trends.

### **OUTLOOK:**

The company has had no measurable revenue from its "enterprise pilots" to date, as reported in the company's most recent financial reports for the period ended March 31, 2015.<sup>14</sup> Following the announcement of the acquisition of the CityBlends Café at the Dallas Metroplex, the company filed Pro Forma financial statements, which are shown in the Appendix to this report. If the company is successful in integrating this operation with its other businesses, the company has the potential to achieve revenues and gross margins that equal those previously achieved under the management of CityBlends. At the time of acquisition, the Dallas Metroplex CityBlends Café operation had revenues of approximately \$420,000 and Pro Forma gross margins of 55 percent. If the company can achieve similar "unit level" financial results as it expands its AmeriCanna Café concept, the company has the potential to achieve future profitability.



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In conjunction with the CityBlends Café acquisition, the company gained significant experience in the health and wellness beverage industry. The CityBlends Café concept is backed by Lone Star Distribution, a leading distributor of supplements in the United States. If the company is successful in maintaining a positive working relationship with CityBlends and Lone Star Distribution, the company has the potential to achieve significant savings in its planned national rollout of the AmeriCanna Café concept, through the use of its own distribution network. The company is attempting to differentiate itself from existing and potential competitors through the use of this network, as well as using highly trained café employees available to discuss and address specific aspects and characteristics of cannabis infused beverages and edibles.

### **RECENT PRICE ACTION:**

As can be seen on the charts on the following pages, the company's stock has been under significant pressure throughout calendar 2015, falling from a peak of approximately \$0.62 per share on January 26, 2015. The company's stock was under pressure throughout February, 2015, before bottoming at approximately \$0.04 per share on February 25, 2015. The stock staged a brief rally in early March, peaking at approximately \$0.07 per share on March 9, 2015. The company's stock drifted lower throughout March, bottoming at approximately \$0.02 per share on April 1, 2015. After staging a brief rally that carried the stock back to the \$0.06 per share range in early April, the stock peaked at approximately \$0.0618 on April 7, 2015, and began a slide that drove the stock below the \$0.01 per share level by early June, 2015. The stock closed below the \$0.01 per share level for the first time on May 8, 2015. The company's stock price movement throughout the first half of 2015 was accompanied by relatively low trading volume.

Beginning on June 1, 2015, interest in the company's stock began to increase, with trading volumes increasing, and the stock staging a brief rally that carried the stock back to prior resistance near the approximately \$0.02 per share level. The rally peaked at approximately \$0.017 per share on June 16, 2015. From this peak the company's stock began a largely uninterrupted slide to bottom at approximately \$0.0015 per share on August 18, 2015. The stock remained range bound between approximately \$0.0013 and \$0.0023 until mid-September 2015. The stock currently trades at approximately the \$0.0010 level, and closed on Friday, September 25, 2015 at \$0.0009 per share, on volume of 20,459,320 shares, as compared to the stock's three-month average trading volume of 13,373,100 shares.<sup>15</sup>

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USMJ North American Cannabis Holdings, Inc. OTC Mkt.

25-Sep-2015

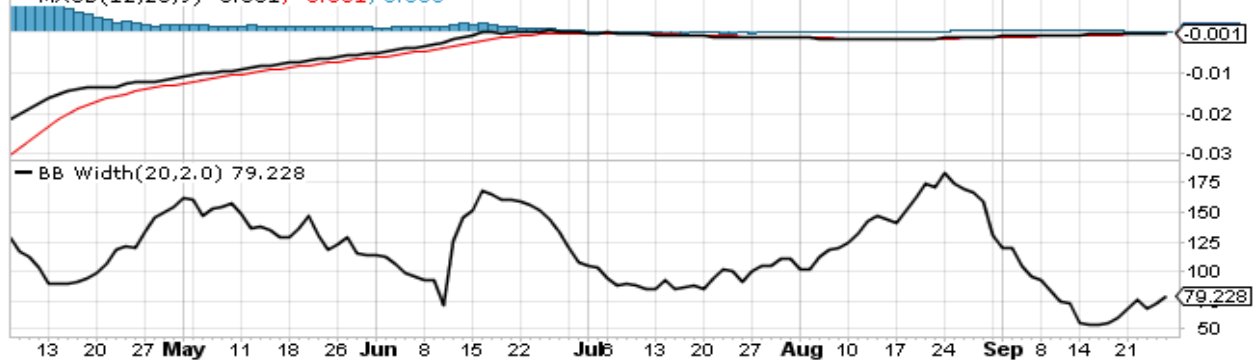
Open 0.0011 High 0.0011 Low 0.0009 Close 0.0009 Volume 20.5M Chg -0.0001 (-10.00%)

© StockCharts.com

▲ RSI(14) 35.67



— MACD(12,26,9) -0.001, -0.001, 0.000



## VALUATION:

Due to the company's lack of revenues and profitability, to arrive at a valuation for the company, I relied upon technical analysis, using Fibonacci retracement to arrive at a near-term price target of \$0.15 per share, and a long-term price target of \$0.55 per share. The projections can be seen in the chart on the following page.<sup>16</sup> Fibonacci Retracements are ratios used to identify potential reversal levels. These ratios are found in the Fibonacci sequence. The most popular Fibonacci Retracements are 61.8% and 38.2%. Following a price decline, Fibonacci Retracements are applied to forecast the length of a counter trend bounce.<sup>17</sup> I anticipate revising my price target higher as the company's reports positive financial results and a successful rollout of the AmeriCanna Café concept.

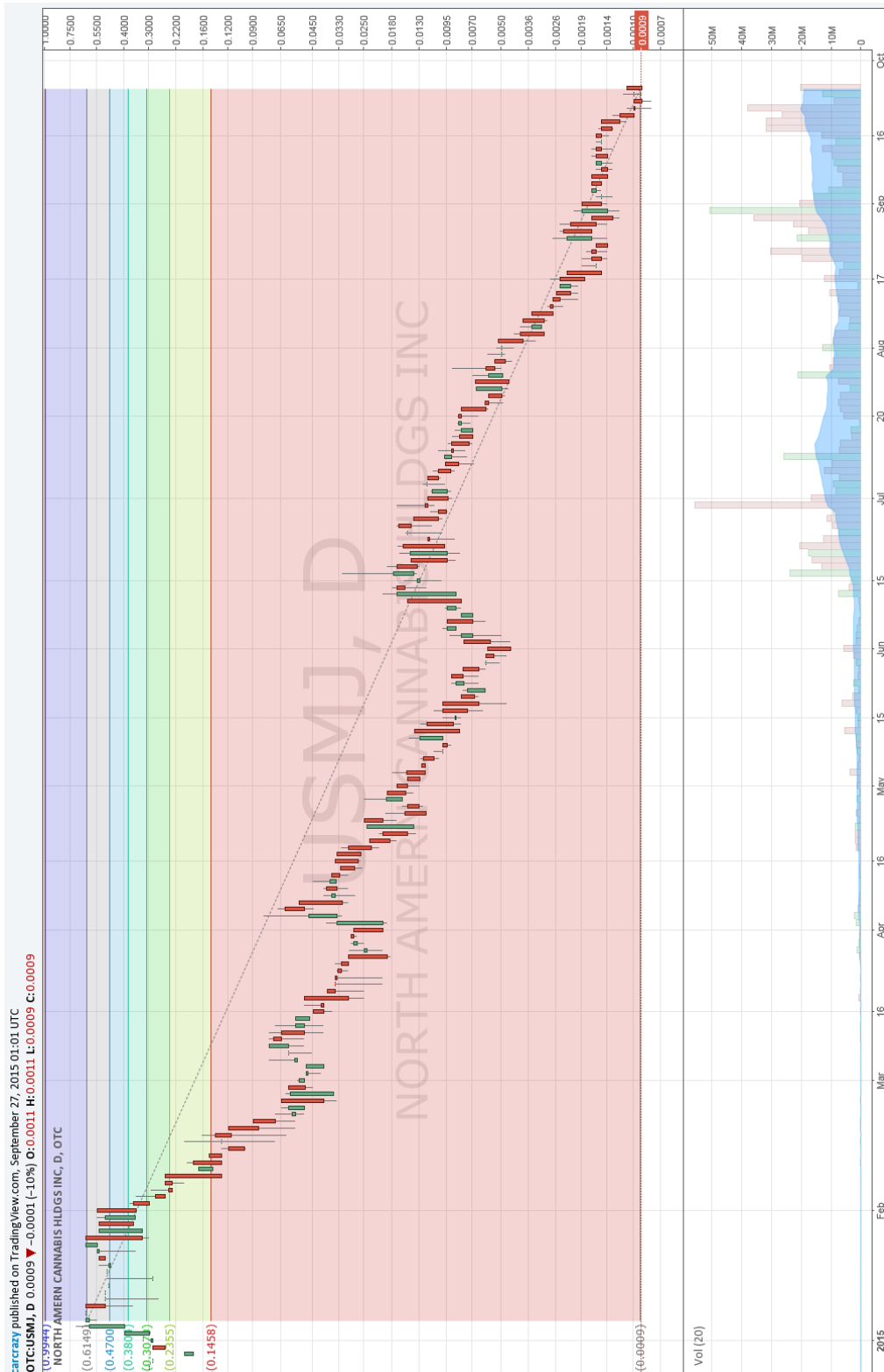


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### **BOTTOM LINE:**

The legal cannabis market continues to enjoy significant growth, capturing an increasing share of consumer's spending. Analysts are predicting continued strong growth over the foreseeable future as more states legalize marijuana consumption and production. Significant future industry growth would be driven by legalization of marijuana usage and hemp production at the federal government level. Emerging industry trends that have been identified by analysts include:<sup>18</sup>

- Innovative delivery systems where the marijuana flower is no longer the dominant market force for innovation. Easier and healthier alternative delivery formats gain market share.
- Multistate licensing as national cannabis brands emerge in a state-segmented market
- Product testing, as states require potency and contaminant testing to ensure consumer safety.
- Changing cultivation as licensed cultivation facilities become larger, creating challenges and opportunities to meet the needs of these larger customers.
- The potential for the federal government to legalize marijuana usage and hemp production.

Legal cannabis markets are expected to grow 32% in 2015, with continued strong growth driven by legalization efforts in eight states, including California, Florida, Nevada, and Rhode Island. Markets in several states, including Illinois, Massachusetts, New Hampshire, and Nevada, are expected to begin operation.<sup>19</sup>

States including Maryland, Minnesota, and New York are expected to finalize regulations necessary to open these markets in 2016. The time required for new markets to progress from legislative action to an active market is generally longer than anticipated, and 2015 is expected to be a year where efforts are dedicated to building the infrastructure that leads to larger sales of legal marijuana and hemp products in 2016.<sup>20</sup>

The biggest drawback for the industry is that cannabis remains illegal under federal law. The Drug Enforcement Agency still categorizes marijuana as a Schedule 1 controlled substance, which means the federal government considers it to be as dangerous as heroin, with no medical use and high potential for abuse. Based on the existing markets, AMR projects that full legalization of marijuana nationwide would result in \$36.8 billion in retail sales, larger than the \$33.1 billion U.S. organic foods market.<sup>21</sup>

In 2013, a memorandum from Deputy Attorney General James Cole formally set a pro-cannabis tone for the U.S. Department of Justice's involvement in states' jurisprudence over their own cannabis laws. Under the memo, prosecutors were guided not to base prosecutions on the size of commercial cannabis operations alone. Raids on dispensaries and grow operations dropped dramatically in 2014, suggesting that most in the federal government took the Cole Memo to heart. Then, in February 2014, guidance from the U.S. Treasury Department and the DOJ indicated that banks that offer financial services to cannabis based businesses in legalized states would not be punished if both the bank and its clients follow the basic business tenets set forth by the Cole Memo, as well as specific reporting requirements and due diligence expectations.<sup>22</sup>



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In the biggest federal win for the cannabis legalization movement in history, a rider in a December 2014 Congressional “cromnibus” spending bill passed and effectively eliminated the federal government’s fiscal capacity to interfere with states in their implementation and oversight of medical cannabis laws. The same spending bill, however, may impede the District of Columbia’s ability to enact Adult Use cannabis laws through much of 2015.<sup>23</sup>

The public markets have seen a massive influx of companies that seek to capitalize on investor interest in this emerging industry sector. The number of public cannabis companies skyrocketed at the beginning of 2014 and then plummeted later in the year because of SEC actions and a market that became wise to penny stock “pump-and-dump” schemes.<sup>24</sup> The shares of these companies trade primarily on the OTC market and are subject to limited listing requirements. The Securities and Exchange Commission put temporary trading halts on the shares of five publicly-traded companies in 2014, due to concerns over the accuracy of financial statements, potentially illegal sales of securities, and market manipulation.<sup>25</sup>

Risk adverse investors may want to wait until marijuana and hemp are legalized at the federal government level, which is likely to attract larger better managed, and better capitalized, publicly-traded companies to emerge.

As the industry matures, careful stock selection will become important for investment outperformance. Given the sharpened focus by the company’s management team on the legal marijuana market, planned rollout of the AmeriCanna Café concept, potential for beneficial distributions of shares in profitable consumer product companies, and the positive revenue stream provided by the Dallas Metroplex CityBlends Café acquisition, I believe that the company has the potential to achieve this investment outperformance.

As with any investment in smaller companies that are trading under \$0.01 per share, an investment in the shares of the company is potentially a very “high risk, high reward” situation. The company has not yet reached profitability, has minimal revenues, an emerging product line, and an emerging business strategy. The company’s financial reporting schedule has not required the company to file a financial report in more than three months, in which time the number of common shares issued and outstanding has likely increased and such an increase may be substantial. Despite some recent positive announcements, the stock continues to be under significant selling pressure and is not widely followed by “sell side” analysts. The company’s share price is likely to remain highly volatile and will react strongly to both positive and negative news releases, including the pending release of the company’s annual report.

Potential investors in the common stock of North American Cannabis, Inc. should conduct their own due diligence and carefully consider any investment in this company. The company’s stock has the potential to retrace recent price declines and penetrate resistance at approximately the \$0.015 per share range.



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While the company's stock has the potential to retrace recent price declines in the near term, I believe that the longer term risks outweigh the foreseeable rewards, and initiate coverage with an "Accumulate" recommendation. I anticipate revisiting my recommendation as the company releases its annual report and provides additional guidance on executing its business plan.

### **APPENDIX:**

The following Pro Forma Consolidated Balance Sheet and Pro Forma Income Statement were provided by the company following the acquisition of the Dallas Metroplex CityBlends Café. In conjunction with the acquisition, the company issued notes totaling \$550,000, payable over a 24-month period.<sup>26</sup>

**NORTH AMERICAN CANNABIS HOLDING S, INC. AND SUBSIDIARY  
CONSOLIDATED PRO FORMA BALANCE SHEET  
WITH  
ACQUISITION OF DALLAS CITYBLENDS CAFÉ  
FOR THE YEAR ENDED JUNE 30, 2015**

**ASSETS**

<b>CURRENT ASSETS:</b>		
Related party receivables	\$	68,500
Cash		<u>150,000</u>
Total current assets		218,500
Long Term Note Receivable, including accrued interest		331,422
Furniture and Equipment, net		<u>547,500</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,095,422</b>

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

<b>CURRENT LIABILITIES:</b>		
Accounts payable – accounting/legal	\$	99,118
Accrued interest – reserve		500,000
Accrued consulting fees/salaries		220,000
Advances payable		102,500
Advances payable – prior related parties (1)		30,750
Advances payable – prior related parties (2)		508,425
Purchase note payable		500,000
Convertible notes payable		966,768
Convertible notes payable – prior related parties		1,173,809
Convertible promissory note payable – prior related party, current		<u>696,455</u>
Total current liabilities		4,703,135
Debt Settlement/Promissory note payable		<u>173,164</u>
<b>Total liabilities</b>		<b>4,876,299</b>

**North American Cannabis, Inc.  
(USMJ)**

*Attempting to Become the Starbucks of Cannabis*

Rating:  
**ACCUMULATE**

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www.GROWUSMJ.com

**NORTH AMERICAN CANNABIS HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS  
WITH  
ACQUISITION OF DALLAS CITYBLENDS CAFÉ  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Revenue:</b>	
Sales	\$ 420,222
Cost of sales	<u>189,100</u>
Total gross profit	231,122
<b>Operating Expense:</b>	
General and administrative expenses	\$ <u>380,000</u>
Total operating expenses	<u>380,000</u>
Loss from operations	(128,000)
<b>Non-operating income(expense):</b>	
Interest Income	28,144
Interest and finance costs	<u>(136,155)</u>
Total non-operating income (expense)	(110,381)
<b>Net Loss</b>	\$ (239,239)
<b>Weighted average shares outstanding:</b>	
Basic	<u>90,000,000</u>
Diluted	<u>90,000,000</u>
<b>Loss per share attributed to North American Cannabis Holdings, Inc. Common stockholders:</b>	
Basic	\$ (0.003)
Diluted	\$ <u>(0.003)</u>
shares, par value \$0.001, 90,000,000 shares I/O	90,000
Additional paid-in capital	392,423
Accumulated deficit during development stage	(4,263,380)
Total stockholders' deficit	<u>(3,780,857)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	\$ <u>1,095,422</u>



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<sup>2</sup> <http://www.arcviewmarketresearch.com/>

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<sup>18</sup> <http://www.arcviewmarketresearch.com/>

<sup>19</sup> Ibid.

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