

Annual Disclosure Document

1) **Name of the issuer and its predecessor(s):**

THC Pharmaceuticals, Inc. The issuer was originally incorporated under the name City Media, Inc. and subsequently changed its name to THC Pharmaceuticals, Inc. on February 15, 2015.

2) **Address of the issuer's principal executive offices:**

Company Headquarters

Address 1: 1000 Newbury Road, Suite 138 -B

Address 2: Thousand Oaks, CA 91320

Phone: (323)420-8583

Email: info@cbdg.com

Website: <https://cbdg.com>

IR Contact

None

3) **Security Information**

Trading Symbol: CBDG

Exact title and class of securities outstanding: Common Stock

CUSIP: 177887 106

Par or Stated Value: \$0.001

Total shares authorized: 90,000,000 as of: September 30, 2018

Total shares outstanding: 16,631,600 as of: September 30, 2018

Transfer Agent

Action Stock Transfer

2469 E. Fort Union Blvd, Suite 214

Salt Lake City, UT 84121

Phone: 801-274-1088

Action Stock Transfer is registered under the Exchange Act.

Restrictions on the transfer of security: None

Trading suspension orders issued by the SEC in the past 12 months: None

Stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs, or reorganizations either currently anticipated or that occurred within the past 12 months:

The Company acquired a majority ownership of CBDual Biotechnology Corp. CBDual is a pharmaceutical start-up company focused on developing products based on cannabidiol (CBD). The company facility is located in southern California, providing easy access for patients to participate in clinical trials of new medical cannabis medications, therapies, and products. The Company acquired 50.1% of CBDuals authorized shares in exchange for 1,500,000 CBDG shares and \$250,000. The founder of CBDual and owner of the remaining 49.9% of the authorized shares of CBDual will continue to manage the business affairs of CBDual pursuant to a three year employment agreement. If CBDual meets certain benchmarks between now and December 31, 2020, the founder will receive shares of CBDG common stock in exchange for his shares of CBDual stock, whereupon CBDG will own 100% of CBDual. The benchmarks referenced above include achieving certain revenue levels, the filing of patent applications, and the registration with, and subsequent approvals from, the US FDA.

4) Issuance History

Events that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period:

The Company issued 1,500,000 shares for acquiring 50.1% of CBDual Biotechnology Corp.

5) Financial Statements

Incorporated by reference to the financial statements posted with OCT Markets for period ending September 30, 2018

6) Describe the Issuer's Business, Products and Services

A. A description of the issuer's business operations: The Company owns, maintains and places automated teller machines ("ATMs") at high traffic consumer locations in Salt Lake City, Utah and surrounding cities.

B. Date and State of Incorporation: incorporated in the state of Utah on April 14, 2005

C. Issuer's primary and secondary SIC Codes: 2834 and 6199

D. Issuer's fiscal year end date: September 30th

E. Principal products or services, and their markets: Principal products are ATM machines, servicing consumers in the Salt Lake City, Utah area. In addition, on March 10, 2015, the Company filed US patent No. 14-638,939 related to digital currency wallets and specifically to wallets that securely hold multiple currencies. On March 12, 2015, the Company acquired an eighty percent interest in US Patent Application No. 14/564,672 and PCT Application No. PCT/US15/18820, for \$8,532. The patents relate to methods of producing antibody-rich cannabis and honeysuckle plants. On January 12, 2017, the Company entered into an agreement with International Construction & Engineering, an Arizona corporation to acquire 78 acres of unimproved real property located in Kramer Junction California. Completion of this agreement has not been finalized.

7) Describe the Issuer's Facilities

The Company leases office space in a medical plaza located at 1000 Newbury Road, Suite 138 in Thousand Oaks, California.

8) Officers, Directors, and Control Persons

A. Mike Gravel, CEO

David Tobias, President, Secretary and CFO New Compendium Corp., Controlling Shareholder. Mr. Tobias resigned on January 2, 2018 and Michael Handelman has been retained to be the interim CFO.

B. Legal/Disciplinary History In the last five years, none of the foregoing have 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);
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;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Beneficial Shareholders. The name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities.

New Compendium Corp

P.O. Box 1363

Discovery Bay, CA 94505

Holder of 70% of the common shares of the issuer.

The controlling shareholder of New Compendium Corp is Sadia Barrameda, P.O. Box 1363 Discovery Bay, CA 94505. The registered agent of New Compendium Corp is Incorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, CO 80601.

David Tobias

P.O. Box 1236

Islamorada, FL 33036

Holder of 15% of the common shares of the issuer.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Gary R. Henrie
Gary R. Henrie, Attorney at Law
P.O. Box 107 Nauvoo, IL 62354
Phone: 309-313-5092
Email: grhlaw@hotmail.com

Accountant

Michael Handelman CPA (inactive)
3210 Rickey Court
Thousand Oaks, CA 91362
Phone: 805-341-2631
Email: mhandelmangroup@gmail.com

Investor Relations Consultant

None

Other Advisor

None

10) Issuer Certification

I, Mike Gravel certify that:

1. I have reviewed this Annual Disclosure Statement of THC Pharmaceuticals 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.

January 25, 2019

/s/ Mike Gravel CEO

THC FARMACEUTICALS, INC

Consolidated Balance Sheets

(Unaudited)

	September 30, 2018	September 30, 2017
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 31,714	\$ 1,714
Accounts Receivable	1,442	1,442
Deposits and Prepayments	25,000	25,000
Loans Receivable- Related Parties	621,513	621,513
Total Current Assets	<u>679,669</u>	<u>649,669</u>
OTHER ASSETS:		
Property, Plant & Equipment, net	9,314	10,267
Intangible Assets	1,228,659	255,159
Investment in Affiliates	837,050	837,050
Total Other Assets	<u>2,075,023</u>	<u>1,102,476</u>
TOTAL ASSETS	<u>\$ 2,754,692</u>	<u>\$ 1,752,145</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,909	\$ 5,261
Accounts Payable- Related Parties	8,952	8,952
Total Current Liabilities	<u>11,861</u>	<u>14,213</u>
LONG TERM LIABILITIES		
Accrued Interest- Related Parties	577	577
Accrued Expenses	29,802	29,802
Notes Payable- Related Parties	916,724	915,080
Total Long Term Liabilities	<u>947,103</u>	<u>945,459</u>
TOTAL LIABILITIES	<u>958,964</u>	<u>959,672</u>
STOCKHOLDERS' EQUITY		
Preferred stock:		
10,000,000 shares authorized, \$0.001 par value		
Zero issued and outstanding	-	-
Common stock:		
90,000,000 common shares, \$0.001 par value		
16,631,600 and 15,131,600 shares issued and outstanding,		
Of the above issued and outstanding,		
zero shares are pending cancellation	16,631	15,131
Additional Paid in Capital	3,086,792	2,054,792
Accumulated Deficit	(1,292,695)	(1,277,450)
Non-Controlling Interest	(15,000)	-
Total Stockholders' Equity	<u>1,795,728</u>	<u>792,473</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,754,692</u>	<u>\$ 1,752,145</u>

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

THC FARMACEUTICALS, INC.
Consolidated Statements of Operations
(Unaudited)

	For the Twelve Months Ended September 30, 2018	For the Year Ended September 30, 2017
REVENUES:		
Revenue from transaction fees	\$ 12,208	\$ 12,949
OPERATING EXPENSES:		
General and Administrative	26,500	19,644
Depreciation and Amortization	953	605
Total Operating Expenses	27,453	20,249
NET LOSS FORM OPERATIONS:	(15,245)	(7,300)
OTHER EXPENSES:		
Interest Expense	-	-
Extraordinary Loss	-	-
Interest Expense- Related Party	-	-
NET INCOME/ (LOSS) BEFORE TAXES:	(15,245)	(7,300)
Income Tax	-	-
NET INCOME/ (LOSS):	\$ (15,245)	\$ (7,300)
PER SHARE DATA:		
Basic and Diluted (Loss) per Common Share	\$ (0.01)	\$ (0.01)
Weighted average number of Common shares outstanding	15,245,633	15,131,600

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

THC FARMACEUTICALS

Statement of Stockholders' Equity (Deficit)

(Unaudited)

	Preferred Stock		Common Stock		Paid-in Capital	Accumulated Deficit	Total Equity
	Shares	Amount	Shares	Amount			
Balance - September 30, 2015	-	\$ -	15,131,600	\$ 15,121	\$ 2,054,792	\$ (1,134,033)	\$ 935,890
Net Income/ (Loss) Year End September 30, 2016						(136,117)	(136,117)
Balance - September 30, 2016	-	\$ -	15,131,600	\$ 15,121	\$ 2,054,792	(\$1,270,150)	\$799,773
Net Income/ (Loss) Year End September 30, 2017						(7,300)	(7,300)
Balance - September 30, 2017	-	\$ -	15,131,600	\$ 15,131	\$ 2,054,792	(\$1,277,450)	\$792,473
Common Stock September 9, 2018			1,500,000	\$ 1,500	\$ 1,032,000		\$ 1,033,500
Non-Controlling Interest							\$ (15,000)
Net Income/ (Loss) Year End September 30, 2018						\$ (15,245)	(15,245)
Balance - September 30, 2018	-	\$ -	16,631,600	\$ 16,631	\$ 3,086,792	(\$1,292,695)	1,795,728

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

THC FARMACEUTICALS, INCConsolidated Statements
of Cash Flows
(Unaudited)

	For the Twelve Months Ended September 30, 2018	For the Year Ended September 30, 2017
OPERATING ACTIVITIES		
Net (Loss)	\$ (15,245)	\$ (7,300)
Adjustments to Reconcile Net (Loss) to Cash		
Depreciation and amortization	953	605
Changes in Operating Assets and Liabilities:		
(Increase)/ Decrease in loans - to related parties	-	-
Increase/ Decrease in accounts payable- related parties	7,494	(305)
Increase/ Decrease in accounts payable	(2,352)	-
	<u>(9,150)</u>	<u>(7,000)</u>
Net Cash (Used) from Operating Activities		
	<u>(9,150)</u>	<u>(7,000)</u>
INVESTMENT ACTIVITIES		
Cash acquired from acquisition	30,000	-
	<u>30,000</u>	<u>-</u>
Net Cash from Investing Activities		
	<u>30,000</u>	<u>-</u>
FINANCING ACTIVITIES		
Proceeds from sale of common stock	-	-
Proceeds from Notes Payable- Related Parties	9,150	7,000
	<u>9,150</u>	<u>7,000</u>
Net Cash from Financing Activities		
	<u>9,150</u>	<u>7,000</u>
NET CHANGE IN CASH	<u>30,000</u>	<u>-</u>
CASH AT BEGINNING OF PERIOD	1,714	-
CASH AT END OF PERIOD	<u>\$31,714</u>	<u>\$ 1,714</u>

SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash Paid for Interest	\$ -	\$ -
Cash Paid for Income Taxes	\$ -	\$ -

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

THC FARMACEUTICALS, INC
NOTES TO UNAUDITED FINANCIAL STATEMENTS
September 30, 2018

NOTE 1. GENERAL ORGANIZATION AND BUSINESS

City Media, Inc. (the “Company”) was incorporated in the state of Utah on April 14, 2005. On September 24, 2010, the Company acquired Charta Systems, Inc. a Utah corporation in a stock exchange reverse acquisition. The acquisition is accounted for as a reverse merger and Charta is considered to be the accounting acquirer. Accordingly, the historical financial information included in the financial statements is that of Charta. During the quarter ended December 31 2014 control of the company was acquired by Weed Growth Fund, Inc. (WEDG) a Nevada corporation in-turn controlled by New Compendium Corporation a Colorado corporation. On February 2015 the Company changed its name to THC Farmaceuticals, Inc. On July 8, 2015 the Company organized Terpene Research Labs, Ltd. under the laws of the state of Colorado as a wholly owned subsidiary.

The Company owns, maintains and places automated teller machines (“ATMs”) at high traffic consumer locations in Salt Lake City, Utah and surrounding cities.

With the organization of its subsidiary and the acquisition of certain assets the Company has expanded its business to include the research and development of technologies to facilitate the legal production and sale of hemp, medical marijuana and /or legal recreational marijuana.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The balance sheet presentation herein includes all assets and liabilities at historical cost. No costs for any past project development have been capitalized. Activity of its subsidiary has been consolidated in these statements.

The Company has on occasion issued shares of its common stock in exchange for certain services from the Company’s Officers & Directors, business consultants and vendors. The stock has been issued at the fair-valued-based method. The cost of these services has been expensed in the period when the services were performed. No costs of services that were paid with stock have been capitalized.

Accounting Basis

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements of the Company include the accounts of Terpene Research Labs, Ltd. the Company’s wholly owned subsidiary. All significant intercompany transactions have been eliminated.

Fiscal Year

The Company operates on a September 30 fiscal year end

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include all highly liquid investments with maturity of three months or less.

Revenue Recognition

The Company recognizes revenue on a completed transaction basis. The revenue earned is the net ATM transaction fees consisting of gross processing fees charged at the point of sale location less any portion of such fee payable to the location owner, as negotiated on a per location basis. All transactions are preauthorized and no allowance for bad debt is required.

Accounts Receivable

The Company records an account receivable for revenue earned but not yet collected. If the Company determines any account to be uncollectible based on significant delinquency or other factors, it is immediately written off. The Company has not had to incur any allowance for bad debt as transaction fees are preapproved prior to a transaction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, requires disclosing fair value to the extent practicable for financial instruments that are recognized or unrecognized in the balance sheet. Fair value of financial instruments is the amount at which the instruments could be exchanged in a current transaction between willing parties. The Company considers the carrying amounts of cash, certificates of deposit, accounts receivable, accounts payable, notes payable, related party and other payables, customer deposits, and short term loans approximate their fair values because of the short period of time between the origination of such instruments and their expected realization. The Company considers the carrying amount of notes payable to approximate their fair values based on the interest rates of the instruments and the current market rate of interest.

Dividends

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid during the periods reported.

Income Taxes

The Company applies the provisions of Financial Accounting Standards Board Accounting Standard Codification (“ASC”) 740 *Income Taxes*. The Standard requires an asset and liability approach for financial accounting and reporting for income taxes, and the recognition of deferred tax assets and liabilities for the temporary differences between the financial reporting basis and tax basis of the Company’s assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. Due to a loss from inception, the Company has no tax liability.

The Company classifies tax-related penalties and net interest on income taxes as income tax expense. As of September 30, 2018 and September 30, 2017, no income tax expense had been incurred.

Earnings (Loss) per Share

The basic earnings (loss) per share are calculated by dividing the Company’s net income available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share is calculated by dividing the Company’s net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity.

As of September 30, 2018 there are no potentially dilutive instruments outstanding

Stock Based Compensation

The Company has on occasion issued equity and equity linked instruments to non-employees in lieu of cash to various vendors for the receipt of goods and services and, in certain circumstances the settlement of short-term loan arrangements. The applicable GAAP guidance establishes that share-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

Recent Accounting Guidance

The Company has evaluated the recent accounting pronouncements through ASU 2016-17 and believes that none of the pronouncements will have a material effect on the company’s financial statements.

Equipment

The primary nature of the Company's equipment is ATMs. The ATMs are depreciated utilizing a straight line method. The useful life of each machine is approximately twelve years. The remaining useful lives on the machines we are currently utilizing ranges from zero to seven years. The Company has a policy to immediately expense equipment with a cost of less than \$400.

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about future operating performance, and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

There was zero impairment expense during the fiscal year ended September 30, 2018.

NOTE 3. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of September 30, 2018 the Company has an accumulated deficit of \$1,292,695. The Company is dependent upon raising additional capital and without realization of such it would be unlikely for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty. As of the date of these statements, management has organized a subsidiary and acquired certain assets to expand its business into the research, development and production of legalized hemp, medical marijuana and /or legal recreational marijuana products. Management plans to continue to seek funding from its shareholders and other qualified investors to pursue its business plan.

NOTE 4. ACQUISITION OF CERTAIN ASSETS

On January 5, 2015, the Company entered into an agreement with the Las Vegas Cannabis Info Center (LVCIC) wherein the Company acquired a thirty percent (30%) interest in LVCIC in exchange for 25,000 common shares and a cash payment of \$25,000. LVCIC is a resource and learning center conducting classes in marijuana dispensary management, law, marketing, advertising, cultivation and cooking.

On January 5, 2005, the Company entered into an agreement with a related party to acquire certain intangible assets valued at \$1,000,000 thru the issue of 3,000,000 common shares. The assets include the domain name “hempcoin.com,” 2,399,074,298.5 hempcoins (HMP); and all intellectual property associated with hempcoin.com, hempcoin purse, and hempcoin as a crypto currency. The purchase includes all copyrights, trademarks, and patents whether registered or unregistered, statutory or common law and any rights to claim or register such intellectual property.

On March 10, 2015 the Company filed US patent No. 14-638,939 related to digital currency wallets and specifically to wallets that securely hold multiple currencies. No value has been recorded for this asset.

On March 12, 2015, the Company acquired an eighty percent (80%) interest in US Patent Application No. 14/564,672 and PCT Application No. PCT/US15/18820, for \$8,532. The patents relate to methods of producing antibody-rich cannabis and honeysuckle plants.

On June 9, 2015, the company entered into an asset Purchase agreement with Rocky Mountain Ayre, Inc., (RMTN) a Delaware corporation. Wherein RMTN agreed to purchase the domain name “hempcoin.com”; 1,500,000,000 hempcoins; and all intellectual property associated with hempcoin.com, hempcoin purse, and hempcoin crypto currency, including copyrights, trademarks, patents etc. The Company received 8,745,000 restricted common shares of RMTN stock which represents approximately Twenty percent (20%) of RMTN outstanding stock. The agreement includes provisions for the Company to provide annual development costs and server fees of a maximum of \$10,000 associated with the promotion of hempcoins.

The Company recorded \$787,050 as an investment in affiliates using the equity method for this investment in RMTN. The sale of the 1.5Billion hempcoins leaves the Company with a balance of 899,074,298.5 hempcoins which are included as an intangible asset with a recorded value of \$.

During the Quarter ended March 31, 2018 but not finalized until the Quarter ended June 30, 2018 the Company entered into a Rescission Agreement that called for the return of 500,000,000 iCoins previously delivered to RMTN. Further, the Rescission Agreement called for the Company to return to RMTN 7,870,500 of RMTN’s restricted common shares reducing the Company’s investment in RMTN to approximately 2%. The Rescission resulted in the Company recognizing an extraordinary loss of \$589,918.

On September 7, 2018 the Company issued 1,500,000 shares of common stock to acquire a 50.1% equity interest of CBDual Biotechnology Corp.

A summary of Intangible Assets for the year ended September 30, 2018 and the fiscal year ended September 30, 2017 follows:

Intangible Assets:	September 30, 2018	September 30, 2017
Hempcoins	\$ 212,950	\$ 212,950
Intellectual Property - Patent	8,532	8,532
Goodwill	1,037,000	63,500

Less:		
Amortization of goodwill	(29,823)	(29,823)
Total Intangible Assets	\$ 1,228,659	\$ 255,159

A summary of Equity Investments for the period ended September 30, 2018 and September 30, 2017 is as follows:

	September 30, 2018	September 30, 2017
Equity Investment in Affiliates:		
Las Vegas Cannabis Info Center (30%)	\$ 50,000	\$ 50,000
Rocky Mountain Ayre, Inc. (2%)	78,750	787,050
Total Equity Investments	\$ 837,050	\$ 837,050

NOTE 5. RELATED PARTY TRANSACTIONS

Service Agreement:

The Company has a Service Agreement with Wasatch ATM (“Wasatch”), a Utah limited liability corporation owned and managed by a Company stockholder. The agreement provides for Wasatch to provide all maintenance, repair and service work along with distribution of vault cash. Currently the agreement provides for a rate of \$1,500 per month.

NOTE 6. STOCKHOLDERS’ EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 preferred shares at a par value of \$0.001 per share. As of September 30, 2018, no preferred shares are issued and outstanding.

Common Stock

The Company is authorized to issue 90,000,000 common shares at a par value of \$0.001 per share. As of September 30, 2018, the Company has a total of 16,631,600 shares of common stock issued and outstanding.

On November 11, 2014 the Company issued 3,003,600 common shares in return for the of all Company debts estimated to be \$100,000. Because of the limited activity in the public market the shares were valued at \$0.30 per share resulting in the Company recording an \$801,080 extraordinary loss.

On January 5, 2015, the Company issued 25,000 common shares and \$25,000 to purchase assets valued at \$50,000 accounted for using the equity method. Because of the limited activity in the public market the shares were recorded using the value of the interest purchased.

On January 5, 2015, the Company issued 3,000,000 common shares to a related party to acquire assets valued at \$1,000,000. Because of the limited activity in the public market the shares were recorded using the value of the interest purchased.

On January 8, 2015, the Company issued 15,000 common shares for consulting services valued at \$15,000.

On August 20, 2015, the Company issued 180,000 common shares for consulting services valued at \$36,000.

In September, 2018 Company issued 1,500,000 shares for acquiring 50.1% of CBDual Biotechnology Corp.

NOTE 7. PROVISION FOR INCOME TAXES

The Company provides for income taxes under ASC 740 "Income Taxes" which requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently.

The standard requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset. Accordingly, a valuation allowance equal to the deferred tax asset has been recorded. The total deferred tax asset is \$284,393 which is calculated by multiplying a 22% estimated tax rate by the cumulative NOL of \$1,292,695 which will begin expiring in 2025. The total valuation allowance is a comparable \$282,961.

NOTE 8. SUBSIDIARY AGREEMENTS

On September 11, 2015, the Company and its subsidiary Terpene Research Labs, Ltd. (TRL) entered into a development and marketing agreement with Canabis Sativa, Inc. a Nevada corporation (CBDS). Provisions of the agreement include:

- a. The development of terpene based products from CBDS' patent pending strain of Cannabis known as CTA.
- b. The Company is to receive non-exclusive right to sell terpene products developed by TRL from CBDS' CTA Cannabis for the payment of 10,000,000 hempcoins and a five percent (5%) royalty.
- c. CBDG will pay CBDS a thirty-five percent (35%) on all gross revenue received from licensing such terpene products.

- d. CBDS shall retain the right to sell products developed by TRL under its “HI” brand and will pay TRL a five percent (5%) royalty on such sales.
- e. CBDS shall pay CBDG a thirty-five percent royalty on gross revenue received from CBDS’ licensing TRL products to third parties.
- f. CBDG shall have the all rights to CTA products developed by TRL for distribution outside North America.

NOTE 9. SUBSEQUENT EVENTS

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report and there are no additional subsequent events to report.