

CANNABIS SCIENCE, INC.
Form 10-Q
November 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended: **September 30, 2015**

or

**[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-28911

CANNABIS SCIENCE, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

91-1869677
(I.R.S. Employer Identification No.)

**6946 N Academy Blvd, Suite B #254
Colorado Springs, CO**

80918

(Address of principal executive
offices)

(Zip Code)

888-889-0888

(Registrant's telephone number,
including area code)

-

—

(Former name, former address and
former fiscal year, if changed since
last report)

-

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] Yes [] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a not-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [] Accelerated filer []

Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

Number of common shares outstanding at November 20, 2015: 1,416,655,296

Number of common shares outstanding at September 30, 2015: 1,287,155,296

Number of Class A common shares outstanding at September 30, 2015: 0

CANNABIS SCIENCE, INC.

FORM 10-Q

For the Period Ended September 30, 2015

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PART I FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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| | September 30,2015 (unaudited) \$ | December 31, 2014 \$ |
|---|---|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | 4,791 | 10,061 |
| Inventory | 18,476 | - |
| Other receivables | 3,072 | 8,670 |
| Prepaid expenses and deposits | 88,588 | 97,626 |
| Loans receivable, related party | 22,936 | 50,000 |
| Total current assets | 137,863 | 166,357 |
| Deposits (Note 8) | 971,500 | 971,500 |
| Goodwill | 280,141 | - |
| Equity method investee (Note 9) | 156,181 | 243,969 |
| TOTAL ASSETS | 1,545,685 | 1,381,826 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | 127,440 | 153,094 |
| Accrued expenses, primary management fees (Note 5) | 2,029,807 | 1,716,807 |
| Dividends payable | 473,527 | - |
| Advances from related parties (Note 5) | 756,993 | 203,892 |
| Management bonuses | 300,000 | 300,000 |
| Notes payable to stockholders (Note 6) | 1,466,513 | 1,581,486 |
| Total current liabilities and total liabilities | 5,154,280 | 3,955,279 |
| Commitments (Note 10) | | |
| Stockholders' Deficit | | |
| Series A Preferred Stock, \$0.001 par value, 1,000,000 shares | | |

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| | | |
|--|--------------------|--------------------|
| authorized, 1,000,000 shares issued and outstanding at September 30, 2015 and December 31, 2014 | 1,000 | 1,000 |
| Common stock, \$.001 par value, 3,000,000,000 and 1,500,000,000 shares authorized as of September 30, 2015 and December 31, 2014; 1,287,155,296 issued and outstanding as of September 30, 2015 and 1,032,123,906 at December 31, 2014 | 1,287,155 | 1,032,124 |
| Common stock, Class A, \$.001 par value, 100,000,000 shares authorized, none issued and outstanding as of September 30, 2015 and December 31, 2014 | - | - |
| Prepaid consulting | (5,476,985) | (4,448,696) |
| Additional paid-in-capital, including 104,000,000 shares pending to be issued | 125,519,240 | 110,256,424 |
| Common stock receivable | (615,000) | - |
| Accumulated deficit | (123,991,168) | (109,393,306) |
| Cumulative exchange translation | (100,248) | (20,999) |
| Equity attributable to common shareholders | (3,376,006) | (2,573,453) |
| Non-controlling interest | (232,589) | - |
| Total stockholders' deficit | (3,608,595) | (2,573,453) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | 1,545,685 | 1,381,826 |

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

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CANNABIS SCIENCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014
(UNAUDITED)

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|--------------------|---|-------------|--|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Revenue | 4,150 | - | 4,150 | 1,031 |
| Cost of Goods Sold | 2,088 | - | 2,088 | - |

Operating Expenses

| | | | | |
|---------------------------------------|-------------|-----------|--------------|-------------|
| Investor relations | (10,500) | - | - | - |
| Professional Fees | 22,424 | 29,277 | 626,132 | 71,622 |
| Net loss on settlement of liabilities | 770,000 | - | 4,488,076 | 2,116,500 |
| Depreciation and Amortization | - | 16,122 | - | 54,373 |
| Research and Development | 68,552 | 11,847 | 381,772 | 11,847 |
| General and administrative | 2,967,024 | 597,077 | 8,710,982 | 4,845,803 |
| Total operating expenses | - 3,817,500 | 654,323 | 14,206,962 | 7,100,145 |
| Net Operating Loss | (3,815,438) | (654,323) | (14,204,900) | (7,099,114) |

Other income (expense)

| | | | | |
|---|-------------|-----------|--------------|-------------|
| Interest expense, net | (603) | - | (603) | (65) |
| Impairment of goodwill | - | - | (64,421) | - |
| Debt refinance costs | - | - | - | (833,000) |
| Warrant expense | - | - | - | (97,894) |
| Unrealized gain (loss) on marketable common stock | (79,500) | (21,000) | (87,000) | (36,000) |
| Total other income (expense) | (80,103) | (21,000) | (152,024) | (966,959) |
| Net Loss | (3,895,541) | (675,323) | (14,356,924) | (8,066,073) |
| Less: Net loss attributable to non-controlling interest | 177,621 | - | 232,589 | - |
| Net loss attributable to common shareholders | (3,717,920) | (675,323) | (14,124,335) | (8,066,073) |
| Other Comprehensive Income | | | | |
| Foreign exchange translation adjustment | (49,708) | (16,690) | (79,249) | (17,641) |
| Total other comprehensive income (loss) | (49,708) | (16,690) | (79,249) | (17,641) |
| Comprehensive loss attributable to Cannabis Science, Inc. | (3,767,628) | (692,013) | (14,203,584) | (8,083,714) |

Net loss per common share:

| | | | | |
|-------------------|-----------|-----------|-----------|-----------|
| Basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
|-------------------|-----------|-----------|-----------|-----------|

| | | | | |
|--|---------------|-------------|---------------|-------------|
| Weighted average number of common shares outstanding | 1,285,416,166 | 836,783,906 | 1,213,795,570 | 778,287,313 |
|--|---------------|-------------|---------------|-------------|

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

CANNABIS SCIENCE, INC. **CONSOLIDATED STATEMENTS OF CASH FLOWS** **FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014**

(UNAUDITED)

| | September 30, 2015 | September 30, 2014 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | (14,356,924) | (8,066,073) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | - | 54,373 |
| Stock issued for services | 8,585,654 | 4,366,539 |
| Stock issued for the extension of debt | - | 833,000 |
| Warrant expense | - | 97,894 |
| Foreign exchange adjustment | (79,249) | (17,641) |
| Loss on settlement of liabilities | 4,488,076 | 2,116,500 |
| Loss on marketable securities | - | 36,000 |
| Equity investee, Endocan Corporation | 87,788 | - |
| Changes in operating assets and liabilities: | - | - |
| Accounts receivable | 5,883 | (8,351) |
| Inventory | 1,937 | - |
| Prepaid expenses and deposits | 9,038 | (23,684) |
| Accounts payable | 570,893 | (18,513) |
| Accrued expenses, including management fees | 313,000 | 362,734 |
| CASH FLOWS USED IN OPERATING ACTIVITIES | (373,904) | (267,222) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Advance receivable, related parties | 33,615 | - |
| Repayment of advances receivable, related parties | (7,351) | - |
| Cash acquired with EquiPharm | 6,493 | - |
| Loans receivable, related parties | - | (40,596) |
| CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | 32,757 | (40,596) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from advances from officer | - | 447 |
| Proceeds from notes payable-stockholders | 85,877 | - |
| Repayments of notes payable-stockholders | - | (250,000) |
| Proceeds from sale of common stock | 250,000 | 1,000,000 |
| CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 335,877 | 750,447 |
| NET INCREASE (DECREASE) IN CASH | (5,270) | 442,629 |
| CASH, BEGINNING OF PERIOD | 10,061 | 943 |
| CASH, END OF PERIOD | 4,791 | 443,572 |

SUPPLEMENTAL CASH FLOW INFORMATION:

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| | | |
|--|------------|-----------|
| Common stock issued for service | 10,228,944 | 3,572,760 |
| Common stock issued for settlement of debt | 4,733,904 | 2,146,000 |
| Common stock issued for extension of debt | - | 833,000 |
| Common stock issued for acquisition of EquiPharm | 305,000 | - |
| Debt converted into common stock | 245,828 | 29,500 |
| Accounts payable and expenses paid through note payable, stockholder | 130,854 | 13,500 |
| Accounts payable and expenses paid through advances from related parties | 466,106 | - |
| Stock dividends payable | 473,527 | - |

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

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CANNABIS SCIENCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and General Description of Business

Cannabis Science, Inc. (We or the Company), was incorporated under the laws of the State of Colorado, on February 29, 1996, as Patriot Holdings, Inc. On August 26, 1999, the Company changed its name to National Healthcare Technology, Inc. On June 6, 2007, the Company changed its name from National Healthcare Technology, Inc., to Brighton Oil & Gas, Inc., and converted to a Nevada corporation. On March 25, 2008 the Company changed its name to Gulf Onshore, Inc. On April 7, 2009, the Company changed its name to Cannabis Science, Inc., and obtained a new CUSIP number. On May 7, 2009 the Company common shares commenced trading under the new stock symbol OTCBB: CBIS.

Cannabis Science, Inc. is at the forefront of medical marijuana research and development. The Company works with world authorities on phytocannabinoid science targeting critical illnesses, and adheres to scientific methodologies to develop, produce, and commercialize phytocannabinoid-based pharmaceutical products. In sum, we are dedicated to the creation of cannabis-based medicines, both with and without psychoactive properties, to treat disease and the symptoms of disease, as well as for general health maintenance.

On February 20, 2015, the Company closed on the acquisition of additional 30.1% interest in Michigan Green Technologies LLC (MGT), bringing the Company's ownership position to 50.1% controlling interest. MGT is working on various Michigan initiatives with state government to legalize and commercialize medical cannabis

business, as was done in Colorado, Washington State, and other U.S. states. The Company recognized \$51,367 in goodwill related to the MGT acquisition.

On May 27, 2015, the Company entered into a collaborative drug development deal with IGX Bio and its GenePro®, a DNA-based immunotherapeutic that recently received FDA IND approval to enter into human trials. The companies intend to develop a joint protocol to demonstrate potential synergistic effects of their respective drug candidates in HIV, as well as potential new drug candidates. The collaboration between IGX Bio and the Company and will provide a scientific evaluation of GenePro® and CS-TATI-1 to demonstrate the enhanced potential of therapeutic vaccination and the anti-inflammatory effects of cannabinoids to deter disease progression in AIDS patients unable to control HIV replication.

On May 7, 2015 the Company announced the acquisition of Equi-Pharm LLC, a USA manufacturer and distributor of specialty horse and pet grooming and topical applications. The acquisition incorporates an extensive expansion plan for Equi-Pharm including "Large Animal" such as horses, cattle, sheep and the like and "Small Animal" or "Pets" include cats, dogs, pet snakes and the like for medical and cosmetic products.

B. Basis of Presentation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. The Company's fiscal year end is December 31.

Interim Financial Reporting

While the information presented in the accompanying interim consolidated financial statements is unaudited, it includes all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). These interim financial statements follow the same accounting policies and methods of application as used in the December 31, 2014 audited financial statements of the Company. All adjustments are of a normal, recurring nature. Interim financial statements and the notes thereto do not contain all of the disclosures normally found in year-end audited financial statements and these Notes to Financial Statements are abbreviated and contain only certain disclosures related to the nine month periods ended September 30, 2015 and 2014. It is suggested that these interim financial statements be read in conjunction with the Company's audited financial statements and related notes for the year ended December 31, 2014 included in our Form 10-K, filed with the Securities Exchange Commission on April 21, 2015. Operating results for the nine months ended September 30, 2015 are not necessarily indicative of the results that can be expected for the year ending December 31, 2015.

For other accounting policies please refer to the Company's Form 10-K with the SEC on file no. 000-28911 April 21, 2015.

The Company qualifies as an emerging growth company as defined in Section 101 of the Jumpstart our Business Startups Act (JOBS Act) as we do not have more than \$1,000,000,000 in annual gross revenue and did not have such amount as of December 31, 2014, our last fiscal year. We are electing to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act.

Earnings (Loss) Per Share (EPS)

Basic earnings per common share are calculated by dividing net income or loss by the weighted average number of shares outstanding during the period. Diluted earnings per common share are calculated by adjusting outstanding shares, assuming conversion of all potentially dilutive stock options and warrants. The computation of diluted EPS does not assume conversion, exercise, or contingent issuance of shares that would have an anti-dilutive effect on earnings per common share. Anti-dilution results from an increase in earnings per share or reduction in loss per share from the inclusion of potentially dilutive shares in EPS calculations. Currently there are 1,700,000 stock options, which have been excluded from EPS that could potentially have a dilutive effect on EPS in the future. The table below sets forth the reconciliation for net loss and weighted average shares used for calculating basic and diluted earnings per share.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-----------------|------------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Earnings (numerator) | | | | |
| Net loss | \$ (3,767,628) | \$ (692,013) | \$ (14,203,584) | \$ (8,083,714) |
| Stock dividends | (473,527) | - | (473,527) | - |
| Net loss available to common shareholders | \$ (4,241,155) | \$ (692,013) | \$ (14,677,111) | \$ (8,083,714) |
| Shares (denominator) | | | | |
| Weighted average common shares outstanding | 1,285,416,166 | 836,783,906 | 1,213,795,570 | 778,287,313 |
| Earnings (loss) per share | | | | |
| Basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |

2. GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. The Company reported an accumulated deficit of \$123,991,168 and had a stockholders' deficit of \$3,608,595 at September 30, 2015.

In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. At September 30, 2015, the Company had insufficient operating revenues and cash flow to meet its financial obligations. There can be no assurance that management will be successful in implementing its plans. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company raised \$250,000 through a private sale of common stock in the nine months ended September 30, 2015. Notwithstanding, we anticipate that we will have to raise additional capital to fund research and development and operations over the next 12 months. To the extent that we are required to raise additional funds to acquire research and growing facilities, and to cover costs of operations, we intend to do so through additional public or private offerings of debt or equity securities. There are no commitments or arrangements for other offerings in place, no guaranties that any such financings would be forthcoming, or as to the terms of any such financings. Any future financing may involve substantial dilution to existing investors. We had been relying on our common stock to pay third parties for services that has resulted substantial dilution to existing investors.

3. FAIR VALUE MEASUREMENTS AND DISCLOSURES

ASC Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Effective January 1, 2015, the equity method investments in Endocan Corporation are measured using the more observable fair value. The decision to elect the fair value option, which is irrevocable once elected, is determined on an investment by investment basis and applied to an entire instrument. The net gains or losses on the equity investment in Endocan Corporation were recognized in unrealized gain (loss) on marketable common stock.

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4. BUSINESS ACQUISITIONS

The Company completed the acquisition of Equi-Pharm, LLC (Equi-Pharm) on May 7, 2015 by acquiring all of the issued and outstanding stock of Equi-Pharm for the sum of \$305,000. The acquisition was done through stock issuance.

The transaction has been accounted for using the acquisition method of accounting which requires that, among other things, assets acquired and liabilities assumed be recorded at their fair values as of the acquisition date. The Company has not finalized the determination of the fair values of the assets acquired and liabilities assumed and, therefore, the provisional amounts set forth are subject to adjustment when the valuations are completed. Under U.S. Generally Accepted Accounting Principles, companies have up to one year following an acquisition to finalize acquisition accounting.

The following details the preliminary fair value of the consideration transferred to effect the acquisition of Equi-Pharm:

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Common stock of Cannabis Science, Inc. \$ 305,000

Total fair value consideration \$ 305,000

The following is a preliminary valuation of the net assets acquired by the Company in the acquisition, reconciled to the total fair value of the consideration transferred:

| | |
|---|-----------|
| Cash | \$ 6,493 |
| Accounts receivable | 285 |
| Inventory | 20,413 |
| Accounts payable | (413) |
| Related party payable | (1,919) |
| Book value of net assets acquired as of May 7, 2015 | 24,859 |
| Fair value adjustment to: | |
| Goodwill | 280,141 |
| Fair value of consideration transferred | \$305,000 |

5. RELATED PARTY TRANSACTIONS

At September 30, 2015, a total of \$191,344 (December 31, 2014: \$191,344) in loans payable was due to Bogat Family Trust, Raymond Dabney as trustee, and \$0 to Raymond Dabney (December 31, 2013: \$6,166). The loan amounts due are non-interest bearing, unsecured and have no specified terms of repayment. Raymond Dabney was appointed President/CEO signed a new management agreement on November 5, 2014.

At September 30, 2015, the Company owes \$72,968 (2014: \$0) to MJR B.V. which is owned and controlled by Mario Lap director and director and officer of EU subsidiaries. The loan is unsecured, non-interest bearing, and due upon demand.

On March 27, 2015, the Company's CFO, Robert Kane, loaned Michigan Green Technologies LLC (MGT) \$52,500 secured by a non-interest bearing promissory note due within 30 days of MGT liquidating shares in Cannabis Science, Inc. to repay the debt. The loan is unsecured, non-interest bearing, and due upon demand. As of February 20, 2015, the Company closed on its acquisition and now owns a majority 50.1% interest in MGT.

At September 30, 2015, the Company held 7,500,000 common shares with a fair market value of \$70,500 in Endocan Corporation (EC) representing approximately 8.6% of the issued and outstanding shares of EC. The value of the shares at September 30, 2015 was determined to be \$0.01 per share or \$70,500 with the Company recording an unrealized loss of \$87,000 for the nine months ended September 30, 2015 and an unrealized loss of \$36,000 for the nine months ended September 30, 2014. Robert Kane, CFO and director is also the CFO and a director of EC and Chad S. Johnson, Esq., COO, general counsel and a director is also a director and general counsel for EC. Raymond C. Dabney is a controlling shareholder of both the Company and Endocan Corporation.

For the nine months ended September 30, 2015, the following related party management fees and stock-based compensation was recorded:

| Related Party | Position | Amount |
|-----------------------------|------------------|------------|
| Raymond Dabney ¹ | CEO and Director | \$ 586,201 |
| Dr. Richard Ogden | CSO | 59,342 |

| | | |
|-----------------------|------------------------------------|-----------|
| Robert Kane | CFO and Director | 642,511 |
| Chad S. Johnson, Esq. | COO, General Counsel, and Director | 529,812 |
| Mario Lap | Director | 88,659 |
| | | \$ |
| | | 1,906,525 |

¹Including compensation to entities beneficially owned/control by the related parties

See Note 7-Equity Transactions for details of stock issuances to director and officers for services rendered.

Raymond Dabney, CEO is a controlling shareholder and Chad S. Johnson, COO/General Legal Counsel of ImmunoClin Corporation (OTC: IMCL), respectively. ImmunoClin performs laboratory services and pharmaceutical development for the Company through its wholly-owned subsidiary ImmunoClin Limited that operates a laboratory at the London Biosciences Centre.

Mario Lap, a director of the Company and director and officer its European subsidiaries, is conducting various business activities of the Company in Spain under his personal name and/or his personal holding company MLS Lap BV until such time as the Company is able to establish a Spanish subsidiary to conduct its own business operations and activities, including but not limited to: operating lease for farms, asset purchases, office and equipment, personnel employment and other business and operating activities as may be required from time-to-time. The Company anticipates having the Spanish subsidiary setup in fiscal 2015 at which time Mario Lap under fiduciary duty will transfer all business operating activities, agreements, and assets to the Company.

The Company has signed a research and distribution agreement with Cannabis Science Research Foundation (CSRF) in which three of the board of directors is the executives of the Company

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6. NOTES PAYABLE

As at September 30, 2015, a total of \$1,466,513 (December 31, 2014: \$1,581,486) of notes payable are due to stockholders that are non-interest bearing and are due 12 months from the date of issue and loan origination beginning on May 30, 2012 through February 7, 2015. All promissory notes are unsecured.

\$150,000 in promissory notes were due to Richard Cowan, former director and CFO of the Company. On January 15, 2015, the Company entered into a debt settlement agreement and issued 15,000,000 shares of common stock on April 7, 2015 to settle the debt owed to Cowan. All promissory notes are unsecured.

\$130,855 in promissory notes is due to Stacey R. Lewis, stockholder of the Company. On August 20, 2015, the Company entered into a partial debt settlement agreement to retire \$25,000 of the amount and issued 25,000,000 shares of common stock to partially settle the debt owed to Lewis. All promissory notes are unsecured.

On February 20, 2015, the Company issued 30,828,080 shares of common stock pursuant to a debt settlement agreement with Intrinsic Capital Corp. to settle \$30,828 in debt owing under December 31, 2013 note payable.

On April 29, 2015, the Company issued 40,000,000 shares of common stock pursuant to a debt settlement agreement with Intrinsic Capital Corp. to settle \$40,000 in debt owing under December 31, 2013 note payable.

As of September 30, 2015, the Company is default on \$1,340,156 in promissory notes due and is negotiating with the debtors to extend the due dates and/or settle the debt.

7. EQUITY TRANSACTIONS

The Company was authorized to issue 1,500,000,000 shares of common stock with a par value of \$0.001 per share. These shares have full voting rights. There were 1,287,155,296 shares issued and outstanding as of September 30, 2015 with 40,000,000 shares pending to be issued as of September 30, 2015. On September 2, 2015, the Company increased the number of authorized shares of common stock from 1,500,000,000 to 3,000,000,000.

The Company is also authorized to issue 100,000,000 shares of common stock, Class A with a par value of \$0.001 per share. These shares have 10 votes per share. There were no shares issued and outstanding as of September 30, 2015.

The Company is also authorized to issue 1,000,000 shares of Series A preferred stock, with a par value of \$0.001 per share. These shares have full voting rights of 1,000 votes per share. There were 1,000,000 shares issued and outstanding as of September 30, 2015.

During the nine months ended September 30, 2015, the Company issued 154,203,310 shares of common stock for service under various executive and consulting agreements.

On January 15, 2015, the Company issued 15,000,000 shares of Rule 144 restricted common stock with a fair market value of \$997,500 for settlement of \$150,000 in liabilities for loss on settlement of \$847,500.

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On January 15, 2015, the Company sold 10,000,000 shares of Rule 144 restricted common stock with a fair market value of \$250,000.

On February 20, 2015, the Company issued 30,828,080 common shares for settlement of \$30,828 of stockholder debt with Intrinsic Capital Corp., for a loss on settlement of \$1,510,576, from the stockholder notes payable originating on July 23, 2013 (\$18,328), August 15, 2013 (\$1,250), August 30, 2013 (\$1,250), and September 9, 2013 (\$10,000).

On March 27, 2015, the Company's CFO, Robert Kane, loaned Michigan Green Technologies LLC \$52,500 secured by a non-interest bearing promissory note due within 30 days of MGT liquidating shares in Cannabis Science, Inc. to repay the debt. As of February 20, 2015, the Company closed on its acquisition and now owns a majority 50.1% interest in MGT.

On April 29, 2015, the Company issued 40,000,000 common shares for settlement of \$40,000 of stockholder debt with Intrinsic Capital Corp., for a loss on settlement of \$1,360,000, from the stockholder notes payable originating on December 31, 2013.

On May 21, 2015, the Company issued 5,000,000 shares of Rule 144 restricted common stock to IGX Bio, Inc. pursuant to the joint development agreement with the Company.

On July 16, 2015, the Company issued 10,000,000 shares of Rule 144 restricted common stock for the acquisition of EquiPharm.

On September 2, 2015, the Company approved dividend paid in the form of common stocks and warrants. The fair value of the dividends paid were \$473,527.

The company approved issuance of 17,500,000 shares of common stocks as consulting fee to be issued at a later date.

The company approved issuance of 25,000,000 shares of common stocks as settlement of \$25,000 of debt for a loss on settlement of \$770,000 to be issued at a later date.

The company approved issuance of 61,500,000 shares of common stocks as stock option exercise to be issued at a later date.

Stock Options:

A summary of the status of the Company's option grants as of September 30, 2015 and the changes during the period then ended is presented below:

| | Shares | Weighted-Average Exercise Price |
|---|--------------|------------------------------------|
| Outstanding December 31, 2014 | 1,700,000 | \$ 0.41 |
| Granted | 61,500,000 | 0.01 |
| Exercised | (61,500,000) | (0.01) |
| Expired | - | |
| Outstanding September 30, 2015 | 1,700,000 | \$ 0.41 |
| Options exercisable at September 30, 2015 | 1,700,000 | \$ 0.41 |

These options expire on the date of termination of the management agreement and services there under with the consultants. The weighted average fair value at date of grant for options during nine months ended September 30, 2015 was estimated using the Black-Scholes option valuation model with the following:

| | |
|---------------------------------|------|
| Average expected life in years | 0 |
| Average risk-free interest rate | 2% |
| Average volatility | 106% |
| Dividend yield | 0% |

The option holders exercised its options in September 2015 through cashless exercise. These exercise resulted in a receivable from the option holders of \$615,000

8. DEPOSITS

On February 9, 2012, the Company signed a license agreement with Apothecary to produce several Cannabis Science Brand Formulations for the California medical cannabis market. As well, Apothecary will provide research and development facilities with full circle operations including a California laboratory facility for internal research and development, along with 16 unique genetic strains specifically generated and maintained by a cancer survivor who recognizes the importance of proper growth and breeding in addition to investing \$250,000 in research and development in the first 24 months.

Apothecary failed to meet several contract provisions including investing \$250,000 in R&D, setting up a laboratory facility, and reporting and remitting license fees owing to the Company. On November 20, 2014, the Company signed an amendment to the license agreement. Pursuant to the amendment, the Company is acquiring all property, building, and equipment of Apothecary in exchange for 14,500,000 Rule 144 restricted stock with a fair market value of \$971,500. The Company recorded an equivalent deposit for the year ended December 31, 2014 until the acquisition of assets closes, which is anticipated during fiscal 2015 once all assets are identified with supported fair market values and the transfer of land title is completed.

9. EQUITY METHOD INVESTEE

On November 5, 2014, the Company accounted for its investment and loans in Endocan Corporation using the fair value method pursuant to ASC 323 Investments Equity Method and Joint Ventures and ASC 825 Financial Instruments Fair Value Option. In accordance with ASC 323, when the Company does not have a controlling financial interest in an entity but exerts significant influence over the entity's operating and financial policies, the Company accounts for its investment in accordance with the equity method of accounting. This generally applies to cases in which the Company owns a voting or economic interest of between 20 and 50 percent.

The accounting using the equity method is in conjunction with appointment of Raymond Dabney as CEO and director of the Company on November 5, 2014, in addition to Mr. Dabney being a controlling shareholder of the Company since September 2009 and a controlling shareholder of Endocan Corporation since June 2013. Therefore, the Company was deemed to have significant influence and control of Endocan Corporation.

On November 5, 2014, the Company recorded \$247,500 in marketable securities and \$85,681 in loans to Endocan Corporation to its equity method investee account in accordance with ASC 323.

Using the fair value method pursuant to ASC 825, a loss on investment of \$87,000 on the equity method investee account was recognized for the nine months ended September 30, 2015 due to the decline in the value of Endocan marketable securities.

10. COMMITMENTS

The Company has lease commitments for its European operations under private companies MLS Lap B.V. and MJR B.V. owned and controlled by Mario Lap, director and director and officer of EU subsidiaries. Negotiations are ongoing in regards to preparing finalized agreements.

11. SUBSEQUENT EVENTS

Common shares reconciliation table:

| | |
|--|---------------|
| Issued and outstanding as of September 30, 2015 | 1,287,155,296 |
|--|---------------|

| | |
|---|---------------|
| Pending to be issued | 91,500,000 |
| Subsequent shares issued for services | 8,000,000 |
| Subsequent shares issued for debt settlement | 30,000,000 |
| Unissued and outstanding as of November 20, 2015 | 1,416,655,296 |

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Interim Report on Form 10-Q contains forward-looking statements that have been made pursuant to the provisions of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995 and concern matters that involve risks and uncertainties that could cause actual results to differ materially from historical results or from those projected in the forward-looking statements. Discussions containing forward-looking statements may be found in the material set forth under Business, Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q. Words such as may, will, should, could, expect, plan, anticipate, believe, estimate, predict, potential, continue or similar words are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this Report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this Interim Report on Form 10-Q. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations.

Readers should carefully review and consider the various disclosures made by us in this Report, set forth in detail in Part I, under the heading Risk Factors, as well as those additional risks described in other documents we file from time to time with the Securities and Exchange Commission, which attempt to advise interested parties of the risks, uncertainties, and other factors that affect our business. We undertake no obligation to publicly release the results of any revisions to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section of this report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking states are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

Overview of the Company's Business

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Cannabis Science, Inc. (formerly Gulf Onshore, Inc.) (We or the Company), was incorporated under the laws of the State of Colorado, on February 29, 1996, as Patriot Holdings, Inc. On August 26, 1999, the Company changed its name to National Healthcare Technology, Inc. On June 6, 2007, the Company changed its name from National Healthcare Technology, Inc., to Brighton Oil & Gas, Inc., and converted to a Nevada corporation. On March 25, 2008 the Company changed its name to Gulf Onshore, Inc. On April 7, 2009, the Company changed its name to Cannabis Science, Inc.

Cannabis Science, Inc. is at the forefront of medical cannabis research and development. The Company works with world authorities on phytocannabinoid science targeting critical illnesses, and adheres to scientific methodologies to develop, produce, and commercialize phytocannabinoid-based pharmaceutical products. In sum, we are dedicated to the creation of cannabis-based medicines, both with and without psychoactive properties, to treat disease and the symptoms of disease, as well as for general health maintenance.

Cannabis Science, Inc., takes advantage of its unique understanding of metabolic processes to provide novel treatment approaches to a number of illnesses for which current treatments and understanding remain unsatisfactory. The Company works with leading experts in drug development, medicinal characterization, and clinical research to develop, produce, and commercialize novel therapeutic approaches for the treatment for illnesses caused by infections as well as for age-related illness. Our initial focus is on skin cancers and neurological conditions.

Cannabis Science, Inc. takes advantage of its unique understanding of metabolic processes to provide innovative treatment options for unmet medical needs.

Cannabis use has an extensive history dating back thousands of years, and currently there are thousands of peer-reviewed scientific publications that document the underlying biochemical pathways that cannabinoids modulate.

At Cannabis Science, we use an inquiring approach to discover and develop novel cannabinoid-based therapies to improve patients' lives. From the initiation, our founders have been committed to fostering and maintaining a bold, pioneering spirit fostering the true nature of innovation from which cutting edge ideas flourish and translate into evidence-based solutions.

We are dedicated to working closely with local, national and international regulatory agencies to provide access to high quality, first class cannabinoid pharmaceuticals to those critically in need of new treatments for life threatening and debilitating conditions. Cannabis Science's clinical trial material comes from the cultivation and production facilities that are GMP compliant, surpassing high quality standard industrial and food processing requirements.

The Company works with leading experts in drug development, medicinal characterization, and clinical research to develop, produce, and commercialize novel therapeutic approaches for the treatment of multiple critical ailments from cancer and infections to age-related illnesses.

Our products, broadly described, are medical cannabinoid formulations developed from one or more of the cannabinoid compounds found in the cannabis plant. Our immediate focus is to treat one of the most important diseases in the world, cancer.

CS-S/BCC1 is in preparation to enter phase I clinical trials within one to two year. This product is formulated for topical administration to be tested in phase I study, with an indication for skin cancer.

CS-TATI1 is in preclinical development with the indication for infectious disease. Consistent with data published in March by researchers at the Mount Sinai School of Medicine found that cannabinoids inhibit TAT induced migration to TAT via cannabinoid 2 receptors (CB2) which has potential applications in HIV and other infectious diseases.

In November 2013, Cannabis Science submitted patent application N2010968 in Europe entitled "Composition for the Treatment of Neurobehavioral Disorders." The subject of the patent is development of cannabinoid-based formulations to treat a variety of neurobehavioral disorders, such as attention deficit hyperactivity disorder (ADHD) and anxiety. The first formulation in the series of neurobehavioral disorder-targeted products is the pre-clinical development and use of the invention in food products through a licensing agreement with a strategic partner and related company, OmniCanna Health Solutions, Inc. And Cannabis Science will move forward at the same time with pharmaceutical grade product development.

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Cannabis plants have extensive history of medical and agricultural use dating back thousands of years.

To date hundreds of natural constituents covering several chemical classes have been isolated and identified from the Cannabis plant.

Some key phytocannabinoids are:

.

tetrahydrocannabinol (THC)

.

cannabidiol (CBD)

.

cannabigerol (CBG)

.

cannabichromene (CBC)

.

cannabinol (CBN)

These cannabinoids belong to the chemical class of terpenophenolics, of which 85 have been uniquely identified in cannabis, including the most psychoactive cannabinoid, THC.

Some applications of cannabinoids have been well established in peer-reviewed literature such as for alleviating nausea and stimulating the appetite for people with AIDS and cancer. Other well-known uses include easing chronic pain and reducing muscle spasms associated with multiple sclerosis and spinal cord injuries.

The pharmacology of THC has been widely studied, while many other identified cannabinoids are still poorly characterized pharmacologically and biologically, with new activities for cannabinoids consistently being discovered.

Cannabis Science is developing novel cannabis based approaches to treat the world's most deadly illnesses. We learn from patients about the healing properties of cannabis medicines. Our immediate focus is the development of cutting edge cancer treatments.

The Company's future endeavors include infectious illnesses, neurobehavioral disorders including attention deficit disorder, post-traumatic stress disorder; and an application of the anti-inflammatory activities of cannabis in the management of age-related illnesses.

The endocannabinoid system possessed by all vertebrates regulates all body systems and maintains homeostasis. As such, the mechanisms of phytocannabinoids' biological impact are multidimensional.

While concentrating on our core activities of discovering and developing treatments that will make a meaningful difference in patients' lives, we remain mindful that we have other responsibilities to the clinicians who utilize our drugs, health authorities around the world, our shareholders, our employees, and the communities in which we live and work. We continually strive to improve our corporate responsibility standards and activities, implementing comprehensive ethical standards and undertaking patient and community progressive initiatives.

These principles reflect the mission of Cannabis Science to provide innovative therapeutics for unmet medical needs.

As the industry leader, Cannabis Science consults and leads other emerging businesses that Cannabis Science believes has a preferred business model, one which will mature into a key business model in the future. Our consulting is on the entire "seed to sale" process with a focus on bio-pharmaceutical development.

Cannabis Science is one of the longest standing companies in the cannabis business.

We feel that the correct way is to look at the industry from a bio-pharmaceutical standpoint, in a manner that allows cannabinoid-based products to modulate the endocannabinoid system to treat multiple conditions.

On March 30, 2009, the Company entered into an agreement with Cannex Therapeutics, LLC, ("Cannex") a California limited liability company, and its principal, medical cannabis pioneer and entrepreneur Steven W. Kubby, to acquire all of their interest in certain assets used to conduct a cannabis research and development business. The asset purchase agreement includes all of Cannex's and Kubby's intellectual property rights, formulas, patents, trademarks, client base, hardware and software, including the website www.phytiva.com. The Company and its largest shareholder, K & D Equities, Inc., exchanged a total of 10,600,000 shares of common stock for the assets of Cannex; the Company issued 2,100,000 shares to Cannex, and K & D transferred 8,500,000 shares to Cannex and others. A Form 8-K reflecting this transaction was timely filed.

As part of the Agreement, on April 1, 2009, the Company appointed Mr. Kubby as President and CEO, Richard Cowan as Director and CFO, and Robert Melamede Ph. D., as Director and Chief Science Officer. Each of them was also appointed as a director. All of the Company's current directors then resigned. On April 7, 2010, the Company changed its name to Cannabis Science, Inc., and obtained a new CUSIP number. Its shares now trade under the symbol CBIS.OB. A Form 8-K was timely filed, with a copy of the Asset Acquisition Agreement and Board Resolution ratifying the Agreement provided as exhibits thereto.

On April 7, 2009, the Company changed its name to Cannabis Science, Inc., reflecting its new business mission: Cannabis Science, Inc. is at the forefront of medical marijuana research and development. The Company works with world authorities on phytocannabinoid science targeting critical illnesses, and adheres to scientific methodologies to

develop, produce, and commercialize phytocannabinoid-based pharmaceutical products. In sum, we are dedicated to the creation of cannabis-based medicines, both with and without psychoactive properties, to treat disease and the symptoms of disease, as well as for general health maintenance. The Company obtained a new CUSIP number as well. Cannabis Science Inc. has also launched its new website www.cannabisscience.com reflecting its new name.

On May 7, 2009, the Company common shares commenced trading under the new stock symbol OTC: CBIS.

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The Company formed two operating subsidiaries Cannabis Science BV and Cannabis Science International Holding BV in The Netherlands on May 10th and May 6th, 2013, respectively, to pursue business opportunities in Europe and worldwide.

There are minimal operating activities in the subsidiaries as of September 30, 2015. Mario Lap, a director of the Company and director and officer its European subsidiaries, is conducting various business activities of the Company in Spain under his personal name and/or his personal holding companies MLS Lap B.V. and MJR B.V. until such time as the Company is able to establish a Spanish subsidiary to conduct its own business operations and activities, including but not limited to: operating lease for farms, asset purchases, office and equipment, personnel employment and other business and operating activities as may be required from time-to-time.

On August 6, 2014, the Company signed a proposal letter with Michigan Green Technologies, LLC (MGT) to acquire an additional 30.1% equity in MGT that would increase the Company's equity ownership to 50.1%. As consideration for acquiring the additional 30.1% equity, the Company has agreed to issue a total of twenty million (20,000,000) shares to the principals and shareholders of MGT over 12 months (see Form 8-K with the SEC on file no. 000-28911 August 8, 2014). The August 6, 2014 offer to purchase an additional 30.1% equity in MGT is on hold until the litigation is resolved.

On May 7, 2015 the Company announced the acquisition of Equi-Pharm LLC, a USA manufacturer and distributor of specialty horse and pet grooming and topical applications. The acquisition incorporates an extensive expansion plan for Equi-Pharm including "Large Animal" such as horses, cattle, sheep and the like and "Small Animal" or "Pets" include cats, dogs, pet snakes and the like for medical and cosmetic products.

The Company is working on several business acquisition and development projects to increase business and revenue generation in 2014 and beyond, including but not limited to: product licensing and royalty agreements, private label hemp product line, consulting, and other strategic acquisitions to support product development, production, and distribution of newly acquire or manufactured cannabis and hemp based products. There can be no assurance that these will be successful in generating revenues in 2014.

Liquidity

The Company has a working capital deficit of \$5,016,417 as of September 30, 2015 compared to a working capital deficit of \$3,788,922 for the year ended December 31, 2014. There are insufficient liquid assets to meet current liabilities or sustain operations through 2015 and beyond and the Company must raise additional capital to cover the working capital deficit. Management is working on plans to raise additional capital through private placements and lending facilities. The Company currently is relying on existing cash and loans from stockholders to meet its obligations and sustain operations.

The Company has promissory note payment commitments of \$1,340,156 due to stockholders and currently in default. The Company is negotiating with the debtors to extend the notes payable.

Contractual Obligations

The Company has various commitments under consulting contracts, debt settlement, licensing agreements, laboratory services agreement, joint development, and joint venture agreement.

Capital Resources

On January 15, 2015, the Company sold 10,000,000 units at \$0.25 per unit. Each unit is comprised of one share of common stock and one non-transferable warrant with each one warrant to purchase one share of the Company's common stock at an exercise price of \$0.50. The warrants shall expire 2 years from the date of issuance of the warrant certificate (collectively "Offered Units"). Gross proceeds of \$250,000 were received by the Company under the offering on January 27, 2015.

The Company has additional capital resource requirements for personnel, supplies, laboratory and scientific equipment of approximately \$1,250,000 over the next 12 months. These capital disbursements are dependent on management's successful raising of capital through private placements and/or lending facilities.

The Company is not currently in good short-term financial standing. We anticipate that we may only generate limited revenues in the near future and we will not have enough positive internal operating cash flow until we can generate substantial revenues, which may take the next two years to fully realize. There is no assurance we will achieve profitable operations. We have historically financed our operations primarily by cash flows generated from the sale of our equity securities and through cash infusions from officers and outside investors in exchange for debt and/or common stock.

Results of Operations

For the nine months ended September 30, 2015 (2015) as compared to the prior year nine months ended September 30, 2014 (2014):

The Company had \$4,150 in revenues for the 2015 compared to \$1,031 for 2014. This increase in revenue is due to acquisition of EquiPharm

Net loss on settlement of debt increased by \$770,000 to \$ 4,488,076 for the nine months ended September 30, 2015 compared to \$2,116,500 for the nine months ended September 30, 2014. This increase is due to the higher share price of the Company's stock and relative loss related to settling debt at a lower share price.

General and administrative expenses increased by \$2,967,024 to \$8,710,982 for the nine months ended September 30, 2015 compared to \$4,845,803 for the nine months ended September 30, 2014. This increase is due to increased stock compensation expense pursuant to management consulting and bonus agreements.

The Company is working on several business development projects to generate revenues, including: signing a new license agreement with Apothecary Genetics Investments LLC that will generate increased license and royalty revenue, a hemp product line, and other strategic acquisitions to support product development, production, and distribution of newly acquire or manufactured cannabis and hemp based products. The Company's drug development with the pending joint venture with Unistraw is also ongoing through its laboratory services agreement with ImmunoClin Limited in London, UK. In addition, the Company signed an agreement with Equi-Pharma for the commercialization of pet products for distribution in California. Notwithstanding, there can be no assurance that these will be successful in generating revenues in 2015.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report, have concluded that, based on the evaluation of these controls and procedures, that our disclosure controls and procedures were not effective.

There were no changes in our internal controls or in other factors during the last fiscal quarter covered by this report that have materially affected, or are likely to materially affect the Company's internal controls over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the nine months ended September 30, 2015, we have issued securities using exemptions available under the Securities Act of 1933:

As set out below, we have issued securities in exchange for private placements, services and for debt:

On January 1, 2015, the Company issued 2,726,000 shares of S-8 registered common stock with a fair market value of \$158,926 to Dr. Dorothy Bray, former CEO, for services under November 5, 2014 agreement.

On January 1, 2015, the Company issued 2,726,000 shares of S-8 registered common stock with a fair market value of \$158,926 to Raymond Dabney, CEO, for services under November 5, 2014 agreement.

On January 1, 2015, the Company issued 4,318,000 shares S-8 registered free-trading common stock with a fair market value of \$30,000 to Chad S. Johnson, COO/General for services under November 25, 2014 agreement.

On January 1, 2015, the Company effectively issued 5,000,000 Rule 144 restricted shares of common stock with a fair market value of \$349,500 to two consultants for services under 2014 agreements.

On January 1, 2015, the Company issued 6,000,000 Rule 144 restricted shares of common stock to Intrinsic Venture Corp. for settlement of \$300,000 of accounts payable, for a loss on settlement of \$119,400. On January 1, 2015, the Company issued 5,000,000 Rule 144 restricted shares of common stock with a fair market value of \$349,500 to Chad S. Johnson, COO/General Legal Counsel for services under a November 25, 2014 management agreement.

On January 1, 2015, the Company entered into an agreement and issued 545,000 shares of S-8 registered free-trading common stock with a fair market value of \$29,485 to a consultant for services.

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On January 15, 2015, the Company entered into an agreement and issued 15,000,000 shares of Rule 144 restricted common stock with a fair market value of \$997,500 to Richard Cowan, former CFO for services.

On January 15, 2015, the Company issued 10,000,000 shares of common stock to an accredited investor at \$0.25 under a private placement. Gross proceeds of \$250,000 were received by the Company.

On January 15, 2015, the Company issued 15,000,000 shares of Rule 144 restricted common stock with a fair market value of \$997,500 for settlement of \$150,000 in liabilities for loss on settlement of \$847,500.

On January 18, 2015, Mario Lap, the Company's director and director and officer of EU subsidiaries, loaned \$4,031 to Cannabis Science BV a wholly-owned subsidiary of the Company.

On January 26, 2015, the Company issued 5,000,000 shares of Rule 144 restricted common stock with a fair market value of \$497,500 and 8,240,310 shares of S-8 registered free-trading common stock with a fair market value of \$8,240,310 to Robert Kane, CFO for services pursuant to an agreement entered into on January 19, 2015, effective on January 20, 2015.

On January 29, 2015, the Company paid \$120,000 in cash to Old West Entertainment Corp. as instructed by Raymond Dabney, CEO, as payment of management fees owing to Mr. Dabney.

On February 20, 2015, the Company issued 30,828,080 common shares for settlement of \$30,828 of stockholder debt with Intrinsic Capital Corp., for a loss on settlement of \$1,510,576, from the stockholder notes payable originating on July 23, 2013 (\$18,328), August 15, 2013 (\$1,250), August 30, 2013 (\$1,250), and September 9, 2013 (\$10,000).

On February 20, the Company entered into an agreement and issued 300,000 shares of Rule 144 restricted common stock with a fair market value of \$15,000 to each of four consultants to services in conjunction with the MGT acquisition.

On March 3, 2015, the Company entered into an agreement and issued 5,000,000 shares of S-8 registered free-trading common stock and 7,500,000 shares of Rule 144 restricted common stock with a fair market value of \$625,000 to John Dalaly, President of MGT for services in conjunction with the MGT acquisition.

On March 16, 2015, the Company entered into an agreement and issued 2,500,000 shares of Rule 144 restricted common stock and 2,500,000 shares of S-8 registered common stock with a fair market value of \$255,000 to each of two consultants.

On March 16, 2015, the Company entered into an agreement and issued 5,000,000 shares of Rule 144 restricted common stock and 2,500,000 shares of S-8 registered common stock with a fair market value of \$382,500 to a consultant for services.

On March 16, 2015, the Company entered into an agreement and effectively issued 1,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$51,000 to a consultant for services.

On March 26, 2015, the Company entered into an agreement and effectively issued 5,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$222,500 to a consultant for services.

On March 26, 2015, the Company entered into an agreement and effectively issued 3,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$133,500 to a consultant for services.

On March 26, 2015, the Company entered into an agreement and effectively issued 2,500,000 shares of Rule 144 restricted common stock with a fair market value of \$111,250 in addition to 2,500,000 stock options exercisable at \$0.04 per share to a consultant for investor relations services.

On March 27, 2015, the Company's CFO, Robert Kane, loaned Michigan Green Technologies LLC \$52,500 secured by a non-interest bearing promissory note due within 30 days of MGT liquidating shares in Cannabis Science, Inc. to repay the debt. As of February 20, 2015, the Company closed on its acquisition and now owns a majority 50.1% interest in MGT.

On April 30, 2015, the Company issued Dr. Dorothy Bray 5,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$220,000 based on the existing agreement.

On April 30, 2015, the Company issued Robert Kane 10,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$348,000 based on the existing agreement.

On April 30, 2015, Company issued Chad S. Johnson 10,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$348,000 based on the existing agreement.

On April 30, 2015, the Company issued Roger James Agajanian 2,500,000 shares of S-8 registered free-trading common stock with a fair market value of \$95,000 based on the existing agreement.

On April 30, 2015, the Company issued Drue Young 5,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$175,000 based on the existing agreement.

On April 30, 2015, the Company issued Ufuoma Otu 1,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$51,000 based on the existing agreement.

On April 30, 2015 the Company issued Derwin Wallace 2,500,000 shares of 144 restricted common stock with a fair market value of \$111,250 based on the existing agreement.

On April 30, 2015 the Company issued Greta Gaines 1,500,000 shares of S-8 registered free-trading common stock with a fair market value of \$76,500 based on the existing agreement.

On April 30, 2015 the Company issued Greta Gaines 1,000,000 shares of 144 restricted common stock with a fair market value of \$51,000 based on the existing agreement.

On April 30, 2015 the Company issued Soukitna Soeung 3,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$133,500 based on the existing agreement.

On April 30, 2015 the Company issued John Dalaly 3,500,000 shares of S-8 registered free-trading common stock with a fair market value of \$175,000 based on the existing agreement.

On April 30, 2015 the Company issued Mariel Selbowitz 948,000 shares of S-8 registered free-trading common stock with a fair market value of \$41,712 based on the existing agreement.

On April 30, 2015 the Company issued Mark Hoogstad 5,000,000 shares of S-8 registered free-trading common stock with a fair market value of \$225,000 based on the existing agreement.

On April 30, 2015 the Company issued Kemp Hoogstad B.V 5,000,000 shares of 144 restricted common stock with a fair market value of \$222,500 based on the existing agreement.

On April 30, 2015 the Company issued American Education Legal Group LLC 5,000,000 shares of 144 restricted common stock with a fair market value of \$168,000 based on the existing agreement.

On April 30, 2015 the Company issued Intrinsic Capital Corp. 40,000,000 shares of free-trading debt stock with a fair market value of \$1,400,000 based on the existing agreement.

On April 30, 2015 the Company issued Cohen Grass Roots Research Inc, 3,500,000 shares of S-8 registered free-trading common stock with a fair market value of \$169,050 based on the existing agreement.

On May 4, 2015 the Company issued IGX Bio, Inc. 5,000,000 shares of 144 restricted common stock with a fair market value of \$148,000 based on the existing agreement.

On July 16, 2015 the Company issued Horse Mountain Distributing LLC 10,000,000 shares of 144 restricted stock with a fair market value of \$795,000 based on existing agreement.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

N/A

ITEM 5. OTHER INFORMATION

See Financial Statement Notes 4 and 6 in regards to stock compensation for officers and directors.

ITEM 6. EXHIBITS

| Exhibit No. | Document Description | Filed Herewith (X) Incorporated by ref (I) |
|--------------------|---|---|
| 99.2 | Debt Settlement Agreement | (1) |
| 31.1 | Certification by Raymond C. Dabney, Chief Executive Officer, as required under Section 302 of Sarbanes-Oxley Act of 2002. | X |
| 31.2 | Certification by Robert Kane, Chief Financial Officer, as required under Section 302 of Sarbanes-Oxley Act of 2002. | X |
| 32.1 | Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | X |
| 32.2 | Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | X |
| EX-101.INS | XBRL Instance Document | X |
| EX-101.SCH | XBRL Taxonomy Extension Schema | X |
| EX-101.CAL | XBRL Taxonomy Extension Calculation Linkbase | X |
| EX-101.LAB | XBRL Taxonomy Extension Label Linkbase | X |
| EX-101.PRE | XBRL Taxonomy Extension Presentation Linkbase | X |
| EX-101.DEF | XBRL Taxonomy Extension Definition Linkbase | X |

(1) Filed on Form 10-K with the SEC on file no. 000-28911 April 21, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CANNABIS SCIENCE INC.

Date: November 23, 2015 /s/ Raymond C. Dabney

Raymond C. Dabney
Chief Executive Officer

Date: November 23, 2015 /s/ *Robert Kane*

Robert Kane
Chief Financial Officer