

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

**FORM 10-Q**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended May 31, 2018

Commission File No:

**HEMP NATURALS, INC.**

(Exact Name of Registrant As Specified In Its Charter)

**Delaware**

(State or other jurisdiction of incorporation or  
organization)

**47-5604166**

IRS I.D.

**16950 North Bay Road, Suite 1803  
Sunny Isles Beach, Florida 33160**

(Address of principal executive offices)

**(47) 301-8431**

(Issuer's telephone  
number)

**(347) 301-8431**

(Name, address and telephone number of agent for service)

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. 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). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-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

Emerging growth company

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of March 7, 2018, the Company had outstanding 324,125,983 shares of its common stock, par value \$0.0001.

*Special Note Regarding Forward-Looking Statements*

*This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I of this report include forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by forward-looking statements.*

*In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes,"*

"estimates," "predicts," "potential," "proposed," "intended," or "continue" or the negative of these terms or other comparable terminology. You should read statements that contain these words carefully, because they discuss our expectations about our future operating results or our future financial condition or state other "forward-looking" information. There may be events in the future that we are not able to accurately predict or control. Before you invest in our securities, you should be aware that the occurrence of any of the events described in this Quarterly Report could substantially harm our business, results of operations and financial condition, and that upon the occurrence of any of these events, the trading price of our securities could decline and you could lose all or part of your investment. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, growth rates, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this Quarterly Report to conform these statements to actual results.

	<u>Page</u>
<b>PART I</b>	
Item 1 Financial Statements	3
Item 2 Management's Discussion and Analysis of Financial Condition and Result of Operations	11
Item 3 Quantitative and Qualitative Disclosures About Market Risk	13
Item 4 Controls and Procedures	13
<b>PART II</b>	
Item 1 Legal Proceedings	14
Item 1A Risk Factors	14
Item 2 Unregistered Sales of Equity Securities and use of Proceeds	14
Item 3 Defaults Upon Senior Securities	14
Item 4 Mine Safety Disclosures	14
Item 5 Other Information	14
Item 6 Exhibits	14
Signatures	15

**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)**

**HEMP NATURALS, INC.**  
**BALANCE SHEETS**  
(Unaudited)

	<u>May 31, 2018</u>	<u>November 30, 2017</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 16,444	\$ 11
Prepaid Expenses	12,352,789	3,720,725

**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)**

**HEMP NATURALS, INC.**  
**BALANCE SHEETS**  
(Unaudited)

	<u>May 31, 2018</u>	<u>November 30, 2017</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 16,444	\$ 11
Prepaid Expenses	12,352,789	3,720,725
<b>Total Current Assets</b>	<u>12,369,233</u>	<u>3,720,736</u>
<b>TOTAL ASSETS</b>	<u>\$ 12,369,233</u>	<u>\$ 3,720,736</u>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
Current Liabilities		
Derivative Liability	171,598	-
Convertible Note Payable, net of debt discount of \$59,062	19,688	-
Accrued Expenses	7,203	9,074
<b>Total Current Liabilities</b>	<u>198,489</u>	<u>9,074</u>
<b>TOTAL LIABILITIES</b>	<u>198,489</u>	<u>9,074</u>
Stockholders' Deficit		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized; none issued and outstanding as of May 31, 2018 and November 30, 2017	-	-
Common stock, \$.0001 par value, 500,000,000 shares authorized, 324,125,983 and 266,125,983 shares issued and outstanding as of May 31, 2018 and November 30, 2017, respectively	32,413	26,613
Additional Paid in Capital	19,344,393	7,709,151
Accumulated Deficit	(7,206,062)	(4,024,102)
<b>Total Stockholders' Deficit</b>	<u>\$ 12,170,744</u>	<u>\$ 3,711,662</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>	<u>\$ 12,369,233</u>	<u>\$ 3,720,736</u>

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

**HEMP NATURALS, INC.**  
**STATEMENTS OF OPERATIONS**  
(Unaudited)

	<u>For the Three Months Ended May 31, 2018</u>	<u>For the Three Months Ended May 31, 2017</u>	<u>For the Six Months Ended May 31, 2018</u>	<u>For the Six Months Ended May 31, 2017</u>
<b>Operating Expenses</b>				
General & Administrative Expenses	<u>\$ 1,910,656</u>	<u>\$ 19,697</u>	<u>\$ 3,069,424</u>	<u>\$ 84,961</u>

**HEMP NATURALS, INC.**  
**STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the Three Months Ended May 31, 2018	For the Three Months Ended May 31, 2017	For the Six Months Ended May 31, 2018	For the Six Months Ended May 31, 2017
<b>Operating Expenses</b>				
General & Administrative Expenses	\$ 1,910,656	\$ 19,697	\$ 3,069,424	\$ 84,961
<b>Total Operating Expenses</b>	<u>1,910,656</u>	<u>19,697</u>	<u>3,069,424</u>	<u>84,961</u>
<b>Other Expenses:</b>				
Interest Expense	72,117	-	72,117	-
Loss on Change of Fair Value of Derivative Liability	40,419	-	40,419	-
<b>Total Other Expenses</b>	<u>112,536</u>	<u>-</u>	<u>112,536</u>	<u>-</u>
<b>Loss Before Income Tax Provision</b>	<u>\$ (2,023,192)</u>	<u>\$ (19,697)</u>	<u>\$ (3,181,960)</u>	<u>\$ (84,961)</u>
<b>Income Tax Provision</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net loss</b>	<u>\$ (2,023,192)</u>	<u>\$ (19,697)</u>	<u>\$ (3,181,960)</u>	<u>(84,961)</u>
<b>Basic and Diluted Net Loss Per Common Stock</b>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>Weighted average number of common shares outstanding- basic and diluted</b>	<u>324,125,983</u>	<u>14,005,983</u>	<u>310,104,005</u>	<u>14,005,983</u>

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

**HEMP NATURALS, INC.**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the Six Months Ended May 31, 2018	For the Six Months Ended May 31,2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (3,181,960)	\$ (84,961)
Adjustment to reconcile net loss to net cash used in operating activities:		
Expenses contributed to capital	35,941	41,685
Stock based compensation	2,967,937	-
Loss on Change of Fair Value of Derivative Liability	40,419	-
Non-Cash Interest Expense	72,117	-
Changes in current assets and liabilities:		
Inventory	-	999
Accrued expenses	(1,871)	(2,000)
Net cash used in operating activities	<u>(67,417)</u>	<u>(44,277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Convertible Note Payable	78,750	-
Contributed capital from shareholder	5,100	-
Net cash provided by financing activities	<u>83,850</u>	<u>-</u>

**HEMP NATURALS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>For the Six Months Ended May 31, 2018</b>	<b>For the Six Months Ended May 31,2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (3,181,960)	\$ (84,961)
Adjustment to reconcile net loss to net cash used in operating activities:		
Expenses contributed to capital	35,941	41,685
Stock based compensation	2,967,937	-
Loss on Change of Fair Value of Derivative Liability	40,419	-
Non-Cash Interest Expense	72,117	-
Changes in current assets and liabilities:		
Inventory	-	999
Accrued expenses	(1,871)	(2,000)
Net cash used in operating activities	<u>(67,417)</u>	<u>(44,277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Convertible Note Payable	78,750	-
Contributed capital from shareholder	5,100	-
Net cash provided by financing activities	<u>83,850</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	16,433	(44,277)
Cash and cash equivalents at beginning of period	11	46,017
Cash and cash equivalents at end of period	<u>16,444</u>	<u>1,740</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCIING ACTIVITIES:</b>		
Common stock issued recorded as prepaid expense	<u>\$ 11,600,000</u>	<u>\$ -</u>

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

**Hemp Naturals, Inc.**  
**Notes to the financial statements**  
**(Unaudited)**

**Note 1 – Organization and Description of Business**

Hemp Naturals, Inc. (the Company) was incorporated under the laws of the State of Delaware on November 13, 2015. The Company intends to offer consumer goods that are made of industrial hemp and/or the non-psychoactive ingredients of the cannabis plant.

The Company has elected November 30th as its year end.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

**Hemp Naturals, Inc.**  
**Notes to the financial statements**  
**(Unaudited)**

**Note 1 – Organization and Description of Business**

Hemp Naturals, Inc. (the Company) was incorporated under the laws of the State of Delaware on November 13, 2015. The Company intends to offer consumer goods that are made of industrial hemp and/or the non-psychoactive ingredients of the cannabis plant.

The Company has elected November 30th as its year end.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

This summary of significant accounting policies is presented to assist in understanding the Company's unaudited interim financial statements. These accounting policies conform to accounting principles, generally accepted in the United States of America, and have been consistently applied in the preparation of the unaudited interim financial statements. While the information presented in the accompanying interim financial statements for the six months ended May 31, 2018 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 period presented in accordance with the accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. The accompanying unaudited interim financial statements should be read in conjunction with the Company's audited financial statements (and notes thereto) for the fiscal year ended November 30, 2017 included elsewhere in the Company's Form 10K filed with the SEC on August 8, 2018. Operating results for the six months ended May 31, 2018 are not necessarily indicative of the results that can be expected for the year ending November 30, 2018. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal period, as reported in the Form 10-K for the most recent fiscal year, as filed with the Securities and Exchange Commission on August 8, 2018, have been omitted.

**Use of Estimates**

The preparation of unaudited interim financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In the opinion of management, all adjustments necessary in order to make the financial statements not misleading have been included. Actual results could differ from those estimates.

**Fair Value of Financial Instruments**

The Company's balance sheet includes certain financial instruments. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of May 31, 2018. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accrued expenses

### **Related Parties**

The Company follows ASC 850, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions.

### **Note 3 – Going Concern**

The Company's unaudited interim financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company demonstrates adverse conditions that raise substantial doubt about the Company's ability to continue as a going concern for one year following the issuance of these unaudited interim financial statements. These adverse conditions are negative financial trends, specifically operating loss, working capital deficiency, and other adverse key financial ratios.

The Company has not established any source of revenue to cover its operating costs. Management plans to fund operating expenses with related party contributions to capital until such time as revenue is sufficient to cover expenses. There is no assurance that management's plan will be successful.

The unaudited interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that the Company cannot continue as a going concern.

### **Note 4 – Commitments and Contingencies**

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

### Office Space

The Company contracted the use of 3,000 square feet of space owned by our Secretary, Maryna Bleier, who has been and will be contributing the space, valued at \$5,000 per month, to the Company as additional paid-in capital July 1, 2016 until July 1, 2028. Beginning July 1, 2028, the Company is obligated to pay \$5,000 monthly for the use of their office space per the terms of the rental contract.

**Note 4 – Commitments and Contingencies**

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

**Office Space**

The Company contracted the use of 3,000 square feet of space owned by our Secretary, Maryna Bleier, who has been and will be contributing the space, valued at \$5,000 per month, to the Company as additional paid-in capital July 1, 2016 until July 1, 2028. Beginning July 1, 2028, the Company is obligated to pay \$5,000 monthly for the use of their office space per the terms of the rental contract.

**Note 5 – Prepaid Expenses**

During the six months ended May 31, 2018, the Company issued 58,000,000 shares of common stock as compensation for consulting services. The fair value of the shares issued as compensation was \$0.20 per share.

**Note 6 – Convertible Note Payable**

On February 28, 2018, the Company entered into a share purchase agreement with third party Adar Bays LLC (“Adar”) in which the Company sold a promissory note to Adar at 8% annual interest and convertible to discounted shares at 55% discount. The one year promissory note was purchased March 6, 2018. As of May 31, 2018, the convertible note payable, derivative liability and accumulated interest totaled \$192,861.

**Fair Value Measurements**

The Company adopted the provisions of ASC Topic 820, “Fair Value Measurements and Disclosures”, which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, payables to related parties, and accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The Company used Level 3 inputs for its valuation methodology for the conversion option liability in determining the fair value using a Black-Scholes option-pricing model with the following assumption inputs:

	<b>March 6, 2018</b>	<b>May 31, 2018</b>
Annual dividend yield	-	-
Expected life (years)	1	.75
Risk-free interest rate	2.00%	2.16%
Expected volatility	219.0%	243.0%

**Fair Value Measurements at  
May 31, 2018**



The Company used Level 3 inputs for its valuation methodology for the conversion option liability in determining the fair value using a Black-Scholes option-pricing model with the following assumption inputs:

	<u>March 6, 2018</u>	<u>May 31, 2018</u>
Annual dividend yield	-	-
Expected life (years)	1	.75
Risk-free interest rate	2.00%	2.16%
Expected volatility	219.0%	243.0%

	<b>Fair Value Measurements at May 31, 2018</b>		
	<b>Using Fair Value Hierarchy</b>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities			
Embedded derivative liabilities			171,598
Total			<u>\$ 171,598</u>

#### *Derivative Liabilities*

The embedded conversion features of the above convertible notes payable and warrants contain discounted conversion prices and should be recognized as derivative instruments. Such embedded conversion features should be bifurcated and accounted for at fair value. As of the year ended November 30, 2017 and the period ended May 31, 2018, the Company had a derivative liability balance of \$0 and \$171,598, respectively. The Company uses the Black-Scholes option-pricing model to calculate derivative liability.

#### **Fair Value of Embedded Derivative Liabilities:**

November 30, 2017	\$ -
Addition	131,179
Converted	-
Change in Fair Market Value	-
Changes in fair value of derivative liabilities	40,419
As of May 31, 2018	<u>\$ 171,598</u>

#### **Note 7 – Shareholder Equity**

##### *Preferred Stock*

The authorized preferred stock of the Company consists of 20,000,000 shares with a par value of \$0.0001. The Company has no shares of preferred stock issued and outstanding as of May 31, 2018 and November 30, 2017.

##### *Common Stock*

The authorized common stock of the Company consists of 500,000,000 shares with a par value of \$0.0001. There were 324,125,983 and 266,125,983 shares of common stock issued and outstanding as of May 31, 2018 and November 30, 2017, respectively.

On January 14, 2018 29,000,000 common shares were issued to an entity controlled by our CEO as compensation for a two year agreement to provide consulting to the Company.

On January 10, 2018 29,000,000 common shares were issued to a shareholder as compensation for a two year agreement to provide consulting to the Company.

##### *Pertinent Rights and Privileges*

### ***Common Stock***

The authorized common stock of the Company consists of 500,000,000 shares with a par value of \$0.0001. There were 324,125,983 and 266,125,983 shares of common stock issued and outstanding as of May 31, 2018 and November 30, 2017, respectively.

On January 14, 2018 29,000,000 common shares were issued to an entity controlled by our CEO as compensation for a two year agreement to provide consulting to the Company.

On January 10, 2018 29,000,000 common shares were issued to a shareholder as compensation for a two year agreement to provide consulting to the Company.

### ***Pertinent Rights and Privileges***

Holders of shares of Common Stock are entitled to one vote for each share held to be used at all stockholders' meetings and for all purposes including the election of directors. Common Stock does not have cumulative voting rights. Nor does it have preemptive or preferential rights to acquire or subscribe for any unissued shares of any class of stock.

Holders of shares of Preferred Stock are entitled to voting rights where every one share of Preferred Stock has voting rights equal to one hundred shares of Common Stock.

### ***Additional Paid In Capital***

During the six months ended May 31, 2018, our CEO paid a combined \$4,541 in operating expenses which is recorded as additional paid in capital. Our secretary provided rental space to the company totaling \$30,000, which is recorded as additional paid in capital. A shareholder paid operating expenses of \$1,500 and another shareholder advanced \$5,000 to the Company. These contributions from the two shareholders are posted as additional paid in capital as there is no expectation of repayment.

### **Note 8 – Related-Party Transactions**

#### ***Contributed Capital***

During the six months ended May 31, 2018, our CEO paid a combined \$4,541 in operating expenses which is recorded as additional paid in capital. Our secretary provided rental space to the company totaling \$30,000, which is recorded as additional paid in capital. A shareholder paid operating expenses of \$1,500 and another shareholder advanced \$5,000 to the Company. These contributions from the two shareholders are posted as additional paid in capital as there is no expectation of repayment.

#### ***Equity***

On January 14, 2018 29,000,000 common shares were issued to Blue Car Enterprise, an entity controlled by our CEO, as compensation for a two year agreement to provide consulting to the Company.

On January 10, 2018 29,000,000 common shares were issued to the Elad National Properties, a shareholder, as compensation for a two year agreement to provide consulting to the Company.

#### ***Office Space***

At this time our office space is provided to us rent free by our Secretary Maryna Bleier which is accounted for as contribution of \$5,000 monthly. Our office space is located at 16950 North Bay Road, Suite 1803 Sunny Isles Beach, Florida 33160. After July 1, 2028, the Company is obligated to pay \$5,000 monthly.

### **Note 9 – Subsequent Events**

After May 31, 2018, our CEO paid expenses on behalf of the Company totaling \$1,300.

On July 6, 2018, the Board of Directors resolved to increase the total number of authorized shares. The total number of shares of capital stock which the Corporation shall have authority to issue is: one billion two hundred twenty million (1,220,000,000). These shares shall be divided into two classes with one billion two hundred million (1,200,000,000) shares designated as common stock at \$.0001 par value and twenty million (20,000,000) shares designated as preferred stock at \$.0001 par value.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited interim financial statements.

**Forward-Looking Statements**

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements." These forward looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

**Critical Accounting Policies and Estimates**

Our unaudited interim financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("US GAAP"). US GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expenses amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our unaudited interim financial statements.

We believe the following is among the most critical accounting policies that impact our unaudited interim financial statements. We suggest that our significant accounting policies, as described in our unaudited interim financial statements in the Summary of Significant Accounting Policies, be read in conjunction with this Management's Discussion and Analysis of Financial Condition and Results of Operations.

*Accounting Standard Codification ("ASC") Topic 605*

We recognize revenue in accordance with ASC Topic 605, "Revenue Recognition" when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

**Overview**Result of Operations

We have generated no revenue for the three and six months ended May 31, 2018 and 2017.

Expense Overview

Expenses for the three and six months ended May 31, 2018 and May 31, 2017 consisted of SG&A operating expenses.

## **Overview**

### Result of Operations

We have generated no revenue for the three and six months ended May 31, 2018 and 2017.

### Expense Overview

Expenses for the three and six months ended May 31, 2018 and May 31, 2017 consisted of SG&A operating expenses.

### General and Administrative

General and Administrative expenses mainly consisted of organization and related expenses in 2017 and professional fees in 2018. General and Administrative expenses for the three months ended May 31, 2018 and May 31, 2017 were \$2,023,192 and \$19,697, respectively. General and Administrative expenses for the six months ended May 31, 2018 and May 31, 2017 were \$3,181,960 and \$84,961, respectively.

### Net loss

Net loss for the three months ended May 31, 2018 and May 31, 2017 was \$2,023,192 and \$19,697, respectively. Net loss for the six months ended May 31, 2018 and May 31, 2017 was \$3,181,960 and \$84,961, respectively.

## **Liquidity and Capital Resources**

### Cash and Cash Equivalents

Our cash and cash equivalents at the beginning of the six month period ended May 31, 2018 was \$11 and increased to \$16,444 at the end of the period.

### Operating Activities

Operating activities used \$181,528 and \$44,277 in cash for the six months ended May 31, 2018 and May 31, 2017, respectively. The decreases were due to net loss in the respective quarters.

### Liabilities

Liabilities, consisting of accrued expenses and a convertible note payable, at the beginning of the six month period ended May 31, 2018 were \$9,074 and increased to \$198,489 at the end of the period. The increase was primarily due to the sale of the convertible note payable, the allowance for the value of the derivative liability due to the conversion share discount, and accumulated interest (See Note 6).

### Working Capital

Our working capital was \$3,711,662 and \$12,170,744 on November 30, 2017 and May 31, 2018, respectively.

## **Going Concern**

The Company's unaudited interim financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company demonstrates adverse conditions that raise substantial doubt about the Company's ability to continue as a going concern for one year following the issuance of these unaudited interim financial statements. These adverse conditions are negative financial trends, specifically operating loss, working capital deficiency, and other adverse key financial ratios.

---

The Company has not established any source of revenue to cover its operating costs. Management plans to fund operating expenses with related party contributions to capital until such time as revenue is sufficient to cover expenses. At the date of this filing, management has spent several

The Company has not established any source of revenue to cover its operating costs. Management plans to fund operating expenses with related party contributions to capital until such time as revenue is sufficient to cover expenses. At the date of this filing, management has spent several months focused on marketing, both online and at the retail level. The Company's website has been developed and our rolling papers are available at a promotional rate at twenty-five retail operations, with no revenues realized by the Company to date. Our expectation is that the promotional phase of rolling paper sales will transition to profitable operations during the third or fourth quarter of the 2018 fiscal year, however there is no certainty regarding this.

The unaudited interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that the Company cannot continue as a going concern.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined by Rule 229.10(f)(1).

### **Item 4. Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

We conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended ("Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer concluded as of May 31, 2018 that our disclosure controls and procedures were not effective at ensuring that the material information required to be disclosed in the Exchange Act reports is recorded, processed, summarized and reported as required in applicable SEC rules and forms. Through the use of external consultants and the review process, management believes that the financial statements and other information presented herewith are materially correct.

#### *Changes in Internal Control over Financial Reporting*

During the six months ended May 31, 2018, there were no changes in our internal control over financial reporting identified in connection with management's evaluation of the effectiveness of our internal control over the financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

---

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

Neither the Company nor its property is a party to any pending legal proceeding.

### **Item 1A. Risk Factors**

The Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined by Rule 229.10(f)(1).

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

Neither the Company nor its property is a party to any pending legal proceeding.

### Item 1A. Risk Factors

The Company is not required to provide the information required by this Item as it is a “ smaller reporting company,” as defined by Rule 229.10(f) (1).

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

None.

### Item 6. Exhibits

Exhibit Number	Description of Exhibit
<a href="#">31.1</a>	Certification of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.(filed herewith)
<a href="#">32.1</a>	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 United States Code Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101	The following materials from the Company’s Quarterly Report on Form 10-Q for the quarter ended May 31, 2018 formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Stockholders’ Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text. (1)

(1)

Users of this data are advised that pursuant to Rule 406T of Regulation S-T, this XBRL information is being furnished and not filed herewith for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and Sections 11 or 12 of the Securities Act of 1933, as amended, and is not to be incorporated by reference into any filing, or part of any registration statement or prospectus, of Hemp Naturals Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report on Form 10-Q to be signed on its behalf by the

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

**HEMP NATURALS INC.**

Dated:

By: \_\_\_\_\_  
Levi Jacobson  
Chief Executive Officer, Chief Financial Officer,  
Director