

**PROSPECTUS SUPPLEMENT NO. 1
(To Prospectus Dated December 4, 2017)**



NEMUS BIOSCIENCE, INC.

Up to 50,159,997 Shares of Common Stock

This prospectus supplement no. 1 supplements the prospectus dated December 4, 2017 relating to the resale by the selling shareholders identified in the prospectus of up to 50,159,997 shares of our common stock, \$0.001 par value, including (i) 20,000,000 shares of common stock, which equals the number of shares of common stock issuable upon the conversion of shares of our Series F Convertible Preferred Stock, par value \$0.001 per share (“Series F Preferred Stock”), (ii) 1,333,334 shares of common stock, which equals the number of shares of common stock issuable upon the conversion of shares of our Series D Convertible Preferred Stock, par value \$0.001 per share (“Series D Preferred Stock”), (iii) 21,542,500 shares of common stock, which equals the number of shares of common stock issuable upon the conversion of shares of our Series B Convertible Preferred Stock, par value \$0.001 per share (“Series B Preferred Stock”) and 6,250,000 shares of common stock issuable upon exercise of the warrants which we sold to investors in a private placement on August 20, 2015, (iv) 241,663 shares of common stock which we sold to investors in a private placement on January 7, 2015 and (v) 792,500 shares of common stock issuable upon exercise of warrants issued to our placement agents.

This prospectus supplement incorporates into our prospectus the information contained in our attached Current Report on Form 8-K, which was filed with the Securities and Exchange Commission on January 3, 2018.

You should read this prospectus supplement in conjunction with the prospectus, including any supplements and amendments thereto. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement supersedes the information contained in the prospectus. This prospectus supplement is not complete without, and may not be delivered or utilized except in connection with, the prospectus, including any supplements and amendments thereto.

You should understand the risks associated with investing in our common stock. Before making an investment, read the “Risk Factors,” which begin on page 4 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is January 3, 2018.

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 3, 2018** (December 28, 2017)

Nemus Bioscience, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

000-55136

(Commission File Number)

45-0692882

(IRS Employer Identification No.)

600 Anton Boulevard, Suite 1100, Costa Mesa, CA 92626

(Address of principal effective offices) (Zip Code)

Registrant's telephone number, including area code: **(949) 396-0330**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Bridge Loan and Proposed Stock Transactions

On December 28, 2017, Nemus Bioscience, Inc. (“Nemus”) entered into a Secured Promissory Note and Security Agreement for a convertible loan (the “Bridge Loan”) with Emerald Health Sciences Inc. (“Emerald”). The Bridge Loan provides for aggregate gross proceeds to Nemus of up to \$900,000 and is secured by all of Nemus’ assets. Nemus received proceeds of \$500,000 on December 28, 2017 and the Bridge Loan provides for the funding of the remaining \$400,000 on January 16, 2018, subject to the conditions described below. Unless earlier converted into Nemus common stock (“Common Stock”), the Bridge Loan bears interest at 12% per annum and matures on June 30, 2018. The initial conversion price is \$0.10 per share of Common Stock. Nemus intends to use the net proceeds for general corporate purposes, including, without limitation, to pay down certain existing obligations as specified under the Secured Promissory Note and other working capital items.

The foregoing description of the Secured Promissory Note and the Security Agreement does not purport to be complete and is qualified in its entirety by the Secured Promissory Note attached hereto as Exhibit 10.1 and the Security Agreement attached hereto as Exhibit 10.2, each of which is incorporated herein by reference.

On December 28, 2017, in connection with the Bridge Loan, Nemus executed a binding term sheet with Emerald that contemplates certain stock purchase agreements under which Emerald would acquire the outstanding preferred stock of Nemus held by certain holders of Nemus’ preferred stock (“Certain Preferred Stockholders”) and Emerald would commit to purchase or facilitate the purchase from Nemus of not less than \$2,500,000 of Common Stock at \$0.10 per share, plus warrants exercisable at \$0.10 per share of Common Stock. Upon the closing of such a proposed private placement, the term sheet contemplates that any amounts outstanding under the Bridge Loan would automatically convert to Common Stock at a conversion price of \$0.10, and together with the closing of the preferred stock acquisition, Emerald would own a majority of the equity interest in Nemus. Simultaneously with such closings, the current members of the Board of Directors of Nemus (the “Board”) would agree to appoint Emerald nominees to the Board and all of the current members of the Board except for Dr. Brian Murphy would subsequently tender their resignation. The closing of the proposed private placement is conditioned on the conversion of all remaining preferred stock of Nemus and satisfactory completion of scientific and operational due diligence. If Nemus does not receive all of the conversion notices or if Emerald does not purchase all the preferred stock of the Certain Preferred Stockholders by January 15, 2018, does not close the private placement by February 28, 2018 or elects not to proceed with the private placement in its discretion, Emerald has no obligation to make available any amounts then remaining unfunded under the Bridge Loan.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 above is hereby incorporated by reference in its entirety into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On December 29, 2017, Nemus issued a press release announcing the Bridge Loan and the proposed stock transactions. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Item 7.01 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of Nemus’ filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statement and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Secured Promissory Note, dated December 28, 2017, by Nemus Bioscience, Inc., to Emerald Health Sciences Inc.
10.2	Security Agreement, dated December 28, 2017, by and among Nemus Bioscience, Inc., and Emerald Health Sciences Inc.
99.1	Nemus Press release dated December 29, 2017.

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 hereunto duly authorized.

Nemus Bioscience, Inc.

Date: January 3, 2018

By: /s/ Brian Murphy
Brian Murphy
Chief Executive Officer

EXHIBIT INDEX

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99.1	Press release dated December 29, 2017

SECURED PROMISSORY NOTE

December 28, 2017

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, **NEMUS BIOSCIENCE, INC.**, a Nevada corporation (the "**Company**"), hereby unconditionally promises to pay to the order of **EMERALD HEALTH SCIENCES INC.** (together with its successors and assigns, the "**Noteholder**", and together with the Company, the "**Parties**"), the principal amount of \$900,000 (the "**Loan**") or the aggregate of such amounts the Noteholder has disbursed to the Company pursuant to Section 2.2, together with all accrued interest thereon (including all "PIK Interests"), as provided in this Promissory Note (this "**Note**").

1. Definitions. Capitalized terms used herein shall have the meanings set forth in this Section 1 .

"**Advance**" means each disbursement made by the Noteholder to the Company pursuant to Section 2.2 .

"**Affiliate**" means as to any Person, any other Person that, directly or indirectly through one or more intermediaries, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"**Applicable Rate**" means the rate equal to 12% per annum.

"**Anti-Terrorism Law**" means any Law related to money laundering or financing terrorism including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56) (the "**USA PATRIOT Act**"), the Currency and Foreign Transactions Reporting Act, 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959) (also known as the "**Bank Secrecy Act**"), the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) and Executive Order 13224 (effective September 24, 2001).

"**Company**" has the meaning set forth in the introductory paragraph.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in California are authorized or required by law to close.

"**Common Shares**" means shares of common stock of the Company.

"**Conversion Notices**" means notices from holders of 100% of the issued and outstanding shares of preferred stock of the Company (other than the Selling Shareholders) irrevocably agreeing to convert, as of the date of closing of the Private Placement, all such shares of preferred stock into Common Shares based upon a conversion price of \$0.10 per share and waiving any redemption rights which such holders may have in connection with the transactions contemplated hereunder, any contemplated transaction between the Noteholder and the Selling Shareholders and the Private Placement.

“**Debt**” of the Company, means all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services, except trade payables arising in the ordinary course of business; (c) obligations evidenced by notes, bonds, debentures or other similar instruments; (d) obligations as lessee under capital leases; (e) obligations in respect of any interest rate swaps, currency exchange agreements, commodity swaps, caps, collar agreements or similar arrangements entered into by the Company providing for protection against fluctuations in interest rates, currency exchange rates or commodity prices or the exchange of nominal interest obligations, either generally or under specific contingencies; (f) obligations under acceptance facilities and letters of credit; (g) guaranties, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person, or otherwise to assure a creditor against loss, in each case, in respect of indebtedness set out in clauses (a) through (f) of a Person other than the Company; and (h) indebtedness set out in clauses (a) through (g) of any Person other than Company secured by any lien on any asset of the Company, whether or not such indebtedness has been assumed by the Company.

“**Default**” means any of the events specified in Section 12 which constitutes an Event of Default or which, upon the giving of notice, the lapse of time, or both pursuant to Section 12 would, unless cured or waived, become an Event of Default.

“**Default Rate**” means, at any time, the Applicable Rate plus 10%.

“**Drawdown Termination Date**” has the meaning set forth in Section 2.2.

“**Event of Default**” has the meaning set forth in Section 12.

“**GAAP**” means generally accepted accounting principles in the United States of America as in effect from time to time.

“**Governmental Authority**” means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government (including any supranational bodies such as the European Union or the European Central Bank).

“**Interest Payment Date**” means the last day of each six months commencing on the first such date to occur after the execution of this Note.

“**Law**” as to any Person, means any law (including common law), statute, ordinance, treaty, rule, regulation, policy or requirement of any Governmental Authority and authoritative interpretations thereon, whether now or hereafter in effect, in each case, applicable to or binding on such Person or any of its properties or to which such Person or any of its properties is subject.

“**Lien**” means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other), charge or other security interest.

“**Loan**” has the meaning set forth in the introductory paragraph.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, assets, properties, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Company; (b) the validity or enforceability of this Note or Security Agreement; (c) the perfection or priority of any Lien purported to be created under the Security Agreement; (d) the rights or remedies of the Noteholder hereunder or under the Security Agreement; or (e) the Company's ability to perform any of its material obligations hereunder or under the Security Agreement.

“**Maturity Date**” means the earlier of (a) June 30, 2018 and (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 13.

“**Note**” has the meaning set forth in the introductory paragraph.

“**Noteholder**” has the meaning set forth in the introductory paragraph.

“**Order**” as to any Person, means any order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case, applicable to or binding on such Person or any of its properties or to which such Person or any of its properties is subject.

“**Parties**” has the meaning set forth in the introductory paragraph.

“**Permitted Debt**” means Debt (a) existing or arising under this Note and any refinancing thereof; (b) existing as of the date of this Note and set out in Schedule A; (c) owed in respect of any netting services, overdrafts and related liabilities arising from treasury, depository and cash management services in connection with any automated clearinghouse transfers of funds; and (d) unsecured insurance premiums and trade payables owing in the ordinary course of business.

“**Person**” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority or other entity.

“**PIK Interest**” has the meaning set forth in Section 4.2.

“**Private Placement**” means the purchase by the Noteholder from the Company not less than \$2,500,000 of shares of common stock the Company at \$0.10 per share, plus a warrant exercisable at \$0.10 per share of common stock of the Company, pursuant to a non-brokered private placement pursuant to a Private Placement agreement to be entered into, by and between the Noteholder and the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

“**Sanctions**” means, sanctions administered or enforced by the US Department of the Treasury’s Office of Foreign Assets Control (OFAC), US Department of State, European Union, Her Majesty’s Treasury, or other relevant sanctions authority.

“**Security Agreement**” means the Security Agreement, dated as of the date hereof, by and between the Company and Noteholder, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

“**Selling Shareholders**” means Sabby Healthcare Master Fund and Sabby Volatility Warrant Master Fund.

“**USA PATRIOT Act**” has the meaning set forth in the definition of Anti-Terrorism Law.

“**VWAP**” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Shares is then listed or quoted on a trading market other than the OTCQB marketplace, the daily volume weighted average price of the Common Shares for such date (or the nearest preceding date) on the trading market on which the Common Shares is then listed or quoted as reported by Bloomberg L.P. (based on a trading day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time)), (b) if the Common Shares is then quoted on the OTCQB marketplace, the volume weighted average price of the Common Shares for such date (or the nearest preceding date) on the OTCQB, (c) if the Common Shares is not then listed or quoted for trading on a trading market and if prices for the Common Shares are then reported in the “Pink Sheets” published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the common stock of the Company so reported, or (d) in all other cases, the fair market value of a share of common stock of the Company as determined by an independent appraiser selected in good faith by the Noteholder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

2. LOAN DISBURSEMENT MECHANICS.

2.1 Commitment.

(a) Subject to Section 2.2, the Noteholder shall make available to the Company one or more Advances in an aggregate amount not to exceed \$900,000. The Noteholder will make such Advances to the Company as follows: \$500,000 upon the execution of this Note and the Security Agreement (the “**Initial Advance**”) and \$400,000 on January 16, 2018 (the “**Second Advance**”).

(b) The proceeds of the Initial Advance shall be used only for the payment of the amounts listed in Exhibit B attached hereto to the applicable third parties therein (provided that amount allocated in Exhibit B to “Miscellaneous” will be paid as determined by the unanimous decision of a committee (the “**Committee**”) consisting of one representative of each of the Noteholder and the Company, with the initial representative of the Noteholder being Avtar Dhillon and the Company being Brian Murphy); and the proceeds of the Second Advance shall be used only for the payments of the amounts to third parties as determined by the unanimous decision of the Committee; provided that the Noteholder reserves the right to negotiate reduced payment terms with such third parties.

2.2 Conditions. The Noteholder shall have no obligation to make any further Advances from the first to occur of: (i) January 15, 2018, if the Company has not received Conversion Notices on or before such date from the holders of 100% of the issued and outstanding shares of preferred stock of the Company (other than the Selling Shareholders); (b) February 28, 2018 if the Private Placement has not closed by such date; and (c) the date on which the Noteholder provides written notice to the Company that it will not be proceeding with the Private Placement (any such event, the “**Drawdown Termination Date**”).

3. Final Payment Date; Optional Prepayments.

3.1 Final Payment Date. Subject to Section 6, the aggregate unpaid principal amount of the Loan, all accrued and unpaid interest and all other amounts payable under this Note shall be due and payable on the Maturity Date.

3.2 Optional Prepayment. The Company shall not be permitted to prepay any Loan without the prior written consent of the Noteholder prior to the Drawdown Termination Date. At any time after the Drawdown Termination Date, the Company shall be permitted to repay any Loan. No prepaid amount may be reborrowed.

3.3 Security Agreement. The Company's performance of its obligations hereunder is secured by a first priority security interest in the collateral specified in the Security Agreement.

4. Interest.

4.1 Interest Rate. Except as otherwise provided herein, the outstanding principal amount of all Advances made hereunder shall bear interest at the Applicable Rate from the date such Advance was made until the Loan is paid in full, whether at maturity, upon acceleration, by prepayment or otherwise.

4.2 Interest Payment Dates. Interest shall be payable semi-annually in arrears to the Noteholder on each Interest Payment Date, compounded semi-annually on the unpaid principal amount of this Note. Accrued interest payable on each Interest Payment Date shall be capitalized, compounded and added to the outstanding principal amount of this Note on such Interest Payment Date (the “**PIK Interest**”).

4.3 Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such overdue amount shall bear interest at the Default Rate from the date of such non-payment until such amount is paid in full.

4.4 Computation of Interest. All computations of interest shall be made on the basis of a year of 360 days, as the case may be, and the actual number of days elapsed. Interest shall accrue on each Advance on the day on which such Advance is made, and shall not accrue on the Loan for the day on which it is paid.

4.5 Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on any Advance shall exceed the maximum rate of interest permitted to be charged by the Noteholder to the Company under applicable Law, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law shall be deemed a voluntary prepayment of principal.

5. Payment Mechanics.

5.1 Manner of Payments. Subject to Section 6, all payments of interest and principal shall be made in lawful money of the United States of America no later than 12:00 PM on the date on which such payment is due by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Company from time to time.

5.2 Application of Payments. All payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to accrued interest, and third to the payment of the principal amount outstanding under this Note.

5.3 Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

5.4 Evidence of Debt. The Noteholder is authorized to record on the grid attached hereto as Exhibit A each Advance made to the Company and each payment or prepayment thereof. The entries made by the Noteholder shall, to the extent permitted by applicable Law, be prima facie evidence of the existence and amounts of the obligations of the Company therein recorded; provided, however, that the failure of the Noteholder to record such payments or prepayments, or any inaccuracy therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) the Loan in accordance with the terms of this Note.

5.5 Rescission of Payments. If at any time any payment made by the Company under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the Company's obligation to make such payment shall be reinstated as though such payment had not been made.

6. Conversion.

6.1 Automatic Conversion. All the outstanding Loan, together with all accrued and unpaid interest thereon (including all PIK Interest), shall be automatically converted into common stock of the Company at the Conversion Price concurrent with the closing of the Private Placement.

6.2 Voluntary Conversion. At any time after the Drawdown Termination Date, the Noteholder at its sole discretion may, upon 60 days' prior written notice, convert all or part of the outstanding Loan, together with all accrued and unpaid interest thereon (including all PIK Interest), into common stock of the Company at a price per Common Share equal to the lesser of: (a) the Conversion Price; (b) the average VWAP for the five trading days prior to the date of notice to convert; and (c) the average VWAP for the five trading days prior to the date of conversion pursuant to this Section 6.2. Notwithstanding the foregoing, the Noteholder at its sole discretion may at any time convert all or part of the outstanding Loan, together with all accrued and unpaid interest thereon (including all PIK Interest), into Common Shares at a price per Common Share equal to the Conversion Price so long as the Noteholder will not be deemed to beneficially own more than 4.99% of the total outstanding shares of common stock of the Company pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "**Exchange Act**").

6.3 Delivery of Stock Certificates. As promptly as practicable after the conversion of this Note, if requested by the Noteholder, the Company at its expense will issue and deliver to the Noteholder a certificate or certificates for the number of full Common Shares issuable upon such conversion.

6.4 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of this Note. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock, up or down, as applicable, to the nearest whole share.

7. Conversion Price Adjustments. The initial conversion price (the "**Conversion Price**") per Common Share shall be \$0.10. The Conversion Price for each Common Share shall be subject to adjustment from time to time as follows:

7.1 If the Company shall, at any time or from time to time after the date hereof, issue or sell any Common Shares, or other securities exercisable for or convertible into Common Shares (or to otherwise be deemed to have issued Common Shares), for a consideration per Common Share less than the Conversion Price (the "**New Issuance Price**") then in effect immediately prior to the issuance of such Common Shares or such other securities (each such occurrence, a "**Dilutive Issuance**"), then the Conversion Price as in effect immediately prior to each such Dilutive Issuance, shall forthwith be immediately lowered to a price equal to the lesser of (a) the New Issuance Price; or (b) the average VWAP for the five trading days prior to the date of the applicable Dilutive Issuance as provided in this Section 7.1.

7.2 If, at any time after the date hereof, the number of Common Shares of the Company outstanding is increased by a distribution payable in shares of common stock of the Company or by a subdivision or split-up of Common Shares, then the Conversion Price shall be appropriately decreased.

7.3 If, at any time after the date hereof, the number of Common Shares outstanding is decreased by a combination of the outstanding Common Shares, then the Conversion Price shall be appropriately increased.

7.4 In the event of any capital reorganization of the Company, any reclassification of the equity interests of the Company, or any consolidation or merger of the Company, this Note shall after each such reorganization, reclassification, consolidation or merger be convertible into the kind and number of Common Shares or other securities or property of the Company or of the entity resulting from such consolidation or surviving such merger to which the holder of the number of Common Shares deliverable (immediately prior to the time of such reorganization, reclassification, consolidation or merger) upon conversion of this Note would have been entitled upon such reorganization, reclassification, consolidation or merger.

7.5 Whenever the Conversion Price shall be adjusted as provided in Section 7, the Company shall make available for inspection during regular business hours, at its principal executive offices or at such other place as may be designated by the Company, a statement, showing in detail the facts requiring such adjustment and the Conversion Price that shall be in effect after such adjustment. The Company shall also cause a copy of such statement to be sent to the Investor at the address appearing on the Company's records.

8. Reservation of Common Shares Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of common stock solely for the purpose of effecting the conversion of this Note such number of its shares of common stock as shall from time to time be sufficient to effect the conversion of this Note; and if at any time the number of authorized but unissued shares of its common stock shall not be sufficient to effect the conversion of the entire outstanding amount of this Note, in addition to such other remedies as shall be available to the Noteholder, the Company will use its best efforts to take such corporate action as may be necessary to increase its authorized but unissued shares of its common stock to such number of shares as shall be sufficient for such purposes.

9. Representations and Warranties. The Company hereby represents and warrants to the Noteholder on the date hereof as follows:

9.1 Existence; Compliance with Laws. The Company is (a) a corporation duly incorporated, validly existing and in good standing under the laws of the state of its jurisdiction of organization and has the requisite power and authority, and the legal right, to own, lease and operate its properties and assets and to conduct its business as it is now being conducted and (b) in compliance with all Laws and Orders except to the extent that the failure to comply therewith could not, reasonably be expected to have a Material Adverse Effect.

9.2 Power and Authority. The Company has the power and authority, and the legal right, to execute and deliver this Note and the Security Agreement and to perform its obligations hereunder and thereunder.

9.3 Authorization; Execution and Delivery. The execution and delivery of this Note and the Security Agreement by the Company and the performance of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action in accordance with all applicable Laws. The Company has duly executed and delivered this Note and the Security Agreement.

9.4 No Approvals. No consent or authorization of, filing with, notice to or other act by, or in respect of, any Governmental Authority or any other Person is required in order for the Company to execute, deliver, or perform any of its obligations under this Note or the Security Agreement.

9.5 No Violations. The execution and delivery of this Note and the Security Agreement and the consummation by the Company of the transactions contemplated hereby and thereby do not and will not (a) violate any provision of the Company's organizational documents; (b) violate any Law or Order applicable to the Company or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Company may be bound.

9.6 Enforceability. Each of this Note and the Security Agreement is a valid, legal and binding obligation of the Company, enforceable against the Company in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

9.7 No Litigation or Bankruptcy Proceedings. No action, suit, litigation, investigation or proceeding of, or before, any arbitrator or Governmental Authority is pending or, to the knowledge of the Company, threatened by or against the Company or any of its property or assets (a) with respect to this Note, the Security Agreement or any of the transactions contemplated hereby or thereby or (b) that could be expected to materially adversely affect the Company's financial condition or the ability of the Company to perform its obligations under this Note or the Security Agreement. The Company has not taken any steps to seek protection pursuant to any law or statute relating to bankruptcy, insolvency, reorganization, liquidation or winding up, or does the Company have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact that would reasonably lead a creditor to do so.

9.8 Indebtedness. (i) Except as disclosed in the Company's filings with the Securities and Exchange Commission under the Exchange Act, the Company does not have any outstanding Indebtedness (as defined below), (ii) the Company is not a party to any contract, agreement or instrument, the violation of which, or default under which, by the other party(ies) to such contract, agreement or instrument could reasonably be expected to result in a Material Adverse Effect, (iii) the Company is not in violation of any term of or in default under any contract, agreement or instrument relating to any Indebtedness, except where such violations and defaults would not result, individually or in the aggregate, in a Material Adverse Effect, or (iv) the Company is not a party to any contract, agreement or instrument relating to any Indebtedness, the performance of which, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect. (x) "**Indebtedness**" of any Person means, without duplication (A) all indebtedness for borrowed money in excess of \$25,000, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services, including, without limitation, "capital leases" in accordance with GAAP (other than trade payables entered into in the ordinary course of business consistent with past practice), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with GAAP, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, claim, tax, right of first refusal, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; and (y) "**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any Indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

9.9 USA PATRIOT Act, OFAC and Other Regulations.

(a) Neither the Company nor, to the knowledge of the Company, any of its Affiliates or any of their respective officers, directors, brokers or agents (i) has violated any Anti-Terrorism Laws or (ii) has engaged in any transaction, investment, undertaking or activity that conceals the identity, source or destination of the proceeds from any category of prohibited offenses designated by the Organization for Economic Co-operation and Development's Financial Action Task Force on Money Laundering.

(b) Neither the Company nor, to the knowledge of the Company, any of its Affiliates or any of their respective officers, directors, brokers or agents is a Person that is, or is owned or controlled by Persons that are: (i) the subject of any Sanctions, or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions, including Cuba, Iran, North Korea, Sudan and Syria.

(c) Neither the Company nor, to the knowledge of the Company any of its Affiliates or any of their respective officers, directors, brokers or agents acting or benefiting in any capacity in connection with the Loan (i) conducts any business or engages in making or receiving any contribution of goods, services or money to or for the benefit of any Person, or in any country or territory, that is the subject of any Sanctions, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

10. Affirmative Covenants. Until all amounts outstanding in this Note have been paid in full, the Company shall:

10.1 Maintenance of Existence. (a) Preserve, renew and maintain in full force and effect its corporate or organizational existence and (b) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

10.2 Compliance. Comply with (a) all of the terms and provisions of its organizational documents; (b) its obligations under its material contracts and agreements; and (c) all Laws and Orders applicable to it and its business, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

10.3 Payment Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings, and reserves in conformity with GAAP with respect thereto have been provided on its books.

10.4 Financial Information. Promptly provide to the Noteholder all financial and operational information with respect to the Company as the Noteholder may reasonably request.

10.5 Notice of Events of Default. As soon as possible and in any event within two (2) Business Days after it becomes aware that a Default or an Event of Default has occurred, notify the Noteholder in writing of the nature and extent of such Default or Event of Default and the action, if any, it has taken or proposes to take with respect to such Default or Event of Default.

10.6 Further Assurances. Upon the request of the Noteholder, promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Note and the Security Agreement.

11. Negative Covenants. Until all amounts outstanding under this Note have been paid in full, the Company shall not:

11.1 Indebtedness. Incur, create or assume any Debt, other than Permitted Debt.

11.2 Liens. Incur, create, assume or suffer to exist any Lien on any of its property or assets, whether now owned or hereinafter acquired except for (a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; and (b) non-consensual Liens arising by operation of law, arising in the ordinary course of business, and for amounts which are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings; and (c) Liens created pursuant to the Security Agreement.

11.3 Merger, etc. Merge or consolidate with any other Person, or sell, lease or otherwise dispose of all or any substantial part of its property or assets to any other Person.

11.4 Line of Business. Enter any business, directly or indirectly, except for those businesses in which the Company is engaged on the date of this Note or that are reasonably related thereto.

11.5 Compliance With Anti-Terrorism Regulations.

(a) (i) Violate any Anti-Terrorism Laws or (ii) engage in any transaction, investment, undertaking or activity that conceals the identity, source or destination of the proceeds from any category of prohibited offenses designated by the Organization for Economic Co-operation and Development's Financial Action Task Force on Money Laundering or (iii) permit any of its Affiliates to violate these laws or engage in these actions.

(b) (i) Use, directly or indirectly, the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (x) to fund any activities or business of or with any Person, or in any country or territory, that, is, or whose government is, the subject of Sanctions at the time of such funding, or (y) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, or otherwise).

(c) (i) Deal in, or otherwise engage in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law, (ii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempt to violate, any of the prohibitions set forth in any Anti-Terrorism Law or (iii) permit any of its Affiliates to do any of the foregoing.

12. Events of Default. The occurrence and continuance of any of the following shall constitute an Event of Default hereunder:

12.1 Failure to Pay. The Company fails to pay (a) any principal or interest of the Loan when due or (b) any other amount when due and such failure continues for 5 days.

12.2 Breach of Representations and Warranties. Any representation or warranty made or deemed made by the Company to the Noteholder herein or in the Security Agreement is incorrect in any material respect on the date as of which such representation or warranty was made or deemed made.

12.3 Breach of Covenants. The Company fails to observe or perform (a) any covenant, condition or agreement contained in Section 11 or (b) any other covenant, obligation, condition or agreement contained in this Note or the Security Agreement other than those specified in clause (a) and Section 12.1 and such failure continues for 30 days after written notice to the Company.

12.4 Cross-Defaults. The Company fails to pay when due any of its Debt (other than Debt arising under this Note) or any interest or premium thereon when due (whether by scheduled maturity, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt.

12.5 Bankruptcy.

(a) the Company commences any case, proceeding or other action (i) under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or (ii) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Company makes a general assignment for the benefit of its creditors;

(b) there is commenced against the Company any case, proceeding or other action of a nature referred to in 12.5(a) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged or unbonded for a period of 60 days;

(c) there is commenced against the Company any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof;

(d) the Company takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 12.5(a), Section 12.5(b) or Section 12.5(c) above; or

(e) the Company is generally not, or shall be unable to, or admits in writing its inability to, pay its debts as they become due.

12.6 Judgments. One or more judgments or decrees shall be entered against the Company and all of such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 10 days from the entry thereof.

13. Remedies. Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may at its option, by written notice to the Company (a) terminate its commitment to make any Advances hereunder; (b) declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable; and/or (c) exercise any or all of its rights, powers or remedies under the Security Agreement or applicable Law; provided, however that, if an Event of Default described in Section 12.5 shall occur, the principal of and accrued interest on the Loan shall become immediately due and payable without any notice, declaration or other act on the part of the Noteholder.

14. Miscellaneous.

14.1 Notices.

(a) All notices, requests or other communications required or permitted to be delivered hereunder shall be delivered in writing, in each case to the address specified below or to such other address as such Party may from time to time specify in writing in compliance with this provision:

(i) If to the Company:

Nemus Bioscience, Inc.
600 Anton Blvd., Suite 1100
Costa Mesa, CA 92626
Attn: Brian Murphy, M.D.
Telephone: (949) 396-0330
Facsimile: (949) 266-0346
E-mail: brian@nemusbio.com

(ii) If to the Noteholder:

Emerald Health Sciences Inc.
Office 8262, The Landing
200 – 375 Water St.
Vancouver BC V6B 0M9
Canada
Attn: Dr. Avtar Dhillon
Telephone: 858-361-4499
E-mail: ad@idhillon.com

(b) Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received; (ii) sent by facsimile during the recipient's normal business hours shall be deemed to have been given when sent (and if sent after normal business hours shall be deemed to have been given at the opening of the recipient's business on the next business day); and (iii) sent by e-mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment).

14.2 Expenses. The Company shall reimburse the Noteholder for all reasonable out-of-pocket costs, expenses and fees (including reasonable expenses and fees of its counsel) incurred by the Noteholder in connection with the transactions contemplated hereby including the negotiation, documentation and execution of this Note and the Security Agreement from the proceeds of the Private Placement. In the event that any Party institutes any legal suit, action, or proceeding against the other Party arising out of or relating to this Note or the Security Agreement, the prevailing party in the suit, action, or proceeding shall be entitled to receive in addition to all other damages to which it may be entitled, the costs incurred by such Party in conducting the suit, action, or proceeding, including reasonable attorneys' fees and expenses and court costs.

14.3 Governing Law. This Note, the Security Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Note, the Security Agreement and the transactions contemplated hereby and thereby shall be governed by the laws of the State of California.

14.4 Submission to Jurisdiction.

(a) The Company hereby irrevocably and unconditionally (i) agrees that any legal action, suit or proceeding arising out of or relating to this Note or the Security Agreement may be brought in the courts of the State of California or of the United States of America for the Central District of California and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit or proceeding. Final judgment against the Company in any action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this 14.4 shall affect the right of the Noteholder to (i) commence legal proceedings or otherwise sue the Company in any other court having jurisdiction over the Company or (ii) serve process upon the Company in any manner authorized by the laws of any such jurisdiction.

14.5 Venue. The Company irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note or the Security Agreement in any court referred to in 14.4 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

14.6 Waiver of Jury Trial. THE COMPANY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

14.7 California Judicial Reference. If any action or proceeding is filed in court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Note or the Security Agreement, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee in California (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, provided that at the option of any party to such proceeding, any such issues pertaining to a “provisional remedy” as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 14.2, the Company shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

14.8 Counterparts; Integration; Effectiveness. This Note, the Security Agreement and any amendments, waivers, consents or supplements hereto and thereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note and the Security Agreement constitutes the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note or the Security Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Note or the Security Agreement, as applicable.

14.9 Successors and Assigns. This Note may be assigned or transferred by the Noteholder to any Person. The Company may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Noteholder. This Note shall inure to the benefit of, and be binding upon, the Parties and their permitted assigns.

14.10 Waiver of Notice. The Company hereby waives demand for payment, presentment for payment, protest, notice of payment, notice of dishonor, notice of nonpayment, notice of acceleration of maturity and diligence in taking any action to collect sums owing hereunder.

14.11 USA PATRIOT Act. The Noteholder hereby notifies the Company that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify, and record information that identifies the Company, which information includes the name of the Company and other information that will allow the Noteholder to identify the Company in accordance with the US PATRIOT Act, and the Company agrees to provide such information from time to time to the Noteholder.

14.12 Interpretation. For purposes of this Note (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Note as a whole. The definitions given for any defined terms in this Note shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Schedules, Exhibits and Sections mean the Schedules, Exhibits and Sections of this Note; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

14.13 Amendments and Waivers. No term of this Note may be waived, modified or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

14.14 Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof.

14.15 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising on the part of the Noteholder, of any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers

14.16 Severability. If any term or provision of this Note or the Security Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or the Security Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[signature page follows]

IN WITNESS WHEREOF, the Company has executed this Note as of the first date written above.

NEMUS BIOSCIENCE, INC.

By: /s/ Brian Murphy

Name: Brian Murphy

Title: Chief Executive Officer

Exhibit A

Advances and Payments on the Loan

Date of Advance	Amount of Advance	Amount of Principal Paid	Unpaid Principal Amount of Note	Name of Person Making the Notation

Exhibit B

Third Party Vendor	Amount
Hub D&O insurance	\$ 193,018
Latham	\$ 143,000
MHM (pending discussion)	\$ 27,500
Other working capital	
payroll 3 officers	\$ 70,000
Accounts for Oct/Nov close	\$ 7,500
MRSA licensing UM	\$ 25,000
Phone/office	\$ 7,400
Cleartrust (est)	\$ 4,000
Website renewal/maintenance	\$ 7,500
Miscellaneous	\$ 15,082
Total	\$ 500,000

Schedule A
Permitted Debt

None

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement") is dated as of December 28, 2017 and entered into by and among NEMUS BIOSCIENCE, INC., a Nevada corporation ("Company"), and EMERALD HEALTH SCIENCES INC. (together with its successors and assigns, "Secured Party").

PRELIMINARY STATEMENTS

A. Pursuant to the Secured Promissory Note, dated as of the date hereof, by and among Company and Secured Party (as amended, restated, supplemented or otherwise modified from time to time, the "Note"), Secured Party has made certain commitments, subject to the terms and conditions set forth in the Note, to make loans to Company.

B. It is a condition to the execution of the Note that Company shall have granted the security interests and undertaken the obligations contemplated by this Agreement.

NOW, THEREFORE, in consideration of the agreements set forth herein and in order to induce Secured Party to make loans and other extensions of credit under the Note, Company hereby agrees with Secured Party as follows:

SECTION 1. Grant of Security.

Company hereby assigns to Secured Party, and hereby grants to Secured Party a security interest in, all of Company's right, title and interest in and to all of the personal property of Company including the following, in each case whether now or hereafter existing, whether tangible or intangible, whether now owned or hereafter acquired and wherever the same may be located (the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Money and all Deposit Accounts, together with all amounts on deposit from time to time in such Deposit Accounts;
- (d) all Documents;
- (e) all General Intangibles (including patents, trademarks, service marks, copyrights, and other intellectual property), Payment Intangibles and Software;
- (f) all Goods, including Inventory, Equipment [, Farm Products] and Fixtures;
- (g) all Instruments;
- (h) all Investment Property;
- (i) all Letter-of-Credit Rights and other Supporting Obligations;

- (j) all Records;
- (k) all Commercial Tort Claims; and
- (l) all Proceeds and Accessions with respect to any of the foregoing Collateral.

Each category of Collateral set forth above shall have the meaning set forth in the UCC, it being the intention of Company that the description of the Collateral set forth above be construed to include the broadest possible range of assets.

SECTION 2. Security for Obligations.

This Agreement secures, and the Collateral is collateral security for, the prompt payment in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Secured Obligations of Company. “**Secured Obligations**” means all obligations and liabilities of every nature of Company now or hereafter existing under or arising out of or in connection with the Note and this Agreement, together with all extensions or renewals thereof, whether for principal, interest, fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from Secured Party as a preference, fraudulent transfer or otherwise, and all obligations of every nature of Company now or hereafter existing under this Agreement (including, without limitation, interest and other amounts that, but for the filing of a petition in bankruptcy with respect to Company, would accrue on such obligations, whether or not a claim is allowed against Company for such amounts in the related bankruptcy proceeding).

SECTION 3. Representations and Warranties.

Company represents and warrants as follows:

- (a) **No Conflict.** The execution, delivery and performance of this Agreement by Company will not violate the organizational documents of Company, any provision of law applicable to Company or any order, judgment or decree of any court or other governmental agency binding on Company.
- (b) **Security Interests.** The security interests in the Collateral granted hereunder constitute valid security interests in the Collateral, securing payment of the Secured Obligations.

SECTION 4. Further Assurances.

Company agrees that from time to time, at the expense of Company, Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Company will: (a) (i) execute (if necessary) and file such financing or continuation statements, or amendments thereto, (ii) execute and deliver, and cause to be executed and delivered, agreements establishing that Secured Party has control of Deposit Accounts and Investment Property of Company, (iii) deliver to Secured Party all certificates or Instruments representing or evidencing Investment Property, accompanied by duly executed endorsements or instruments of transfer or assignment in blank, all in form and substance satisfactory to Secured Party and (iv) deliver such other instruments or notices, in each case, as may be necessary or desirable, or as Secured Party may request, in order to perfect and preserve the security interests granted or purported to be granted hereby; (b) furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail; (c) at any reasonable time, upon request by Secured Party, exhibit the Collateral to and allow inspection of the Collateral by Secured Party, or persons designated by Secured Party; (d) at Secured Party's request, appear in and defend any action or proceeding that may affect Company's title to or Secured Party's security interest in all or any part of the Collateral; and (e) use commercially reasonable efforts to obtain any necessary consents of third parties to the creation and perfection of a security interest in favor of Secured Party with respect to any Collateral. Company hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral (including any financing statement indicating that it covers "all assets" or "all personal property" of Company).

SECTION 5. Certain Covenants of Company.

Company shall:

(a) not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;

(b) give Secured Party at least 10 days' prior written notice of any change in Company's name, identity or corporate structure;

(c) give Secured Party at least 10 days' prior written notice of any reincorporation, reorganization or other action that results in a change of the jurisdiction of organization of Company;

(d) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, services, materials and supplies) against, the Collateral except to the extent the validity thereof is being contested in good faith; provided that Company shall in any event pay such taxes, assessments, charges, levies or claims not later than five days prior to the date of any proposed sale under any judgment, writ or warrant of attachment entered or filed against Company or any of the Collateral as a result of the failure to make such payment;

(e) permit representatives of Secured Party at any time during normal business hours to inspect and make abstracts from Records of the Collateral, and Company agrees to render to Secured Party, at Company's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto; and

(f) within 30 day after the date hereof (or such longer time period acceptable to Secured Party), execute and deliver, and cause to be executed and delivered, agreements establishing that Secured Party has control of Deposit Accounts and Investment Property of Company, in each case, as requested by the Secured Party.

SECTION 6. Special Covenants with respect to Accounts.

Except as otherwise provided in this section, Company shall continue to collect, at its own expense, all amounts due or to become due to Company under the Accounts. In connection with such collections, Company may take (and, upon the occurrence and during the continuance of an Event of Default at Secured Party's direction, shall take) such action as Company or Secured Party may deem necessary or advisable to enforce collection of amounts due or to become due under the Accounts; provided, however, that Secured Party shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to Company of its intention to do so, to (a) notify the account debtors or obligors under any Accounts of the assignment of such Accounts to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to Company thereunder directly to Secured Party, (b) notify each Person maintaining a lockbox or similar arrangement to which account debtors or obligors under any Accounts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to Secured Party, (c) enforce collection of any such Accounts at the expense of Company, and (d) adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Company might have done. After receipt by Company of the notice from Secured Party referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including checks and other Instruments) received by Company in respect of the Accounts shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of Company and shall be forthwith paid over or delivered to Secured Party in the same form as so received (with any necessary endorsement), and (ii) Company shall not, without the written consent of Secured Party, adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

SECTION 7. Secured Party Appointed Attorney-in-Fact.

Company hereby irrevocably appoints Secured Party as Company's attorney-in-fact, with full authority in the place and stead of Company and in the name of Company, Secured Party or otherwise, from time to time in Secured Party's discretion to take any action and to execute any instrument that Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) upon the occurrence and during the continuance of an Event of Default, to obtain and adjust insurance required to be maintained by Company;

(b) upon the occurrence and during the continuance of an Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of an Event of Default, to receive, endorse and collect any drafts or other Instruments, Documents, Chattel Paper and other documents in connection with clauses (a) and (b) above;

(d) upon the occurrence and during the continuance of an Event of Default, to file any claims or take any action or institute any proceedings that Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce or protect the rights of Secured Party with respect to any of the Collateral;

(e) to pay or discharge liens (other than liens permitted under this Agreement or the Note) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by Secured Party in its sole discretion, any such payments made by Secured Party to become obligations of Company to Secured Party, due and payable immediately without demand;

(f) upon the occurrence and during the continuance of an Event of Default, to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other documents relating to the Collateral; and

(g) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Company's expense, at any time or from time to time, all acts and things that Secured Party deems necessary to protect, preserve or realize upon the Collateral and Secured Party's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as Company might do.

SECTION 8. Secured Party May Perform; Standard of Care

If Company fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by Company under Section 11(b) hereof. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property.

SECTION 9. Remedies.

(a) **Generally.** If any Event of Default shall have occurred and be continuing, Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral), and also may (i) require Company to, and Company hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties, (ii) enter onto the property where any Collateral is located and take possession thereof with or without judicial process, (iii) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent Secured Party deems appropriate, (iv) take possession of Company's premises or place custodians in exclusive control thereof, remain on such premises and use the same and any of Company's equipment for the purpose of completing any work in process, taking any actions described in the preceding clause (iii) and collecting any Secured Obligation, (v) sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as Secured Party may deem commercially reasonable, (vi) exercise dominion and control over and refuse to permit further withdrawals from any Deposit Account maintained with Secured Party and provide instructions directing the disposition of funds in Deposit Accounts not maintained with Secured Party and (vii) provide entitlement orders with respect to Security Entitlements and other Investment Property constituting a part of the Collateral and, without notice to Company, transfer to or register in the name of Secured Party or any of its nominees any or all of the Collateral constituting Investment Property. Secured Party may be the purchaser of any or all of the Collateral at any such sale and Secured Party, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by Secured Party at such sale. Company hereby waives any claims against Secured Party arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Company shall be liable for the deficiency and the fees of any attorneys employed by Secured Party to collect such deficiency. Company further agrees that a breach of any of the covenants contained in this Section 9 will cause irreparable injury to Secured Party, that Secured Party has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against Company, and Company hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities.

(b) **Intellectual Property.** In addition to, and not by way of limitation of, the granting of a security interest in the Collateral pursuant hereto, Company, effective upon the occurrence and during the continuation of an Event of Default, hereby assigns, transfers and conveys to Secured Party the nonexclusive right and license to use all trademarks, tradenames, copyrights, patents or technical processes owned or used by Company that relate to the Collateral, together with any goodwill associated therewith, all to the extent necessary to enable Secured Party to realize on the Collateral in accordance with this Agreement and to enable any transferee or assignee of the Collateral to enjoy the benefits of the Collateral. This right shall inure to the benefit of all successors, assigns and transferees of Secured Party and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license shall be granted free of charge, without requirement that any monetary payment whatsoever be made to Company.

SECTION 10. Application of Proceeds.

Except as expressly provided elsewhere in this Agreement, all proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in the following order of priority:

FIRST: To the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to Secured Party and its agents and counsel, and all other expenses, liabilities and advances made or incurred by Secured Party in connection therewith, and all amounts for which Secured Party is entitled to indemnification hereunder and all advances made by Secured Party hereunder for the account of Company, and to the payment of all costs and expenses paid or incurred by Secured Party in connection with the exercise of any right or remedy hereunder;

SECOND: To the payment of all other Secured Obligations (for the ratable benefit of the holders thereof) and, as to obligations arising under the Note, as provided in the Note; and

THIRD: To the payment to or upon the order of Company, or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

SECTION 11. Indemnity and Expenses.

(a) Company agrees to indemnify Secured Party from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Agreement and the transactions contemplated hereby (including, without limitation, enforcement of this Agreement), except to the extent such claims, losses or liabilities result solely from Secured Party's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.

(b) Company agrees to pay to Secured Party upon demand the amount of any and all costs and expenses, including the fees and expenses of counsel and of any experts and agents, that Secured Party may incur in connection with the custody or preservation of the Collateral, the exercise of rights or remedies hereunder or the failure by Company to perform or observe any of the provisions hereof.

(c) The obligations of Company in this Section 11 shall survive the termination of this Agreement and the discharge of Company' other obligations under this Agreement and the Note.

SECTION 12. Amendments; Etc.

No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by Company therefrom, shall in any event be effective unless the same shall be in writing and signed by Secured Party and by Company. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

SECTION 13. Notices.

Any notice or other communication herein required or permitted to be given shall be in writing and may be personally served or sent by telefacsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service, upon receipt of telefacsimile, or three business days after depositing it in the United States mail with postage prepaid and properly addressed; provided that notices to Secured Party shall not be effective until received. For the purposes hereof, the address of each party hereto shall be set forth in the Note or such other address as shall be designated by such party in a written notice delivered to the other parties hereto.

SECTION 14. Failure or Indulgence Not Waiver; Remedies Cumulative; Severability

(a) No failure or delay on the part of Secured Party in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

(b) In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 15. Continuing Security Interest; Transfer of Loans; Termination and Release.

(a) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the payment in full of the Secured Obligations and termination of all commitments to extend credit under the Note, (ii) be binding upon Company and its successors and assigns, and (iii) inure, together with the rights and remedies of Secured Party hereunder, to the benefit of Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), Secured Party may assign or otherwise transfer any loans held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Secured Party herein or otherwise.

(b) Upon the earlier of (i) the conversion of all of the outstanding Loan into equity as permitted under the Note, and (ii) the payment in full of all Secured Obligations and termination of all commitments to extend credit under the Note, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Company. Upon any such termination Secured Party will, at Company's expense, execute and deliver to Company such documents as Company shall reasonably request to evidence such termination.

SECTION 16. Headings.

Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

SECTION 17. Governing Law; Jurisdiction, Etc.

This Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby shall be governed by the laws of the State of California.

SECTION 18. Submission to Jurisdiction.

(a) Company hereby irrevocably and unconditionally (i) agrees that any legal action, suit or proceeding arising out of or relating to this Agreement may be brought in the courts of the State of California or of the United States of America for the Central District of California and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit or proceeding. Final judgment against Company in any action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 18 shall affect the right of the Secured Party Secured Party to (i) commence legal proceedings or otherwise sue Company in any other court having jurisdiction over Company or (ii) serve process upon Company in any manner authorized by the laws of any such jurisdiction.

SECTION 19. Venue.

Company irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to in Section 18 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 20. Waiver of Jury Trial.

COMPANY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

SECTION 21. California Judicial Reference.

If any action or proceeding is filed in court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Agreement, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee in California (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, provided that at the option of any party to such proceeding, any such issues pertaining to a “provisional remedy” as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) the non-prevailing party shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

SECTION 22. Counterparts.

This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 23. Definitions.

(a) Each capitalized term utilized in this Agreement that is not defined in this Agreement, but that is defined in the UCC, including the categories of Collateral listed in Section 1 hereof, shall have the meaning set forth in Divisions 1, 8 or 9 of the UCC.

(b) In addition, the following terms used in this Agreement shall have the following meanings:

“**Collateral**” has the meaning set forth in Section 1 hereof.

“**Event of Default**” means any Event of Default as defined in the Note.

“**Loan Documents**” means the Note and this Agreement.

“**Note**” has the meaning set forth in the Preliminary Statements of this Agreement.

“**Secured Obligations**” has the meaning set forth in Section 2 hereof.

“**UCC**” means the Uniform Commercial Code, as it exists on the date of this Agreement or as it may hereafter be amended, in the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Company and Secured Party have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

Company:

NEMUS BIOSCIENCE, INC.

By: /s/ Brian Murphy

Name: Brian Murphy

Title: Chief Executive Officer

Signature Page (Security Agreement)

Secured Party:

EMERALD HEALTH SCIENCES INC.

By: /s/ Avtar Dhillon _____

Name: Avtar Dhillon, MD

Title: Chairman, CEO & President

Signature Page (Security Agreement)



Nemus Bioscience Announces Closing of Convertible Bridge Loan and Anticipated Equity Financing

Costa Mesa, Calif. (December 29, 2017) - NEMUS Bioscience, Inc. (OTCQB: NMUS, “Nemus”) today announced that it entered into agreements with Emerald Health Sciences Inc. (“Emerald”), including a binding term sheet, Secured Promissory Note for a convertible loan (the “Bridge Loan”) and a Security Agreement. The Bridge Loan provides for aggregate gross proceeds to Nemus of up to \$900,000 and is secured by all of Nemus’ assets. Nemus received proceeds of \$500,000 on December 28, 2017 and the agreements provide for the funding of the remaining \$400,000 on January 16, 2018, subject to the conditions described herein below. Unless earlier converted into shares of Nemus common stock, the Bridge Loan bears interest at 12% per annum and matures on June 30, 2018. The initial conversion price is \$0.10 per share of Nemus common stock. Nemus intends to use the net proceeds for general corporate purposes, including, without limitation, to pay down certain existing obligations as specified under the Secured Promissory Note and other working capital items.

In connection with the Bridge Loan, Nemus executed the binding term sheet with Emerald and certain holders of Nemus’ preferred stock (“Certain Preferred Stockholders”) that contemplates certain stock purchase agreements under which Emerald would acquire the outstanding preferred stock of Nemus of Certain Preferred Stockholders and Emerald would commit to purchase or facilitate the purchase from Nemus of not less than \$2,500,000 of shares of Nemus common stock at \$0.10 per share, plus warrants exercisable at \$0.10 per share of Nemus common stock (together, a “Unit”). Upon the closing of such private placement, any amounts outstanding under the Bridge Loan would automatically convert to Nemus common stock, and together with the closing of the preferred stock acquisition, Emerald would own a majority of the equity interest in Nemus. Simultaneously with such closings the current members of the Board of Directors of Nemus (the “Board”) would appoint Emerald nominees to the Board and all of the current members of the Board except for Dr. Brian Murphy would subsequently tender their resignation. The closing of the private placement is conditioned on the conversion of all remaining preferred stock of Nemus and satisfactory completion of scientific and operational due diligence. If Nemus does not receive all of the conversion notices or if Emerald does not purchase all the preferred stock of the Certain Preferred Stockholders by January 15, 2018, does not close the private placement by February 28, 2018 or elects not to proceed with the private placement in its discretion, Emerald has no obligation to make available any amounts then remaining unfunded under the Bridge Loan.

If Nemus is successful in consummating all of the transactions described above, it plans to utilize the capital raised for satisfying outstanding financial obligations and working capital, and in addition, Nemus plans to explore potential strategic opportunities which could possibly include a recapitalization plan and the potential uplisting of its shares onto a major stock exchange.

This news release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities, nor shall there be any sales of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any securities that may be offered in the United States will be offered only to accredited investors pursuant to Regulation D of the Securities Act.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including statements regarding financing plans, our expectations regarding the use of proceeds from the financing, the closing of the Bridge Loan and private placement under the agreements described above, the benefits of the same and future recapitalization plans. Such statements and other statements in this press release that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and assumptions and are subject to risks and uncertainties. If such risks or uncertainties materialize or such assumptions prove incorrect, our business, operating results, financial condition and stock price could be materially negatively affected. In some cases, forward-looking statements can be identified by terminology including "anticipated," "contemplates," "goal," "focus," "aims," "intends," "believes," "can," "could," "challenge," "predictable," "will," "would," "may" or the negative of these terms or other comparable terminology. The contemplated private placement described above is in the discretion of Emerald, and there are no assurances that such private placement will occur. We operate in a rapidly changing environment and new risks emerge from time to time. As a result, it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Nemus may make. Risks and uncertainties that may cause actual results to differ materially include, among others, our capital resources, uncertainty regarding the results of future testing and development efforts and other risks that are described in the Risk Factors section of Nemus' most recent annual or quarterly report filed with the Securities and Exchange Commission. Except as expressly required by law, Nemus disclaims any intent or obligation to update these forward-looking statements.

ABOUT NEMUS BIOSCIENCE, INC.

Nemus is a biopharmaceutical company, headquartered in Costa Mesa, California, focused on the discovery, development, and commercialization of cannabinoid-based therapeutics for significant unmet medical needs in global markets. Utilizing certain proprietary technology licensed from the University of Mississippi, Nemus is working to develop novel ways to deliver cannabinoid-based drugs for specific indications, with the aim of optimizing the clinical effects of such drugs, while limiting the potential adverse events. Nemus' strategy will explore the use of natural and synthetic compounds, alone or in combination. Nemus is led by a highly qualified team of executives with decades of biopharmaceutical experience and significant background in early-stage drug development.

For more information, visit <http://www.nemusbioscience.com>.

ABOUT EMERALD HEALTH SCIENCES INC.

Emerald manufactures cannabinoid pharmaceutical drugs for treating diseases. Emerald was formerly known as Medna Biosciences Inc., and is based in Canada.

CONTACTS:

NEMUS Investor Relations

PCG Advisory Group

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