

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

or

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

For the transition period from ____ to ____

Commission File Number: 000-55136

Nemus Bioscience, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation or organization)

45-0692882
(I.R.S. Employer
Identification No.)

650 Town Center Drive, Suite 1770, Costa Mesa, CA 92626

(Address of principal executive offices) (Zip Code)

(949) 396-0330

(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

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

As of August 14, 2015, there were 16,265,663 shares of the issuer's \$0.001 par value common stock issued and outstanding.

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FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q 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, you can identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," "will," "would" or the negative of these terms or other comparable terminology. Factors that could cause actual results to differ materially from those currently anticipated include those set forth in the section titled "Risk Factors" including, without limitation, risks relating to:

- the results of our research and development activities, including uncertainties relating to the discovery of potential product candidates and the preclinical and clinical testing of our product candidates;
- the early stage of our product candidates presently under development;
- our need for substantial additional funds in order to continue our operations, and the uncertainty of whether we will be able to obtain the funding we need;
- our ability to obtain and, if obtained, maintain regulatory approval of our current product candidates, and any of our other future product candidates, and any related restrictions, limitations, and/or warnings in the label of any approved product candidate;
- our ability to retain or hire key scientific or management personnel;
- our ability to protect our intellectual property rights that are valuable to our business, including patent and other intellectual property rights;
- our dependence on the University of Mississippi, third-party manufacturers, suppliers, research organizations, testing laboratories and other potential collaborators;
- our ability to develop successful sales and marketing capabilities in the future as needed;
- the size and growth of the potential markets for any of our approved product candidates, and the rate and degree of market acceptance of any of our approved product candidates;
- competition in our industry; and
- regulatory developments in the United States and foreign countries.

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 we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The forward-looking statements included in this report speak only as of the date hereof, and except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report to conform these statements to actual results or to changes in our expectations.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NEMUS BIOSCIENCE, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

ASSETS	(unaudited) June 30, 2015	December 31, 2014
Current assets		
Cash and cash equivalents	\$ 601,266	\$ 207,330
Prepaid expenses	152,095	64,489
Other current assets	32,110	36,580
Total current assets	<u>785,471</u>	<u>308,399</u>
Property and equipment, net	<u>16,727</u>	<u>21,354</u>
Other assets		
Deposits and other assets	18,594	18,594
Total other assets	<u>18,594</u>	<u>18,594</u>
Total assets	<u>\$ 820,792</u>	<u>\$ 348,347</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
	(unaudited)	
	June 30, 2015	December 31, 2014
Current liabilities		
Accounts payable	\$ 285,895	\$ 409,497
Accrued payroll and related expenses	127,959	45,566
Accrued license and patent reimbursement fees	-	119,428
Accrued expenses	177,537	125,799
Stock subscription liability	388,000	100,000
Provision for conversion of Series A preferred stock	700,000	-
Income taxes payable	-	800
Total current liabilities	<u>1,679,391</u>	<u>801,090</u>
Noncurrent liabilities		
Long-term liabilities	2,416	805
Total liabilities	<u>1,681,807</u>	<u>801,895</u>
Commitments and contingencies (Note 3)		
Stockholders' deficit		
Preferred stock, \$0.001 par value; 20 million shares authorized; 400,000 issued and outstanding as of June 30, 2015 and none issued and outstanding as of December 31, 2014	400	-
Common stock, \$0.001 par value; 236 million shares authorized; 16,265,663 issued and outstanding as of June 30, 2015 and 16 million issued and outstanding as of December 31, 2014	16,266	16,000
Additional paid-in-capital	4,320,189	2,257,771
Warrants	686,634	190,000
Accumulated deficit	<u>(5,884,504)</u>	<u>(2,917,319)</u>
Total stockholders' deficit	<u>(861,015)</u>	<u>(453,548)</u>
Total liabilities and stockholders' deficit	<u>\$ 820,792</u>	<u>\$ 348,347</u>

See accompanying notes to the unaudited consolidated financial statements.

NEMUS BIOSCIENCE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, except for the six months ended June 30, 2014)

	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Operating expenses				
Research and development	\$ 43,374	\$ -	\$ 80,574	\$ -
General and administrative	1,313,170	142,920	2,185,795	173,021
Total operating expenses	<u>1,356,544</u>	<u>142,920</u>	<u>2,266,369</u>	<u>173,021</u>
Operating loss	<u>(1,356,544)</u>	<u>(142,920)</u>	<u>(2,266,369)</u>	<u>(173,021)</u>
Other expense				
Change in fair value of the conversion rights of Series A preferred stock	700,000	-	700,000	-
Net loss before income taxes	<u>(2,056,544)</u>	<u>(142,920)</u>	<u>(2,966,369)</u>	<u>(173,021)</u>
Provision for income taxes	416	-	816	-
Net loss	<u>\$ (2,056,960)</u>	<u>\$ (142,920)</u>	<u>\$ (2,967,185)</u>	<u>\$ (173,021)</u>
Basic and diluted loss per common share	<u>\$ (0.13)</u>	<u>\$ (0.02)</u>	<u>\$ (0.18)</u>	<u>\$ (0.02)</u>
Shares used in computing basic and diluted loss per share	<u>16,265,663</u>	<u>8,126,044</u>	<u>16,248,597</u>	<u>7,948,022</u>

See accompanying notes to the unaudited consolidated financial statements.

NEMUS BIOSCIENCE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, except for the six months ended June 30, 2014)

	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Cash flows from operating activities:		
Net loss	\$ (2,967,185)	\$ (173,021)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,626	-
Stock-based compensation for employees	259,699	-
Amortization of warrants and stock issued for services (1)(2)	459,316	-
Change in fair value of the conversion rights of Series A preferred stock	700,000	-
Changes in assets and liabilities:		
Prepaid expenses (1)	29,728	(16,029)
Other current assets	4,470	-
Deposits and other assets	-	-
Accounts payable (2)	(113,601)	-
Accrued payroll and related expenses	82,393	-
Accrued license and patent reimbursement fees	-	-
Stock subscription liability	288,000	-
Accrued expenses and other liabilities	(66,879)	(172,436)
Net cash used in operating activities	<u>(1,319,433)</u>	<u>(361,486)</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from common stock issuance, net	713,369	889,980
Proceeds from Series A preferred stock issuance	1,000,000	-
Net cash provided by financing activities	<u>1,713,369</u>	<u>889,980</u>
Net increase in cash and cash equivalents	393,936	528,494
Cash and cash equivalents, beginning of period	<u>207,330</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 601,266</u>	<u>\$ 528,494</u>
<i>Supplemental disclosures of cash-flow information:</i>		
Cash paid during the period for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ 16</u>	<u>\$ -</u>

Supplemental disclosures of non-cash financing and investing activities:

- (1) During the six months ended June 30, 2015, the Company issued 200,000 warrants to purchase shares of our common stock for consulting services. The warrants were valued at \$328,650. The Company also issued shares of common stock for consulting services valued at \$168,000. Such amounts were recorded as a Prepaid Expense and are being amortized over the service period.
- (2) The Company issued 6,000 warrants at an exercise price of \$2.50 to a service provider in exchange for extinguishment of \$10,000 of trade accounts payable owed to this vendor.

See accompanying notes to the unaudited consolidated financial statements.

NEMUS BIOSCIENCE, INC. and SUBSIDIARY
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Information as of and for the three and six month periods ended June 30, 2015 and the three month period ended June 30, 2014 is unaudited)

1. Nature of Operations, Business Activities and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

Nemus Bioscience, Inc. is a biopharmaceutical company that plans to develop and commercialize therapeutics from cannabinoids through a partnership with the University of Mississippi. The University of Mississippi ("UM") is federally permitted and licensed to cultivate cannabis for research and commercial purposes. Unless otherwise specified, references in these Notes to the Unaudited Consolidated Financial Statements to the "Company," "we" or "our" refer to Nemus Bioscience, Inc., a Nevada corporation formerly known as Load Guard Logistics, Inc. ("LGL"), together with its wholly-owned subsidiary, Nemus, a California corporation ("Nemus"). Nemus became the wholly owned subsidiary of Nemus Bioscience, Inc. through the Merger (as defined below).

Nemus Bioscience, Inc. (formerly LGL) was incorporated in Nevada on March 16, 2011. Nemus was incorporated in California on July 17, 2012. Our headquarters are located in Costa Mesa, California.

As of June 30, 2015, the Company has devoted substantially all of its efforts to securing product licenses, raising capital, and building infrastructure, and has not realized revenue from its planned principal operations.

Business Activities

On October 31, 2014, pursuant to an Agreement and Plan of Merger, dated October 17, 2014 (the "Merger Agreement"), LGL, Nemus Acquisition Corp. ("Acquisition Sub"), Nemus Bioscience, Inc. ("Name Change Merger Sub"), and Nemus Acquisition Sub merged with and into Nemus and Nemus survived as a wholly-owned subsidiary of LGL (the "Merger"). Immediately after the Merger, LGL changed its name to "Nemus Bioscience, Inc." by merging with Name Change Merger Sub. Pursuant to the Merger Agreement, each share of Nemus was exchanged for 12,880,000 shares of LGL. Upon consummation of the Merger, we had 16,000,000 shares of common stock, no shares of preferred stock, and warrants to purchase 4,000,000 shares of common stock issued and outstanding.

The Merger is being accounted for as a reverse-merger and recapitalization. Nemus is the acquirer for financial reporting purposes and LGL is the acquired company. Consequently, the assets and liabilities and the operations that will be reflected in the historical consolidated financial statements prior to the Merger will be those of Nemus and will be recorded at the historical cost basis of Nemus, and the consolidated financial statements after completion of the Merger will include the assets and liabilities of LGL and Nemus, the historical operations of Nemus and the operations of the Nemus from and after the closing date of the Merger.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Liquidity and Going Concern

The Company has incurred operating losses and negative cash flows from operations since our inception. As of June 30, 2015, we had cash and cash equivalents of \$601,266. In July 2015, we raised an additional \$450,000 (see note 7) to be utilized to fund operations. Of this amount, \$388,000 was received prior to June 30, 2015 and is recorded as a stock subscription liability. The Company anticipates that it will continue to incur net losses into the foreseeable future as it continues to advance and develop a number of potential drug candidates into preclinical development activities and expands its corporate infrastructure which includes the costs associated with being a public company. Without additional funding, management believes that the Company will not have sufficient funds to meet its obligations within one year after the date the consolidated financial statements are issued. These conditions give rise to substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NEMUS BIOSCIENCE, INC. and SUBSIDIARY
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Information as of and for the three and six month periods ended June 30, 2015 and the three month period ended June 30, 2014 is unaudited)

The Company plans to continue to fund its losses from operations and capital funding needs through public or private equity or debt financings, strategic collaborations, licensing arrangements, asset sales, government grants or other arrangements. However, the Company cannot be sure that such additional funds will be available on reasonable terms, or at all. If the Company raises additional funds by issuing equity securities, substantial dilution to existing stockholders would result. If the Company is unable to secure adequate additional funding, the Company may be forced to make a reduction in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of those investments approximates their fair market value due to their short maturity and liquidity. Cash and cash equivalents include cash on hand and amounts on deposit with financial institutions, which amounts may at times exceed federally insured limits. The Company has not experienced any losses on such accounts and does not believe it is exposed to any significant credit risk.

Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, is used to measure fair value:

- Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying values of our financial instruments, including, cash and cash equivalents, prepaid expenses, accounts payable, and accrued expenses approximate their fair value due to the short maturities of these financial instruments.

NEMUS BIOSCIENCE, INC. and SUBSIDIARY
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Information as of and for the three and six month periods ended June 30, 2015 and the three month period ended June 30, 2014 is unaudited)

Property and Equipment, Net

As of June 30, 2015, property and equipment, net, was \$16,727, consisting primarily of computers and equipment. The Company had \$21,354 of property and equipment, net, as of December 31, 2014. Expenditures for additions, renewals and improvements will be capitalized at cost. Depreciation will generally be computed on a straight-line method based on the estimated useful life of the related assets currently ranging from two to three years. Maintenance and repairs that do not extend the life of assets are charged to expense when incurred. When properties are disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported in the period the transaction takes place.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future undiscounted cash flows, an impairment charge is recognized by the amount by which the carrying amount exceeds the fair value of the asset.

The costs incurred for the rights to use licensed technologies in the research and development process, including licensing fees and milestone payments, will be charged to research and development expense as incurred in situations where the Company has not identified an alternative future use for the acquired rights, and are capitalized in situations where there is an identified alternative future use. No cost associated with the use of licensed technologies has been capitalized to date.

Income Taxes

The Company accounts for our deferred income tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities, and net operating loss carry forwards (the "NOLs") and other tax credit carry forwards. These items are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Any interest or penalties would be recorded in the Company's statement of operations in the period incurred.

The Company records a valuation allowance to reduce the deferred income tax assets to the amount that is more likely than not to be realized. In making such determinations, management considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. As a result there are no income tax benefits reflected in the statement of operations to offset pre-tax losses.

The Company recognizes a tax benefit from uncertain tax positions when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position.

Revenue Recognition

The Company has not begun planned principal operations and has not generated any revenue since inception.

Research and Development Expenses

Research and development ("R&D") costs are expensed when incurred. These costs may consist of external research and development expenses incurred under agreements with third-party contract research organizations and investigative sites, third-party manufacturing organizations and consultants; employee-related expenses, which include salaries, benefits and stock-based compensation for the personnel involved in our preclinical and clinical drug development activities; and facilities expense, depreciation and other allocated expenses; and equipment and laboratory supplies.

NEMUS BIOSCIENCE, INC. and SUBSIDIARY
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Information as of and for the three and six month periods ended June 30, 2015 and the three month period ended June 30, 2014 is unaudited)

Stock-Based Compensation Expenses

Stock-based compensation cost is estimated at the grant date based on the fair value of the award, and the cost is recognized as expense ratably over the vesting period. We use the Black-Scholes option pricing model for estimating the grant date fair value of stock options and warrants using the following assumptions:

- ⌚ Exercise price - We determined the exercise price based on valuations using the best information available to management at the time of the valuations.
- ⌚ Volatility – We estimate the stock price volatility based on industry peers who are also in the early development stage given the limited market data available in the public arena.
- ⌚ Expected term - The expected term is based on a simplified method which defines the life as the average of the contractual term of the options and warrants and the weighted-average vesting period for all open awards.
- ⌚ Risk-free rate - The risk-free interest rate for the expected term of the option or warrant is based on the average market rate on U.S. treasury securities in effect during the quarter in which the awards were granted.
- ⌚ Dividends – The dividend yield assumption is based on our history and expectation of paying no dividends.

Stock-Based Compensation for Non-Employees

The Company accounts for warrants and options issued to non-employees under ASC 505-50, *Equity – Equity Based Payments to Non-Employees*, using the Black-Scholes option-pricing model. The value of such non-employee awards are periodically re-measured over the vesting terms and at each quarter end.

Segment Information

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 280, "Segment Reporting" establishes standards for reporting information about reportable segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group ("CODM"), in deciding how to allocate resources and in assessing performance. The CODM evaluates revenues and gross profits based on product lines and routes to market. Based on the early development stage of our operation, we operate in a single reportable segment.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. The Company is required to record all components of comprehensive loss in the consolidated financial statements in the period in which they are recognized. Net income (loss) and other comprehensive loss, net of their related tax effect, arrived at a comprehensive loss. For the three and six months ended June 30, 2015 and 2014, the comprehensive loss was equal to the net loss.

Earnings per share

The Company applies FASB ASC 260, "Earnings per Share." Basic earnings (loss) per share is computed by dividing earnings (loss) available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings or loss per share would include the dilutive effect of awards granted to employees under stock-based compensation plans, if any. There were no dilutive awards outstanding at June 30, 2015.

NEMUS BIOSCIENCE, INC. and SUBSIDIARY
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Information as of and for the three and six month periods ended June 30, 2015 and the three month period ended June 30, 2014 is unaudited)

2. University of Mississippi ("UM") Agreements

In July 2013, the Company entered into a Memorandum of Understanding (MOU) with the UM to engage in joint research of extracting, manipulating, and studying cannabis in certain forms to develop intellectual property (IP) with the intention to create and commercialize therapeutic medicines. Nemus will own all IP developed solely by its employees and will jointly own all IP developed jointly between Nemus and UM employees. The term of the MOU agreement is five years and the parties agree to negotiate separate Research agreements upon the identification of patentable technologies as well as any deemed to be a trade secret. The agreement can be terminated by either party upon providing a three month written notice.

On May 15, 2014, the Company entered into an Option Agreement in which UM granted Nemus a three-month option for conducting due diligence to exclusively license a suppository dosage form containing Dronabinol Hemi succinate and other esters ("NPC 4718"). UM waived its normal option fee of \$7,500 per month during the option period. Upon exercise of the option, the Company agreed to negotiate in good faith a license agreement, which is discussed below.

On July 1, 2014, the Company entered into three additional Option Agreements, pursuant to which UM granted Nemus three-month exclusive options for conducting due diligence on the following three cannabinoid extracts to exclusively license them for the purposes of obtaining FDA approval and commercializing the extracts:

- 1) UM 1490 – transmucosal delivery of cannabinoids
- 2) UM 5070 – treatment for methicillin-resistant *Staphylococcus aureus* (MRSA) infections
- 3) UM 8790 – ocular delivery of cannabinoids

On August 12, 2014, Nemus provided the requisite written notice to UM and exercised its option to exclusively license UM's rights to UM 1490, UM 5070 and UM 8790.

On September 29, 2014, the Company executed three license agreements for UM 1490, UM 5070 and UM 8790, respectively, which contain certain milestone and royalty payments, as defined therein. These licenses also require the Company to reimburse UM for patent costs incurred related to these products under license. In the case of UM 8790 the Company was required to reimburse sunk patent expenses of \$70,678 in February 2015; this amount was reflected in accrued license and patent reimbursement fees as of December 31, 2014. These license agreements will terminate upon expiration of the patents, breach or default of the license agreements, or upon 60 days written notice by the Company to UM.

On October 15, 2014, we signed a renewable option agreement for the rights to explore other routes of delivery of UM5050 not yet agreed upon and/or in combination with other cannabinoids or other compatible compounds. There was a one-time up-front option payment and the option period was for six months expiring on March 31, 2015. On April 1, 2015, the Company exercised its right to renew for an additional six months under the same financial terms and conditions.

In March of 2015, the Company entered into a research agreement with UM to begin studies concerning the medical utility of cannabinoids as anti-infective therapeutics for MRSA. The fee payable to UM under the agreement is based on the achievement of certain milestones in the project. The Company recognized \$33,374 and \$48,074 of research and development expense for the three and six months ending June 30, 2015 which represents work completed to date under this contract. The agreement also grants an exclusive option to license the technology from the University within 180 days from the commencement of the agreement. Either party may terminate the agreement with 30 days written notice.

NEMUS BIOSCIENCE, INC. and SUBSIDIARY
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Information as of and for the three and six month periods ended June 30, 2015 and the three month period ended June 30, 2014 is unaudited)

3. Commitments and Contingencies

Lease Commitments

The Company leased temporary headquarters facilities under a month-to-month operating lease agreement. This lease was terminated effective December 31, 2014. Monthly rent expense under this lease was \$2,060.

On September 1, 2014, the Company signed an operating lease for laboratory and office space at the Innovation Hub, Insight Park located on the University of Mississippi campus. The lease term commenced on October 1, 2014 and expires on December 31, 2017. There are annual escalating rent provisions and two months of free rent in the agreement. The total cash payments over the life of the lease are divided by the total number of months in the lease period and the average rent will be charged to expense each month during the lease period. The monthly amount charged to rent expense is \$9,000.

In October of 2014, we signed a lease agreement for our corporate office headquarters that consists of approximately 4,087 square feet located at 650 Town Center Drive, Suite 1770, Costa Mesa, CA 92626. The lease expires on October 31, 2016 and our monthly rent is \$5,373, payable in equal monthly installments with annual escalations.

Total net rent expense related to our operating leases for the six months ended June 30, 2015 and 2014 was \$114,251 and \$550, respectively. For the three months ended June 30, 2015 and 2014, total net rent expense was \$56,692 and \$550.

Future minimum payments under the non-cancelable portion of our operating leases as of June 30, 2015 are as follows:

For the year ending December 31,	
2015	\$ 87,000
2016	165,700
2017	85,900
2018	-
2019	-
Thereafter	-
Total	\$ 338,600

Independent Contractor Agreements

The Company has entered into independent contractor agreements with individuals that are operating in the capacity of our management team, or that are serving in an advisory role. Certain agreements expired once the individuals became full-time employees. Independent contractor expense for the six months ended June 30, 2015 was \$30,000 and for the six months ended June 30, 2014 was \$140,000. One of these contractors accounted for 81% of our total expenditures for the six months ended June 30, 2014 and 98% for the three months ended June 30, 2014.

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Legal Matters

General Litigation and Disputes

From time to time, in the normal course of our operations, we may be a party to litigation and other dispute matters and claims. Currently Nemus is not party to any litigation, dispute matters or claims. Litigation can be expensive and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict and our view of these matters may change in the future as the litigation and events related thereto unfold. An unfavorable outcome to any legal matter, if material, could have a materially adverse effect on our operations or our financial position, liquidity or results of operations.

Government Proceedings

Like other companies in the pharmaceutical industry, we are subject to extensive regulation by national, state and local government agencies in the United States. As a result, interaction with government agencies occurs in the normal course of our operations. It is possible that criminal charges and substantial fines and/or civil penalties or damages could result from any government investigation or proceeding. As of June 30, 2015, the Company had no current proceedings or inquiries.

Change in Control Severance Plan

In February 2015, we adopted a change in control severance plan, in which our named executive officers participate, that provides for the payment of severance benefits if the executive's service is terminated within twelve months following a change in control, either due to a termination without cause or upon a resignation for good reason (as each term is defined in the plan).

In either such event, and provided the executive timely executes and does not revoke a general release of claims against the Company, he or she will be entitled to receive: (i) a lump sum cash payment equal to at least six months of the executive's monthly compensation, plus an additional month for each full year of service over six years, (ii) Company-paid premiums for continued health insurance for a period equal to length of the cash severance period or, if earlier, when executive becomes covered under a subsequent employer's healthcare plan, and (iii) full vesting of all then-outstanding unvested stock options and restricted stock awards.

4. Equity

Common Stock

On July 17, 2012, the Company issued 7,770,000 shares of common stock with no par value and warrants (see first paragraph under warrants below) to its founders and one board member in exchange for the services provided to establish Nemus, valued at approximately \$1,000.

In June of 2014, the Company sold 1,800,000 shares of common stock with no par value and warrants for a purchase price of \$900,000 (the "June 2014 Stock Purchase Agreement") to a group of private investors. See additional discussion on warrants below.

In August of 2014, the Company sold 2,200,000 shares of common stock with no par value and warrants for a purchase price of \$1,100,000 to a group of private investors. See additional discussion on warrants below.

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In October of 2014, the Company issued 1,110,000 shares of common stock with no par value to eighteen individual investors that had participated in a prior entity founded by Nemus' then current president. Such entity has been insolvent and not operating since the inception date of Nemus. The issuance of these shares was in exchange for the signing of a release of claims against the Company, its President, and the former entity. The Company recorded a general and administrative expense of \$466,200 in the fourth quarter of 2014 to reflect the fair market value of the common stock issued in exchange for the release of claims. The fair market value of the common stock issued was determined via an independent third-party valuation conducted as of October 31, 2014.

In January of 2015, the Company sold 241,663 shares of common stock with par value of \$0.001 for a purchase price of \$724,989 to a group of private investors.

In March of 2015, the Company issued 24,000 shares of common stock with par value of \$0.001 to a third party in exchange for services to be performed related to raising additional capital. The Company recorded a prepaid expense of \$168,000 in the first quarter to reflect the fair market value of the common stock issued and is amortizing this expense over the contract service period which is one year. The fair market value was determined utilizing the Company's closing stock price as of the commencement date of the contract service period. For the six months ended June 30, 2015, the Company amortized \$71,800 to general and administrative expense.

Preferred Stock

The Company has authorized 20,000,000 shares of preferred stock with a par value of \$0.001 per share. In April 2015, the Company sold 250,000 shares of Series A preferred stock with par value of \$0.001 and 50,000 warrants to purchase the Company's common stock for an aggregate purchase price of \$625,000 to a group of private investors. The shares of preferred stock automatically convert to shares of common stock either at (i) a subsequent equity financing of at least \$1,000,000 or (ii) October 1, 2015, whichever is earlier. The warrants are exercisable at a price of \$5.00 per share and expire five years from the issuance date. In May 2015, the Company sold 150,000 additional shares of Series A preferred stock and warrants under the same terms and conditions.

The Series A preferred stock issued also has a "down-round" protection feature provided to the investors if the Company subsequently issues or sells any shares in a round of equity financing of at least \$1,000,000 prior to October 1, 2015 in which the shares of common or preferred stock to be acquired are at a price less than \$2.50 per share. The Company shall promptly issue additional shares of common stock to the investors in an amount such that the subscription price paid, when divided by the total number of shares issued will result in an actual price paid per share of common stock equal to such lower price. The down round provisions expire upon the earlier of (i) a subsequent equity financing of at least \$1,000,000 or (ii) October 1, 2015. See note 5 regarding the change in fair value of the down round provision as of June 30, 2015.

Warrants

On July 17, 2012, the Company issued warrants to purchase up to 3,000,000 shares of our common stock to its founders and two advisors in consideration for services provided in the start-up of operations. The warrants are exercisable at a price of \$1.00 per share and expire on June 20, 2023. The Company valued these warrants utilizing the Black-Scholes valuation model and they were determined to be of nominal value given the start-up nature of the Company's operations at the time of grant.

In conjunction with the June 2014 Stock Purchase Agreement, the Company issued warrants to purchase up to 450,000 shares of common stock to a group of private investors. The warrants are exercisable at a price of \$1.00 per share and expire on June 12, 2020. The Company valued these warrants at \$85,500. This amount was recorded as warrants and was reclassified from the total consideration received for both the common stock and warrants purchased.

In August 2014 as part of the June 2014 Stock Purchase Agreement, the Company issued warrants to purchase up to 550,000 shares of common stock with an exercise price of \$1.00 per share that expire in August 2020. The Company valued these warrants at \$104,500. This amount was recorded as warrants and was reclassified from the total consideration received for both the common stock and warrants purchased.

In March 2015, the Company entered into an agreement with a financial advisory and public relations consulting firm which included the issuance of warrants to purchase up to 90,000 shares of common stock with an exercise price of \$2.50 per share with a term of five years. These warrants were in exchange for services performed beginning in the first quarter and were subsequently issued in April 2015. The Company estimated the warrant value to be \$67,950 utilizing the Black Scholes option pricing model and amortized \$46,810 for services provided through June 30, 2015.

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In April 2015, the Company entered into an agreement with one of its investors to provide advisory services on all matters including financing. In conjunction with this agreement, the Company issued warrants that vest immediately to purchase 100,000 shares of common stock with an exercise price of \$5.00 per share with a term of ten years. The Company estimated the warrant value to be \$326,000 utilizing the Black Scholes option pricing model and recorded this amount to general and administrative expense for the quarter due to the immediate vesting.

In April 2015, the Company issued to a former service provider in exchange for payment of its outstanding invoice warrants that vest immediately to purchase 6,000 shares of common stock with an exercise price of \$2.50 per share. The Company estimated the warrant value to be \$10,000 which represented the value of the trade debt extinguished.

In June 2015, the Company issued to a service provider in exchange for consulting services warrants that vest immediately to purchase 10,000 shares of common stock with an exercise price of \$5.00 per share with a term of five years. The Company estimated the warrant value to be \$14,700 utilizing the Black Scholes option pricing model.

The Company's board of directors considered various objective and subjective factors, along with input from management, to determine the fair value of the warrants, including:

- ① Contemporaneous valuation prepared by an independent third-party valuation specialist effective as of June 30, 2014, October 31, 2014, and April 1, 2015,
- ② Its results of operations, financial position and the status of research and development efforts and achievement of enterprise milestones,
- ③ The composition of, and changes to, the Company's management team and board of directors,
- ④ The lack of liquidity of its common stock as a newly public company,
- ⑤ The Company's stage of development, business strategy and the material risks related to its business and industry,
- ⑥ The valuation of publicly-traded companies in the biotechnology sectors,
- ⑦ External market conditions affecting the biotechnology industry sectors,
- ⑧ The likelihood of achieving a liquidity event for the holders of its common stock, such as an initial public offering, or IPO, or a sale of the Company, given prevailing market conditions,
- ⑨ The state of the IPO market for similarly situated biotechnology companies, and
- ⑩ Discussions held with bankers, potential investors, and preliminary term sheets received as part of management's capital raise efforts.

There are significant judgments and estimates inherent in the determination of the fair value of the Company's warrants. These judgments and estimates included the assumptions regarding its future operating performance, the time to completing an IPO or other liquidity event and the determination of the appropriate valuation methods. If the Company had made different assumptions, its warrant valuation could have been significantly different.

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Stock Option Plans: 2014 Omnibus Incentive Plan

The 2014 Omnibus Incentive Plan (the "2014 Plan") was adopted to provide a means by which officers, non-employee directors, and employees of and consultants to the Company and its affiliates could be given an opportunity to acquire an equity interest in the Company. All officers, non-employee directors, and employees of and consultants to the Company are eligible to participate in the 2014 Plan.

On October 31, 2014, after the closing of the Merger, our Board of Directors approved the 2014 Plan. The 2014 Plan reserved 3,200,000 shares for future grants. As of June 30, 2015, options (net of canceled or expired options) covering an aggregate of 1,810,000 shares of the Company's common stock had been granted under the 2014 Plan, and the Company had 1,810,000 options outstanding and 1,390,000 shares available for future grants under the 2014 Plan.

Options granted under the 2014 Plan expire no later than 10 years from the date of grant. Options granted under the 2014 Plan may be either incentive or non-qualified stock options. For incentive and non-qualified stock option grants, the option price shall be at least 100% of the fair value on the date of grants, as determined by the Company's Board of Directors. If at any time the Company grants an option, and the optionee directly or by attribution owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, the option price shall be at least 110% of the fair value and shall not be exercisable more than five years after the date of grant.

Options granted under the 2014 Plan may be immediately exercisable if permitted in the specific grant approved by the Board of Directors and, if exercised early may be subject to repurchase provisions. The shares acquired generally vest over a period of five years from the date of grant. The Company granted options to purchase 1,810,000 shares through June 30, 2015, under the 2014 Plan.

The following is a summary of activity under the 2014 Plan as of June, 2015:

	Shares Available for Grant of Options	Options Outstanding		Weighted Average Exercise Price
		Number of Shares	Price per Share	
Balance at December 31, 2013	0	0	NA	NA
Approval of authorized shares	3,200,000			
Options granted	(1,730,000)	1,730,000	\$ 0.42	\$ 0.42
Options exercised	0	0		
Options cancelled	0	0		
Balance at December 31, 2014	<u>1,470,000</u>	<u>1,730,000</u>	\$ 0.42	\$ 0.42
Options granted	(80,000)	80,000	\$ 3.00	\$ 3.00
Options exercised	0	0		
Options cancelled	0	0		
Balance at June 30, 2015	<u>1,390,000</u>	<u>1,810,000</u>	\$ 0.53	\$ 0.53

The weighted average remaining contractual life in years of the options outstanding as of June 30, 2015 was 9.38 years.

Aggregate intrinsic value is the sum of the amounts by which the quoted market price of the Company's stock exceeded the exercise price of the stock options at June 30, 2015 for those stock options for which the quoted market price was in excess of the exercise price ("in-the-money options"). As of June 30, 2015, the aggregate intrinsic value of options outstanding was \$2,560,400. As of June 30, 2015, no options to purchase shares of common stock were exercisable.

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Stock Based Compensation Expense

The Company recognizes stock-based compensation expense based on the fair value of that portion of stock options that are ultimately expected to vest during the period. Stock-based compensation expense recognized in the consolidated statement of operations includes compensation expense for stock-based awards based on the estimated grant date fair value over the requisite service period. For the six months ended June 30, 2015, the Company recognized stock-based compensation expense of \$259,699 which was recorded as a general and administrative expense in the consolidated statement of operations. For the six months ended June 30, 2014, stock-based compensation expense was \$0.

The total amount of unrecognized compensation cost related to non-vested stock options was \$2,145,629 as of June 30, 2015. This amount will be recognized over a weighted average period of 4.38 years.

Valuation Assumptions

The fair value of options was estimated at the date of grant using the Black-Scholes option pricing model. Expected volatility is based on the historical volatility of the Company's common stock for similar terms. The expected term was estimated using the simplified method as permitted under SAB No. 110, since the Company has no recent exercise or forfeiture history that is representative of options granted during the year. The expected term represents the estimated period of time that stock options are expected to be outstanding, which is less than the contractual term which is generally ten years. The risk-free interest rate is based on the U.S. Treasury yield. The expected dividend yield is zero, as the Company does not anticipate paying dividends in the near future. The weighted average assumptions for employee options are as follows:

	For the Six Months Ended June 30,	
	2015	2014
Dividend yield	0.00%	NA
Volatility factor	75.00%	NA
Risk-free interest rate	1.85%	NA
Expected term (years)	6.5	NA
Weighted-average fair value of options granted during the periods	\$2.13	NA

5. Provision for Conversion of Series A Preferred Stock

In connection with the Series A preferred stock financing, the Company recorded a liability related to down-round protection provided to the stockholders in the event that the Company does another offering of common or preferred stock greater than \$1,000,000 at a price below \$2.50 per share. The down-round provision expires at the closing of a subsequent financing round or October 1, 2015 whichever is earlier. With the assistance of a third-party valuation specialist, the Company valued the conversion liability pursuant to the accounting guidance of ASC 820-10, *Fair Value Measurements*, as of the closing date of the first round of financing which was April 1, 2015.

As of June 30, 2015, the Company re-evaluated the likelihood and valuation of a potential down-round given that management has been actively pursuing capital raising efforts. In the absence of any definitive agreement, the Company calculated the fair value of the conversion feature to be \$700,000 by determining the highest probability of a per share price in the next anticipated round of financing, after considering all discussions with bankers, potential investors, and preliminary term sheets. This amount was booked as a current liability as of June 30, 2015 and was charged as a non-operating expense for the period.

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6. Income Taxes

At June 30, 2015, the Company had net operating loss carry forwards ("NOLs") aggregating approximately \$3,663,000 which, if not used, expire in 2035. The utilization of these NOLs may become subject to limitations based on past and future changes in ownership of the Company pursuant to Internal Revenue Code Section 382.

The Company records a valuation allowance against deferred tax assets to the extent that it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Due to the substantial doubt related to the Company's ability to utilize its deferred tax assets, a valuation allowance for the full amount of the deferred tax assets has been established at June 30, 2015. As a result of this valuation allowance there are no income tax benefits reflected in the accompanying statement of operations to offset pre-tax losses.

The Company has no uncertain tax positions as of June, 2015.

7. Subsequent Events

Preferred Stock Issuance

In July of 2015, the Company sold 180,000 shares of Series A preferred stock with par value of \$0.001 and 36,000 warrants to purchase common stock for a purchase price of \$450,000 to a group of private investors. The shares of preferred stock automatically convert to shares of common stock either at (i) a subsequent equity financing of at least \$1,000,000 or (ii) October 1, 2015, whichever is earlier. The warrants are exercisable at a price of \$5.00 per share and expire five years from the issuance date. The Company incurred offering costs of \$12,000 associated with this round which was netted against the proceeds.

CBD Research Agreement

In July of 2015, the Company entered into a research agreement with UM to begin studies concerning research and development of cannabidiol (CBD) formulations. The fee payable to UM is based on the achievement of certain milestones in the project. The agreement also grants an exclusive option to license the technology from the University within 180 days from the commencement of the agreement. Either party may terminate the agreement with 30 days written notice.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our with our financial statements for the six months ended June 30, 2015, the year ended December 31, 2014, and the year ended December 31, 2013 together with notes thereto. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited, to those set forth under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q.

Unless otherwise provided in this Quarterly Report, references to "we," "us," "our" and "Nemus" in this discussion and analysis refer to Nemus Bioscience, Inc., a Nevada corporation formerly known as Load Guard Logistics, Inc. ("LGL"), together with its wholly-owned subsidiary, Nemus, a California corporation ("Nemus"). Nemus became the wholly owned subsidiary of Nemus Bioscience, Inc. through the closing of a reverse merger transaction (the "Merger") pursuant to which a wholly owned subsidiary of LGL formed solely for the purpose of the Merger merged with and into Nemus and LGL changed its name to Nemus Bioscience, Inc.

The Merger is accounted for as a reverse merger and recapitalization, with Nemus as the acquirer and LGL as the acquired company for financial reporting purposes. As a result, the assets and liabilities and the operations that will be reflected in the historical financial statements prior to the Merger will be those of Nemus and will be recorded at the historical cost basis of Nemus, and the consolidated financial statements after completion of the Merger will include the assets and liabilities of LGL and Nemus, the historical operations of Nemus and the operations of the combined enterprise of LGL and Nemus from and after the closing date of the Merger.

Overview

We are a biopharmaceutical company focused on the discovery, development, and the commercialization of cannabis-based therapeutics through our partnership with the University of Mississippi, or UM. UM has held the only contract to cultivate cannabis for research purposes on behalf of the Federal Government since 1968, and it has significant expertise in cannabis cultivation and the extraction, separation, process and manufacture of cannabis extracts. We are currently UM's sole partner for the development and commercialization of drugs derived from cannabis extracts, or cannabinoids, and the realization of this partnership will depend on the successful navigation of the complex regulatory framework for the cultivation and handling of cannabis in the United States.

Recent Events

On September 29, 2014, we executed three license agreements with UM which contain certain milestone and royalty payments. The license agreements also require us to reimburse UM for patent costs incurred related to these products under license. The license agreements will terminate upon expiration of the patents, breach or default of the license agreements, or upon 60 days written notice by us to UM.

On October 15, 2014, we signed a renewable option agreement for the rights to explore other routes of delivery of UM5050 not yet agreed upon and/or in combination with other cannabinoids or other compatible compounds. This option was renewed on April 1, 2015 for a term of six months. At the end of the option period, the Company has the right to renew for an additional six months under the same financial terms and conditions.

In March of 2015, the Company entered into a research agreement with UM to begin studies concerning the medical utility of cannabinoids as anti-infective therapeutics for MRSA. The fee payable to UM under the agreement is based on the achievement of certain milestones in the project. The Company recognized \$33,374 and \$48,074 of research and development expense for the three and six months ending June 30, 2015 which represents work completed to date under this contract. The agreement also grants an exclusive option to license the technology from the University within 180 days from the commencement of the agreement. Either party may terminate the agreement with 30 days written notice.

In July of 2015, the Company entered into a research agreement with UM to begin studies concerning research and development of cannabidiol (CBD) formulations. The fee payable to UM is based on the achievement of certain milestones in the project. The agreement also grants an exclusive option to license the technology from the University within one hundred and eighty days from the commencement of the agreement. Either party may terminate the agreement with thirty (30) days written notice.

Critical Accounting Policy and Estimates

Our Management's Discussion and Analysis of Financial Condition and Results of Operations section discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources.

During the quarter ended June 30, 2015, there were no significant changes to the items that were disclosed as our critical accounting policies and estimates in Note 1 to our financial statements for the year ended December 31, 2014 contained in our Form 10-K as filed with the SEC on March 27, 2015.

Results of Operations

For the three months ended June 30, 2015 and 2014

Revenues. To date, we have not generated any revenues, and do not expect to generate any revenue from the sale of products in the near future.

Operating expenses. For the three months ended June 30, 2015, our total operating expenses were \$1,356,544 as compared to \$142,920 for the three months ended June 30, 2014. The increase in operating expenses was due primarily to an increase in research and development costs and consulting and professional fees in the three months ended June 30, 2015, as discussed below.

Research and development. Research and development expenses for the three months ended June 30, 2015 were \$43,374 which consisted of option fees and contract R&D fees incurred by the University of Mississippi to begin studies concerning the medical utility of cannabinoids as anti-infective therapeutics for MRSA.

For the three months ended June 30, 2014, our research and development expenses were \$0.

General and administrative. General and administrative expenses for the three months ended June 30, 2015 were \$1,313,170 which primarily consisted of consulting fees and professional fees associated with our costs of becoming a public company. By comparison, our general and administrative expenses for the three months ended June 30, 2014 were \$142,920 which primarily consisted of consulting fees paid to advisors and an entity owned by a former officer and director.

Other income and expenses. For the three months ended June 30, 2015, the Company had non-operating expenses of \$700,000 which represented a change in the fair value of the conversion right related to the Series A preferred stock issuance. This loss was estimated by determining the highest probability of a per share price in the next anticipated round of financing after considering all discussions with bankers, potential investors and preliminary term sheets. This amount represents the incremental value of shares that would be required to be issued to the preferred stockholders in the event of a subsequent down-round financing.

For the three months ended June 30, 2014, other income and expenses were \$0.

Net Loss. For the three months ended June 30, 2015, we had a net loss of \$2,056,960, as compared a net loss of \$142,920 for the three months ended June 30, 2014. We expect to incur net losses for the foreseeable future.

For the six months ended June 30, 2015 and 2014

Revenues. To date, we have not generated any revenues, and do not expect to generate any revenue from the sale of products in the near future.

Operating expenses. For the six months ended June 30, 2015, our total operating expenses were \$2,266,369 as compared to \$173,021 for the six months ended June 30, 2014. The increase in operating expenses was due primarily to an increase in research and development costs and consulting and professional fees in the six months ended June 30, 2015, as discussed below.

Research and development. Research and development expenses for the six months ended June 30, 2015, were \$80,574 which consisted of option fees and contract R&D fees incurred by the University of Mississippi to begin studies concerning the medical utility of cannabinoids as anti-infective therapeutics for MRSA.

For the six months ended June 30, 2014, our research and development expenses were \$0.

General and administrative. General and administrative expenses for the six months ended June 30, 2015 were \$2,185,795 which primarily consisted of consulting fees and professional fees associated with our costs of becoming a public company. By comparison, our general and administrative expenses for the six months ended June 30, 2014 were \$173,021 which primarily consisted of consulting fees paid to advisors and an entity owned by a former officer and director.

Other income and expenses. For the six months ended June 30, 2015, the Company had non-operating expenses of \$700,000 which represented a change in fair value of the conversion right related to the Series A preferred stock issuance. This loss was estimated by determining the highest probability of a per share price in the next anticipated round of financing after considering all discussions with bankers, potential investors and preliminary term sheets. This amount represents the incremental value of shares that would be required to be issued to the preferred stockholders in the event of a subsequent down-round financing.

For the six months ended June 30, 2014, other income and expenses were \$0.

Net Loss. For the six months ended June 30, 2015, we had a net loss of \$2,967,185 as compared to a net loss of \$173,021 for the six months ended June 30, 2014. We expect to incur net losses for the foreseeable future.

Liquidity and Capital Resources

We had cash and cash equivalents of \$601,266 as of June 30, 2015, as compared to \$207,330 as of December 31, 2014. We anticipate that we will continue to incur net losses into the foreseeable future as we continue to advance and develop a number of potential drug candidates into preclinical development activities and expand our corporate infrastructure which includes the costs associated with being a public company. Without additional funding, management believes that we will not have sufficient funds to meet its obligations beyond one year after the date the consolidated financial statements are issued. These conditions give rise to substantial doubt as to our ability to continue as a going concern.

We have been, and intend to continue, working toward identifying and obtaining new sources of financing. No assurances can be given that we will be successful in obtaining additional financing in the future. Any future financing that we may obtain may cause significant dilution to existing stockholders. Any debt financing or other financing of securities senior to common stock that we are able to obtain will likely include financial and other covenants that will restrict our flexibility. Any failure to comply with these covenants would have a negative impact on our business, prospects, financial condition, results of operations and cash flows.

If adequate funds are not available, we may be required to delay, scale back or eliminate portions of our operations or obtain funds through arrangements with strategic partners or others that may require us to relinquish rights to certain of our assets. Accordingly, the inability to obtain such financing could result in a significant loss of ownership and/or control of our assets and could also adversely affect our ability to fund our continued operations and our expansion efforts.

During the next twelve months, we expect to incur significant research and development expenses with respect to our products. The majority of our research and development activity is focused on development of potential drug candidates and preclinical trials.

We also expect to incur significant legal and accounting costs in connection with being a public company. We expect those fees will be significant and will continue to impact our liquidity. Those fees will be higher as our business volume and activity increases.

We anticipate that we will need to hire additional employees or independent contractors for our new laboratory at UM. We also anticipate that we will need to purchase or lease additional equipment for the Company's headquarters and laboratory facilities.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. We maintain controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any control and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We conducted an evaluation, under the supervision and with the participation of our principal executive and financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon their evaluation and subject to the foregoing, the principal executive and financial officers have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures were effective at a reasonable assurance level.

Changes in internal controls. Management determined there were no changes in our internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

To the best of our knowledge, we are not a party to any legal proceedings that, individually or in the aggregate, are deemed to be material to our financial condition or results of operations.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. Our Annual Report on Form 10-K for the year ended December 31, 2014 includes a detailed discussion of our risk factors under the heading "Part I, Item 1A-Risk Factors." There are no changes from the risk factors previously disclosed in our Annual Report on Form 10-K. You should carefully consider the risk factors discussed in our Annual Report on Form 10-K as well as the other information in this report before deciding whether to invest in shares of our common stock. The occurrence of any of the risks discussed in the Annual Report on Form 10-K could harm our business, financial condition, results of operations or growth prospects. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

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

On April 1, 2015, the Company sold to three investors 110,000 shares of Series A Preferred Stock and warrants to purchase 22,000 shares of the Company's common stock at an exercise price of \$5.00 per share for a term of five years in exchange for aggregate proceeds of \$275,000, or \$2.50 per share. The issuance and sale of such shares was not registered under the Securities Act of 1933, as amended ("Securities Act"), and such shares were issued in reliance upon an exemption from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied on the exemption based on representations given by the investors.

On April 7, 2015, the Company sold to two investors 140,000 shares of Series A Preferred Stock and warrants to purchase 28,000 shares of the Company's common stock at an exercise price of \$5.00 per share for a term of five years in exchange for aggregate proceeds of \$350,000, or \$2.50 per share. The issuance and sale of such shares was not registered under the Securities Act, and such shares were issued in reliance upon an exemption from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied on the exemption based on representations given by the investors.

On April 24, 2015, the Company issued to one of its investors in exchange for advisory services warrants that vest immediately to purchase 100,000 shares of common stock with an exercise price of \$5.00 per share with a term of ten years. The Company estimated the warrant value to be \$326,000 under the Securities Act, and such shares were issued in reliance upon an exemption from registration afforded by Section 4(a)(2) of the Securities Act.

On April 28, 2015, the Company issued to a former service provider in exchange for payment of its outstanding invoice warrants that vest immediately to purchase 6,000 shares of common stock with an exercise price of \$2.50 per share. The Company estimated the warrant value to be \$10,000 which represented the value of the trade debt extinguished. The issuance and sale of such shares was not registered under the Securities Act, and such shares were issued in reliance upon an exemption from registration afforded by Section 4(a)(2) of the Securities Act.

On April 28, 2015, the Company issued to a former service provider in exchange for financial advisory and public relations consulting services warrants to purchase 90,000 shares of common stock with an exercise price of \$2.50 per share with a term of five years. The Company estimated the warrant value to be \$67,950 utilizing the Black Scholes option pricing model. The warrants vest every 90 days over a one year period with the first one-fourth of the total warrant vesting on the date of issuance, and one-fourth of the total warrant vesting every 90 days after the date of issuance. The issuance and sale of such shares was not registered under the Securities Act, and such shares were issued in reliance upon an exemption from registration afforded by Section 4(a)(2) of the Securities Act.

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On May 29, 2015, the Company sold to five investors 150,000 shares of Series A Preferred Stock and warrants to purchase 30,000 shares of the Company's common stock at an exercise price of \$5.00 per share for a term of five years in exchange for aggregate proceeds of \$375,000, or \$2.50 per share. The issuance and sale of such shares was not registered under the Securities Act, and such shares were issued in reliance upon an exemption from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied on the exemption based on representations given by the investors.

On June 8, 2015, the Company issued to a service provider in exchange for consulting services warrants that vest immediately to purchase 10,000 shares of common stock with an exercise price of \$5.00 per share with a term of five years. The Company estimated the warrant value to be \$14,700 utilizing the Black Scholes option pricing model. The issuance and sale of such shares was not registered under the Securities Act, and such shares were issued in reliance upon an exemption from registration afforded by Regulation S.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

4.6	Form of Warrant dated June 8, 2015 issued by Nemus Bioscience, Inc. to holder to purchase 10,000 shares of common stock
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934
32.1+	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2+	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.ins	Instance Document
101.sch	XBRL Taxonomy Schema Document
101.cal	XBRL Taxonomy Calculation Linkbase Document
101.def	XBRL Taxonomy Definition Linkbase Document
101.lab	XBRL Taxonomy Label Linkbase Document
101.pre	XBRL Taxonomy Presentation Linkbase Document

+ Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

	Nemus Bioscience, Inc., a Nevada corporation
August 14, 2015	By: <u>/s/ John Hollister</u> John Hollister Its: Chief Executive Officer (Principal Executive Officer)
August 14, 2015	By: <u>/s/ Elizabeth Berecz</u> Elizabeth Berecz Its: Chief Financial Officer (Principal Financial and Accounting Officer)

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT.

COMMON STOCK PURCHASE WARRANT

NEMUS BIOSCIENCE, INC.

Warrant No.: 2015-__

Warrant Shares: 10,000

Initial Exercise Date: June 8, 2015

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after June 8, 2015 (the "Initial Exercise Date") and on or prior to the close of business on the five year anniversary of the Initial Exercise Date (the "Expiration Date") but not thereafter, to subscribe for and purchase from Nemus Bioscience, Inc., a Nevada corporation (the "Company"), up to 10,000 shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2. The warrant is being issued pursuant to the letter agreement dated May 21, 2015 (the "Agreement") between the Company and the Holder. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Agreement.

1. Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Expiration Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed copy of the Notice of Exercise form annexed hereto to together with Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 4(b) below is specified in the applicable Notice of Exercise.

2. Exercise Price. The exercise price for Common Stock subject to the Warrant shall be \$5.00 per share (the "Exercise Price"), subject to the adjustments set forth herein.

3. Expiration of Warrant. The unexercised portion of the Warrant shall automatically and without notice terminate and become null and void on the Expiration Date.

4. Method of Exercising Warrant.

(a) The Warrant may be exercised by delivering to the Company the Notice of Exercise form annexed hereto. Such notice shall state that Holder elects to purchase Common Stock under the Warrant and the amount of Common Stock for which the Warrant is being exercised, and shall be signed by Holder. Unless Holder is exercising the conversion right set forth in paragraph (b) below, such notice shall be accompanied by payment of the full purchase price for the Common Stock being acquired (i) in cash; or (ii) by certified or cashier's check.

(b) In lieu of exercising this Warrant as specified in paragraph (a) above, Holder may from time to time convert this Warrant, in whole or in part, into a number of shares of Common Stock determined by dividing (a) the aggregate fair market value of the shares of Common Stock otherwise issuable upon exercise of this Warrant (or lesser number of shares in the case of a partial exercise) minus the aggregate Exercise Price of such shares by (b) the fair market value of one share of Common Stock. The fair market value of the Common Stock Shares shall be determined pursuant to paragraph (c) below.

(c) If the Company's Common Stock is traded in a public market, the fair market value of each share shall be the closing price of a share reported for the business day immediately before Holder delivers its notice of exercise to the Company. If the Company's common stock is not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment.

(d) If the Warrant is exercised by a person other than Holder, payment shall be accompanied by appropriate proof of the authority of such person to exercise the Warrant.

(e) The Company shall cause a certificate or certificates representing the Common Stock purchased under the Warrant to be issued as soon as practicable after receipt of the notice of exercise and, in the case of paragraph (a) above, full payment. The certificate or certificates for such Common Stock shall be registered in the name of the person exercising the Warrant. All share certificates shall be delivered to or upon the written order of the person exercising the Warrant.

5. Issuance of Common Stock.

(a) The Company shall at all times during the term of the Warrant reserve and keep available the amount of Common Stock as will be sufficient to satisfy the requirements of the this Warrant, shall pay all original issue and transfer taxes, if any, with respect to the issue and transfer of the Common Stock pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith.

(b) As a condition of any sale or issuance of Common Stock upon exercise of the Warrant, the Company may require such agreements or undertakings, if any, as it may deem necessary or advisable to assure compliance with any law or regulation including, but not limited to, the following:

(i) a representation and warranty by Holder, at any time the Warrant is exercised, that it is acquiring the Common Stock to be issued to it for investment and not with a view to, or for sale in connection with, the distribution of any such Common Stock; and

(ii) a representation, warranty and/or agreement to be bound by any legends that are, in the opinion of the Company, necessary or appropriate to comply with the provisions of any securities law deemed to be applicable to the issuance of the Common Stock and are endorsed upon the certificates representing the Common Stock.

6. Adjustment in Number of Shares Issuable Upon Exercise of Warrant and Exercise Price.

(a) Adjustment for Stock Dividends, Stock Splits and Combinations. If the Company declares or pays a dividend on the Common Stock payable in shares of Common Stock, or other securities, then upon exercise of this Warrant, for each share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned such shares of record as of the date the dividend occurred. If the Company shall at any time or from time to time after the date hereof effect a subdivision of the outstanding Common Stock, the number of shares of Common Stock issuable upon exercise of this Warrant shall be proportionately increased and the Exercise Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after date hereof combine the outstanding shares of Common Stock into a smaller number of shares, the number of shares of Common Stock issuable upon exercise of this Warrant shall be proportionately decreased and the Exercise Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 6 shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Reclassification, Exchange, Combinations or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event.

(c) Reorganization. Upon the closing of any acquisition of the Company as a result of a merger, reorganization, sale of stock or assets or similar transaction ("Acquisition"), in which holders of Common Stock are entitled to receive stock, securities or other assets or property with respect to or in exchange for the Common Stock, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, assets and property as would be payable for the shares of Common Stock issuable upon exercise of the unexercised portion of this Warrant as if such shares were outstanding on the record date for such Acquisition and subsequent closing. The Warrant Price and/or number of shares underlying this Warrant shall be adjusted accordingly.

(d) Certificate of Adjustment. In each case of an adjustment or readjustment of the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate to Holder in accordance with the notice provisions of Section 7 of this Warrant. The certificate shall set forth such adjustment or readjustment and indicate the number of shares of Common Stock and the Exercise Price in effect after such adjustment or readjustment. The provisions of this Section 6 shall apply to successive splits, dividends, combinations, reclassifications, exchanges, substitutions, or other events that result in an adjustment to the shares or securities then underlying this Warrant.

(e) No Fractional Shares. No fractional shares of Common Stock shall be issued upon exercise of this Warrant. All shares of Common Stock (including fractions thereof) issuable upon exercise of this Warrant shall be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of exercise.

7. Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Agreement.

8. Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

9. Modifications. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

10. No Stockholder Rights. Nothing contained in this Warrant shall be construed as conferring upon Holder or any other person the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matters or any rights whatsoever as a stockholder of the Company.

11. Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

12. Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

13. Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

14. Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

15. Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

NEMUS BIOSCIENCE, INC.

By: _____
Name: John Hollister
Title: Chief Executive Officer

NOTICE OF EXERCISE

TO: NEMUS BIOSCIENCE, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

[if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [_____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

Date: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 31.1

**Certification of Principal Executive Officer,
Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended,
As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002**

I, John Hollister, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nemus Bioscience, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2015

/s/ John Hollister

John Hollister
Chief Executive Officer

Exhibit 31.2

**Certification of Principal Financial Officer,
Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended,
As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002**

I, Elizabeth Berez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nemus Bioscience, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2015

/s/ Elizabeth Berez

Elizabeth Berez
Chief Financial Officer

Exhibit 32.1

**Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Nemus Bioscience, Inc. a Nevada corporation (the "Company") on Form 10-Q for the period ending June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John Hollister, Chief Executive Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ John Hollister

John Hollister
Chief Executive Officer
August 14, 2015

Exhibit 32.2

**Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Nemus Bioscience, Inc. a Nevada corporation (the "Company") on Form 10-Q for the period ending June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Elizabeth Berez, Chief Financial Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Elizabeth Berez

Elizabeth Berez
Chief Financial Officer
August 14, 2015