UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **October 31, 2018**

CLS Holdings USA, Inc.

(Exact name of registrant as specified in charter)

Nevada	**333-174705**	**45-1352286**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(IRS Employer Identification No.)**

11767 South Dixie Highway, Suite 115, Miami, FL 33156
(Address of principal executive offices, including zip code)

(888) 438-9132
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

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

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

Emerging growth company ☐

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

Item 1.01 Entry into a Material Definitive Agreement.

Convertible Debenture Offering

Between October 25, 2018 and November 2, 2018, CLS Holdings USA, Inc. ("we," "us," "our," "CLS," or the "Company") entered into six (6) Subscription Agreements (each a "Subscription Agreement" and, collectively, the "Subscription Agreements"), pursuant to which the Company agreed to sell, for an aggregate purchase price of $5,857,000, $5,857,000 in original principal amount of convertible debentures (the "Debentures") in minimum denominations of $1,000 (U.S.) each. The Debentures will bear interest, payable quarterly, at a rate of 8% per annum, with interest during the first eighteen (18) months following their issuance, being payable by increasing the then-outstanding principal amount of the Debentures. The Debentures mature on a date that is three years following their issuance. The Debentures will be convertible into units (the "Units") at a conversion price of $0.80 (U.S.) per Unit. Each Unit consists of (i) one (1) share of the Company's Common Stock, par value $.001, (the "Shares"); and (ii) one-half of one (1) warrant (each a "Warrant"), with each warrant exercisable for three years to purchase a Share at a price of $1.10 (U.S.). The Debentures have other features, such as mandatory conversion in the event the Shares trade at a particular price over a specified period of time and required redemption in the event of a "Change in Control" of the Company. The Debentures are unsecured obligations of the Company and will rank *pari passu* in right of payment of principal and interest with all other unsecured obligations of the Company. Navy Capital and its affiliates purchased $5,000,000 in principal amount of Debentures, with the remaining $857,000 in principal amount being purchased by several unaffiliated purchasers.

If the Debentures are converted, the Warrants that would be issued are exercisable from time to time, in whole or in part for three years. The Warrants have anti-dilution provisions that provide for an adjustment to the exercise price in the event of a future sale of Shares at a lower price, subject to certain exceptions as set forth in the Warrant. The Warrants also provide that the Company can force their exercise at any time after the bid price of the Shares exceeds $2.20 for a period of 20 consecutive business days.

The description of the Subscription Agreements and the Warrants is qualified in its entirety by reference to the full text of a subscription agreement and warrant that has been filed as an exhibit to this Current Report on Form 8-K.

Loan and Option Transaction

On October 31, 2018, the Company, CLS Massachusetts, Inc., a Massachusetts corporation and a wholly-owned subsidiary of the Company ("CLS Massachusetts"), and In Good Health, Inc. ("IGH"), a Massachusetts not-for-profit corporation, which will convert to a for profit corporation within 10 business days following October 31, 2018 (the "Conversion"), entered into an Option Agreement (the "Option Agreement"). Under the terms of the Option Agreement, CLS Massachusetts has an exclusive option to acquire all of the outstanding capital stock of IGH (the "Option") during the period beginning on the earlier of the date that is one year after the effective date of the Conversion and December 1, 2019 and ending on the date that is 60 days after such date (the "Option Period"). If CLS Massachusetts exercises the Option, the Company, a wholly-owned subsidiary of the Company and IGH will enter into a merger agreement (the form of which has been agreed to by the parties) (the "Merger Agreement"). At the effective time of the merger contemplated by the Merger Agreement, CLS Massachusetts will pay a purchase price of $47,500,000, subject to reduction as provided in the Merger Agreement, payable as follows: $35 million in cash, $7.5 million in the form of a five-year promissory note, and $5 million in the form of restricted common stock of the Company, plus $2.5 million as consideration for a non-competition agreement with IGH's President, payable in the form of a five-year promissory note.

IGH and certain IGH stockholders holding sufficient aggregate voting power to approve the transactions contemplated by the Merger Agreement have entered into agreements pursuant to which such stockholders have, among other things, agreed to vote in favor of such transactions.

On October 31, 2018, as consideration for the Option, the Company made a loan to IGH (the "Loan"), in the principal amount of $5,000,000 (the "Loan Amount"), subject to the terms and conditions set forth in that certain Loan Agreement, dated as of October 31, 2018 between IGH as the Borrower and the Company as the Lender (the "Loan Agreement"). The Loan is evidenced by a secured promissory note of IGH (the "Note"), which bears interest at the rate of 6% per annum and matures on October 31, 2021.

To secure the obligations of IGH to the Company under the Loan Agreement and the Note, the Company and IGH entered into a Security Agreement dated as of October 31, 2018 (the "Security Agreement"), pursuant to which IGH granted to the Company a first priority lien on and security interest in all personal property of IGH.

If the Company does not exercise the Option on or prior to the date that is 30 days following the end of the Option Period, the Loan Amount will be reduced to $2,500,000 as a break-up fee (the "Break-Up Fee"), except in the event of a Purchase Exception (as defined in the Option Agreement), in which case the Break-Up Fee will not apply and there will be no reduction to the Loan Amount.

The description of the Option Agreement, the Loan Agreement, the Note and the Security Agreement is qualified in its entirety by reference to the full text of these documents that have been filed as Exhibits 10.4, 10.5, 10.6 and 10.7 to this Current Report on Form 8-K.

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

The disclosure in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item. The Debentures represent unsecured indebtedness of the Company.

Item 3.02 Unregistered Sales of Equity Securities.

The disclosure in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item.

Each Investor is an accredited investor (as that term is defined in Regulation D of the Securities Act), and in issuing the above securities to the Investors, we relied on and intend to rely on the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act because the securities were issued in transactions not involving a public offering.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	Form of Subscription Agreement and Warrant
10.2	Subscription Agreement with Navy Capital ($4,000,000)*
10.3	Subscription Agreement with Navy Capital ($1,000,000)*
10.4	Option Agreement, dated October 31, 2018, by and among CLS Holdings USA, Inc., CLS Massachusetts, Inc. and In Good Health, Inc. (Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules and attachments upon request by the SEC.)
10.5	Loan Agreement, dated October 31, 2018, by and between CLS Holdings USA, Inc. and In Good Health, Inc.
10.6	Secured Promissory Note, dated October 31, 2018, issued by In Good Health, Inc. in favor of CLS Holdings USA, Inc.
10.7	Security Agreement, dated October 31, 2018, by and between CLS Holdings USA, Inc. and In Good Health, Inc.

* Pursuant to Instruction 2 to Item 601 of Regulation S-K, document not filed because essentially identical in terms and conditions to Exhibit 10.1. Material differences in those agreements are set forth above in Item 1.01 of this Current Report on Form 8-K.

SIGNATURE

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

CLS HOLDINGS USA, INC.

By: /s/ Jeffrey I. Binder
Jeffrey I. Binder
Chairman and CEO

DATE: November 6, 2018

Exhibit 10.1

CLS HOLDINGS USA, INC.

SUBSCRIPTION AGREEMENT

This Subscription Agreement is made by and between **CLS Holdings USA, Inc.**, a Nevada corporation (the "Company"), and the undersigned person (the "Investor") who is subscribing hereby for the Company's securities set forth below. In consideration of the Company's agreement to sell the securities to the Investor, upon the terms and conditions and based on the disclosure set forth herein, the Investor and the Company agree and represent as follows:

DISCLOSURE REGARDING THE OFFERING

THE SECURITIES BEING OFFERED BY THE COMPANY INVOLVE A HIGH DEGREE OF RISK AND NO PERSON SHOULD INVEST WHO CANNOT AFFORD TO LOSE HIS ENTIRE INVESTMENT. SEE SECTION B FOR INFORMATION ABOUT RISK FACTORS.

The Company hereby offers to sell on an "as sold" basis up to $15,000,000 (U.S.) in original principal amount (which amount at the option of the Company may be increased to $20,000,000 (U.S.)) of convertible debentures (the "Debentures") in minimum denominations of $1,000 (U.S.) each. The Debentures will bear interest, payable quarterly, at a rate of 8% per annum, with interest during the first eighteen (18) months following their issuance, being payable by increasing the then-outstanding principal amount of the Debentures. The Debentures mature on a date that is three years following their issuance. The Debentures will be convertible into units (the "Units") at a conversion price of $0.80 (U.S.) per Unit. Each Unit consists of (i) one (1) share of the Company's Common Stock, par value $.001, (the "Shares"); and (ii) one-half of one (1) warrant, with each warrant exercisable for three years to purchase a Share at a price of $1.10 (U.S.). The Debentures have other features, such as mandatory conversion in the event the Shares trade at a particular price over a specified period of time and required redemption in the event of a "Change in Control" of the Company. The Debentures are unsecured obligations of the Company and will rank pari passu in right of payment of principal and interest with all other unsecured obligations of the Company. A form of Debenture is attached hereto as Exhibit C and a form of warrant is attached hereto as Exhibit D. Fractional Shares can be issued at the discretion of the Company. All funds raised in the Offering will be delivered directly to the Company and will be immediately available to the Company. The Company, as of October 8, 2018, had 90,132,170 Shares issued and outstanding. If all of the Debentures (including the increased amount) offered are sold, thereafter converted and the underlying warrants exercised, the Shares potentially issued as a result of this Offering will represent in the aggregate approximately 37,500,000 Shares. The net proceeds of the Offering are currently expected to be used to complete construction of the Company's Nevada cultivation facility and general working capital, although the actual usage may change as the Company's business plans develop. Unless extended by the Company for up to an additional 30 days, the Offering will terminate on November 30, 2018.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR THE

SECURITIES COMMISSION OF ANY STATE PURSUANT TO AVAILABLE EXEMPTIONS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES COMMISSION OF ANY STATE NOR HAS THE SEC OR ANY SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE OFFERING PRICE OF THE UNITS HAS BEEN ARBITRARILY DETERMINED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The Investor is required to pay simultaneously herewith the purchase price by wire transferring such amount to the Company:

McMurdo Law Group, LLC
ABA #
Account #

Or check made payable to the order of CLS Holdings USA, Inc. and delivered to:

CLS Holdings USA, Inc.
11767 South Dixie Highway, Suite 115
Miami, FL 33156
Jeffrey I. Binder

The Investor understands and acknowledges that the funds invested hereby will, upon acceptance by the Company of this Subscription Agreement, be unconditionally released to the Company for its use.

B. RISK FACTORS

The purchase of the Debentures involves a high degree of risk. Before subscribing for the Debentures, each prospective investor should consider carefully the general investment risks enumerated in Exhibit A hereto, as well as the other risk factors and information contained in this Subscription Agreement and in the Company's public filings with the SEC located at www.sec.gov.

C. DISCLOSURE REGARDING THE COMPANY

The Company is a publicly reporting corporation subject to the reporting requirements of the Securities Exchange Act of 1934 and is current in its filing obligations. Copies of the Company's periodic filings with the SEC can be found at www.sec.gov.

D. SUBSCRIPTION

1. The Investor subscribes for the amount of Debentures and at the issue price set forth on the signature page of this Subscription Agreement. Simultaneously with the delivery of this Subscription Agreement, the Investor is also delivering the entire issue price, which shall be paid by wire transfer or check as described in Section A.

2. The Investor understands that the payment accompanying this Subscription Agreement (if accepted by the Company) will be released to the Company as discussed in Section A above, and utilized by it for its business purposes.

3. The Investor understands, acknowledges and agrees that:

(i) This subscription may be accepted or rejected in whole or in part by the Company in its sole discretion and may not be revoked by the Investor (unless as permitted by applicable law). If a subscription is not accepted, all funds tendered by the Investor will be refunded and returned promptly after such rejection, without interest or deduction.

(ii) The Debentures shall not be deemed issued to, or owned by, the Investor until the Company closes on this Subscription.

(iii) No federal or provincial/state agency has made any finding or determination as to the adequacy of the information set forth in this Agreement or as to the fairness of this Offering for investment, nor any recommendation or endorsement of the Debentures or the Offering.

E. REPRESENTATIONS, WARRANTIES AND COVENANTS

The Investor hereby represents and warrants that:

1. The Investor's overall commitment to investments that are not readily marketable is not disproportionate to his net worth, and his investment in the Debentures will not cause such overall commitment to become excessive.

2. The Investor has the financial ability and an adequate net worth and means of providing for his current needs and possible personal contingencies to sustain a complete loss of his investment in the Company, and he has no need for liquidity in his investment in the Debentures.

3. The Investor has evaluated and understands the high risks and terms of investing in the Company and believes that he possesses experience and sophistication as an Investor that are adequate for the evaluation of the merits and risks associated with the Debentures.

4. Prior to subscribing for the Debentures, the Investor has made an independent investigation of the Company and its business and has had available to him all information that he needs to make an informed decision. The Investor has carefully read this Subscription Agreement and all Exhibits. The Company has made available to the Investor and/or its attorney and/or its accountant all documents that the Investor has requested relating to investment in the Company and has provided written answers to all of its or their questions concerning the Offering and an investment in the Company. In evaluating the suitability of an investment in the Company and acquiring the Debentures, the Investor has not been furnished with or relied upon any representations or other information (whether oral or written) other than as set forth herein or as contained in any documents or written answers to questions furnished to him by the Company.

5. The Investor has discussed with his professional, legal, tax and/or financial advisors the suitability of an investment in the Company for his particular financial situation and the aggregate purchase price indicated herein for the Debentures subscribed for does not exceed ten percent (10%) of the Investor's net worth.

6. If this Subscription Agreement is executed and delivered on behalf of a partnership, corporation, trust or other entity, the undersigned has been duly authorized to execute and deliver this Subscription Agreement and the signature of the undersigned on this Subscription Agreement is binding upon the partnership, corporation, trust or other entity.

7. The Investor, (i) if an individual, is a bonafide resident of the state and country set forth in his residence address below or (ii) if a corporation, trust, partnership or other entity, has its principal place of business in the state set forth in its address below.

8. The Investor understands that all of the representations and warranties of the Investor contained in this Agreement, and all information furnished by the Investor to the Company, are true, correct and complete in all respects and are being relied upon by the Company.

9. The Investor is aware that the Shares purchased hereby will be restricted and that there is presently an uneven amount of activity in the market for the Company’s common stock and that no assurance can be given that an active market will exist in the future.

10. The Investor is neither a member of, affiliated with or employed by a member of the National Association of Securities Dealers, Inc., nor is he employed by or affiliated

with a broker-dealer registered with the United States Securities and Exchange Commission or with any state regulatory authority unless otherwise indicated on the Signature Page to this Agreement.

11. The Investor understands that (i) the Debentures are a speculative investment that involve a substantial risk and the Investor may lose his entire investment and that (ii) this Offering is being made in reliance upon exemptions from registration as may be available to the Company under applicable securities laws.

12. The Investor is acquiring the Debentures for investment for its own account and not with a view to distribution or resale, and is not holding all or any portion of the Debentures for any other person.

13. The Debentures and any Shares purchased pursuant to this Agreement shall bear a legend restricting their transfer in substantially the following form unless and until they are registered for sale and sold pursuant to an effective registration statement.

> The securities represented by this certificate have not been registered under any applicable securities laws. Any transfer of such securities will be invalid unless a registration statement under any applicable securities laws is in effect as to such transfer or, in the opinion of counsel to the Company, such registration is unnecessary in order for such transfer to comply with any applicable state securities laws. In addition, the Company may cause a stop transfer order to be placed with such transfer agent against all such certificates.

14. The Investor agrees that it will not sell, transfer, pledge, offer for sale or otherwise transfer any of the Shares in the absence of an effective registration relating thereto under applicable securities laws or evidence that registration under applicable securities laws is not required in connection with such transfer, including, at the Company's option, an opinion of counsel satisfactory to the Company to that effect.

15. The Investor has reviewed Exhibit B which contains the definition of “Accredited Investor” as defined in the U.S. securities laws and the Investor is in fact an Accredited Investor.

16. The Debentures were not offered to the Investor by way of general solicitation or general advertising and at no time was the Investor presented with or solicited by means of any leaflet, public promotional meeting, circular, newspaper or magazine article, radio or television advertisement or through the Internet.

F. REQUIRED DISCLOSURES FOR U.S. INVESTORS

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF CERTAIN STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE INTO AND FROM CERTAIN STATES AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS AGREEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR RESIDENTS OF FLORIDA:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT IN RELIANCE UPON EXEMPTION PROVISIONS CONTAINED THEREIN. SECTION 517.061(11)(A)(5) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT (THE "FLORIDA ACT") PROVIDES THAT ANY PURCHASER OF SECURITIES IN FLORIDA WHICH ARE EXEMPTED FROM REGISTRATION UNDER SECTION 517.061(11) OF THE FLORIDA ACT MAY WITHDRAW HIS SUBSCRIPTION AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONIES PAID, WITHIN THREE (3) BUSINESS DAYS AFTER HE TENDERS CONSIDERATION FOR SUCH SECURITIES. THEREFORE, ANY FLORIDA RESIDENT WHO PURCHASES SECURITIES IS ENTITLED TO EXERCISE THE FOREGOING STATUTORY RESCISSION RIGHT WITHIN THREE (3) BUSINESS DAYS AFTER TENDERING CONSIDERATION FOR THE SECURITIES BY TELEPHONE, TELEGRAM, OR LETTER NOTICE TO THE COMPANY AT THE ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE COVER PAGE HEREOF. ANY TELEGRAM OR LETTER SHOULD BE SENT OR POSTMARKED PRIOR TO THE END OF THE THIRD BUSINESS DAY. A LETTER SHOULD BE MAILED BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE ITS RECEIPT AND TO EVIDENCE THE TIME OF MAILING. ANY ORAL REQUESTS SHOULD BE CONFIRMED IN WRITING.

FOR RESIDENTS OF NEW YORK:

THIS SUBSCRIPTION AGREEMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL FOR THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON

OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR RESIDENTS OF NEW JERSEY:

THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY DOES NOT PASS UPON OR ENDORSE THE MERITS OF ANY PRIVATE OFFERING. NO OFFERING DOCUMENT HAS BEEN FILED WITH OR OTHERWISE APPROVED BY THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

G. MISCELLANEOUS

1. The Investor understands that the representations, warranties, agreements, undertakings and acknowledgments contained in this Agreement are made by the Investor with the intent that they be relied upon in determining the Investor's suitability as a purchaser of the Debentures. In addition, the Investor agrees to notify the Company, in writing, immediately of any change in any representation, warranty or other information that relates to the Investor.

2. If more than one person is signing this Agreement, each representation, warranty and undertaking shall be a joint and several representation, warranty and undertaking of each such person. If the Investor is a partnership, corporation, trust or other entity, the Investor further represents and warrants that (i) the Investor has enclosed with this Agreement copies of its constituent documents evidencing its formation and current existence and appropriate evidence of the authority of the individual executing this Agreement to act on behalf of the Investor, and (ii) the Investor was not specifically formed to acquire the Debenture. If the Investor is a partnership, the Investor further represents that the funds to make this investment were not derived from additional capital contributions of the partners of the partnership.

3. All pronouns and variations of pronouns contained in this Agreement shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties may require.

4. This Subscription Agreement shall be irrevocable, except as required by law. This Subscription Agreement and the Investor's investment shall be governed by and construed in accordance with the laws of New York, without regard to its principles of conflicts of law, and venue shall be in any appropriate state or federal courthouse located within New York City, New York.

5. This Subscription Agreement may not be assigned by the Investor and any attempt by the Investor to assign this Agreement shall nullify and void this Agreement. Subject to the preceding sentence, this Subscription Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and permitted assigns of the Investor.

6. The Agreement contains the final, complete and exclusive agreement of the parties relative to the subject matter hereof and may not be changed, modified, amended or supplemented except by written instrument signed by both parties.

H. SIGNATURE PAGE

The undersigned hereby subscribes for $_____(U.S.) (must be in denominations of $1000.00 (or multiples thereof)). A wire in that amount has been sent or a check is enclosed herewith.

The undersigned has executed this Subscription Agreement on this ____ day of _____, 2018.

For Entity Investor:

Name: _____

By: _____
Print Name: _____
Title: _____

For Individual Investor:

_____
[Signature]
Print Name: _____

_____
[Signature of Joint Tenant, Joint Investor or Tenant-in-Common, if any]

_____
[Signature of Joint Tenant, Joint Investor or Tenant-in-Common, if any]

Investor's Social Security Number or EIN:_____

PLEASE COMPLETE ALL APPLICABLE SECTIONS BELOW:

A. TO BE COMPLETED BY ENTITY (INCLUDING TRUST) INVESTOR:

Jurisdiction of formation or organization: _____

Office Address: _____
_____

Mailing Address: _____
_____

Contact Person: _____

Email Address: _____

Telephone No.: (___)_____

Facsimile No.: (___)_____

[SIGNATURE PAGE CONTINUES]

B. TO BE COMPLETED BY INDIVIDUAL INVESTOR:

Residence Address: _____

_____

Mailing Address: _____

_____

Email Address: _____

Telephone No.: Home (___)_____ Office (___)_____

Facsimile No.: Home (___)_____ Office (___)_____

C. ALSO TO BE COMPLETED BY BENEFIT PLAN OR TRUST INVESTOR:

Names of Trustees or Other Fiduciaries Exercising Investment Discretion with Respect to Benefit Plan or Trust

Signature	Printed Name	Title

Accepted:
CLS HOLDINGS USA, INC.

By: _____
Name: Jeffrey I. Binder
Title: Chairman
Dated: as of _____, 2018

EXHIBIT A

RISK FACTORS

An investment in the Debentures and the Units into which the Debentures may be converted offered hereby involves a high degree of risk and should not be made by persons who cannot afford the loss of their entire investment. Prospective investors should consider carefully the following risk factors prior to making any investment decision with respect to the Debentures and the Units into which they may be converted.

The Company's business and success is subject to numerous risk factors, in particular, the risks associated with the cannabis business in the United States, as detailed in its periodic reports filed with the U.S Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2017 which is available at no cost at www.sec.gov. Listed below are additional risk factors related to the Offering.

The Securities Being Offered Are "Restricted" Securities.

We are offering the Debentures and the Units into which they may be converted pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), which imposes substantial restrictions on the transfer of such securities. All certificates which evidence the Debentures and any Shares that may be issued if and when converted will be inscribed with a printed legend which clearly describes the applicable restrictions on transfer or resale by the owner thereof. Accordingly, each investor should be aware of the long-term illiquid nature of his investment. In no event may such securities be sold, pledged, hypothecated, assigned or otherwise transferred unless such securities are registered under the Securities Act and applicable state securities laws or we received an opinion of counsel that an exemption from registration is available with respect thereto. Rule 144, the primary exemption for resales of restricted securities is only available for securities of issuers providing current information to the public. Although we file reports required by the Securities Exchange Act of 1934, which generally satisfied that information requirement, we may in the future either be unwilling or unable to file such reports, which could preclude reliance on Rule 144. Additionally, Rule 144 imposes a minimum holding period of at least six (6) months. Thus, each investor should be prepared to bear the risk of such investment for an indefinite period of time. Finally, we are not required to provide any registration rights to purchasers of the Debentures – either with respect to the Debentures or any Shares that might be issued in the future upon their conversion.

An Active Trading Market for Debentures May Not Develop.

The Debentures are a new issue of securities by the Company for which there is currently no public market and no active trading market might ever develop. We cannot assure you that an active trading market for the Debentures will develop or as to the liquidity or sustainability of

any such market, your ability to sell your Debentures, or the price at which you will be able to sell your Debentures. Future trading prices of the Debentures will depend on many factors, including, among other things, prevailing interest rates, our operating results, the market price of our Shares and the market for similar securities. Additionally, even if a market were to develop the Debentures and any Shares that might be issued upon their conversion would still be "restricted" securities and subject to the trading restrictions described above.

The Debentures Are Not Issued Pursuant to An Indenture.

The Debentures are not issued under an indenture that is qualified under the Trust Indenture Act of 1939 (the "TIA"). Accordingly, there is no independent indenture trustee who represents the interests of Debenture holders. If there were to be a default under the Debentures, each holder would be required to act on its own individual behalf. In addition, Debenture holders will not have some of the protections afforded by the TIA in the way of required or prohibited terms in indentures governing the issuance of certain indebtedness.

We May Not Have the Ability to Purchase Debentures at the Option of the Holders or to Raise the Funds Necessary to Finance Those Purchases.

Upon the occurrence of certain events, we are required to offer to purchase all outstanding Debentures. Some of these events might also be defaults under other credit facilities that we might have, which could preclude our being able to repurchase the Debentures. The terms of current or future indebtedness also could restrict our ability to purchase Debentures – as a result we would have to seek the consent of the lenders or repay those borrowings. If we were unable to obtain the necessary consent or unable to repay those borrowings, we would be unable to purchase the Debentures and, as a result, would be in default under the Debentures. In addition, it is possible that, if we were required to purchase the Debentures, we will not have sufficient funds at that time to make the required purchase of Debentures and we may be unable to raise the funds necessary.

You Should Consider the United States Federal Income Tax Consequences of Owning Debentures .

The Debentures will be characterized as indebtedness of ours for United States federal income tax purposes. Accordingly, you will be required to include, in your income, interest with respect to the Debentures, including PIK interest. You also will recognize gain or loss on the
sale, exchange, conversion or redemption of a Debenture in an amount equal to the difference between the amount realized on the sale, exchange, conversion or redemption, including the fair market value of any Shares received upon conversion or otherwise, and your adjusted tax basis in the Debenture. Any gain recognized by you on the sale, exchange, conversion or redemption of a Debenture generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss.

The Debentures Will Be Unsecured and Effectively Subordinated to Any Secured Debt to the Extent of the Value of the Assets Securing Such Debt.

The Debentures will not be secured by any of our assets. As a result, the Debentures effectively will be subordinated to our existing and future secured debt, respectively, to the extent of the value of the assets securing that debt. In any liquidation, bankruptcy or other similar proceeding, the holders of our secured debt may assert rights against the secured assets in order to receive full payment of their debt before the assets may be used to pay the holders of the Debentures. As a result, there may not be sufficient remaining assets to pay amounts due on the Debentures. Furthermore, if we fail to deliver our Shares upon conversion of a Debenture and thereafter become the subject of bankruptcy proceedings, a holder's claim for damages arising from such failure could be subordinated to all of our existing and future obligations.

There Are Only Limited Exit Strategies Available Regarding Your Investment.

There is currently an uneven trading market for any Shares that might be issued as a result of conversion of Debentures and until trading activity increases on a regular basis, your only exit strategy may be to make a private sale of your Shares. As described above, there may be substantial restrictions upon your ability to do so. Accordingly, you will likely have to maintain your investment in the Shares for an indefinite period which will affect your liquidity.

We Do Not Anticipate Paying Dividends In The Near Future.

Other than interest on the Debentures (some of which is PIK interest), tt is likely that you will not see any return on your investment for quite some time in the future, inasmuch as we do not foresee paying any dividends on any Shares into which Debentures may be converted in the near future.

If Insufficient Funds Are Raised In The Offering We May Be Unable To Reach Our Goals.

As described above, the use of proceeds from this Offering is primarily to expand complete construction of certain of our facilities and for working capital and if we do not reach our target in the Offering we will be unable to fully implement our business plan and consequently you may not realize the potential upside of your investment.

There Are Substantial Differences In Investments In The Company.

Purchasers of the Shares in this Offering will have a substantially greater cash investment in the common stock than other shareholders of the Company. The Subscribers in this Offering will, if the Debentures are converted, pay $0.80 per share, whereas certain other shareholders have less or little to no cash investment in the Company. As a result, the Subscribers in this Offering will have substantially more cash at risk, on a per Share basis, than some of the current shareholders of the Company. Shareholders with relatively minor cash investment will likely have different

views on certain corporate policies and strategies than Subscribers with more at stake and such shareholders may, to the extent consistent with the Company's charter documents, implement such policies and strategies that may not satisfy the needs of an investor with a larger cash stake.

We Will Need Additional Financing.

Our capital requirements relating to the development of our business could be significant. If such additional financing includes the sale of shares of stock in the Company, the percentage interest in the Company of Shares that might be issued upon conversion of the Debentures will be diluted. The Company's Board of Directors will have the sole authority to determine the terms on which such additional shares of stock are sold, including the valuation of the Company used to determine the price and corresponding percentage interest in the equity interests of the Company sold to new investors providing additional capital for the Company, which may be at a lower price per Share than the price effectively paid by Subscribers in this Offering. There can be no assurance that any such financing will be available to us on commercially reasonable terms, or at all.

No Independent Advisors Have Reviewed The Offering Documents On Behalf Of The Investors.

We have not retained any independent professionals to review or comment on the offering or otherwise protect the interests of the investors hereunder. Although we have retained our own counsel, neither that law firm nor any other law firm has made, on behalf of the investors, any investigation of the merits or the fairness of the Offering or of any factual matters represented herein, and purchasers of the Shares should not rely on such law firm so retained with respect to any matters herein described. Prior to making an investment in the Shares, all potential investors should consult with their own legal, financial and tax advisers.

We Face Additional Risks Not Listed Above

The above listed risk factors are only some of the significant risk factors that investors face in the Offering, and a comprehensive list of all possible risks would be impossible to prepare. In addition to the investment related risk factors listed above the Company faces risk factors related to its business, some of which risk factors are listed in, and incorporated by reference from, its Annual Report on Form 10-K. All potential Subscribers must understand that our business can fail for a multiplicity of reasons, in which case their investment would be lost. We encourage you guide yourselves accordingly.

EXHIBIT B

ACCREDITED INVESTOR

The Investor is an "accredited investor," as that term is defined in Regulation D under the Securities Act (an "Accredited Investor"), because the Investor falls into at least one of the following definitions of that term**.**

(1) The Investor is a natural person who satisfies at least one of the following tests at the time of the sale of the Debentures to him:

The Investor, either individually or together with the Investor's spouse, has a net worth in excess of $1,000,000, not including the value of their primary residence.

The Investor had an individual income (not including the income of the Investor's spouse) in excess of $200,000 in each of the two most recent years, or the Investor had a joint income with the Investor's spouse in excess of $300,000 in each of the two most recent years, and the Investor's individual or joint income, as the case may be, is expected to meet the same income levels in the current year.

(2) The Investor is a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

(3) The Investor is a broker or dealer registered pursuant to Section 1 of the Securities Exchange Act of 1934, as amended.

(4) The Investor is an insurance company as defined in Section 2(13) of the Securities Act.

(5) The Investor is an investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a) (48) of that Act.

(6) The Investor is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended.

(7) The Investor is a plan established and maintained by a State, its political subdivisions, or an agency or instrumentality of a State or its political

subdivisions, for the benefit of its employees, which plan has total assets in excess of $5,000,000.

(8) The Investor is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, with any of the following characteristics:

A plan where all of the participants are Accredited Investors by satisfying one of the tests set forth in 1 above.

A plan that is a self-directed plan and its participants are, and its investment decisions are made solely by, persons who are Accredited Investors by satisfying one of the tests set forth in 1 above.

A plan where the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser.

A plan that has total assets in excess of $5,000,000.

(9) The Investor is a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940, as amended.

(10) The Investor is an Individual Retirement Account (IRA) in which the participant is an Accredited Investor by satisfying one of the tests set forth in 1 above.

(11) The Investor is a Keogh Plan in which the participant is an Accredited Investor by satisfying one of the tests set forth in 1 above.

(12) The Investor is a trust with any of the following characteristics:

The trust may be amended or revoked at any time by the grantors and all of the grantors are Accredited Investors by satisfying one of the other definitions of an Accredited Investor described in this Subscription Agreement.

The trust has total assets in excess of $5,000,000, was not formed for the specific purpose of acquiring the Membership Interests offered and its purchase is directed by a “sophisticated person” as described in Rule 506(b)(2)(ii) of Regulation D under the Securities Act.

(13) The Investor is an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended, a corporation, limited liability company, or similar

business trust, or a partnership, not formed for the specific purpose of acquiring the Membership Interests offered in this offering and which has total assets in excess of $5,000,000.

(14) The Investor is a director or executive officer of the Company.

(15) A general partnership that was not formed for the specific purpose of investing in this offering and in which all of the general partners are Accredited Investors by satisfying one of the other definitions of an Accredited Investor described in this Subscription Agreement.

(16) A limited partnership that was not formed for the specific purpose of investing in this offering and in which all of the general partners and all of the limited partners are Accredited Investors by satisfying one of the other definitions of an Accredited Investor described in this Subscription Agreement.

(17) A corporation that was not formed for the specific purpose of investing in this offering and in which all of the owners of stock are Accredited Investors by satisfying one of the other definitions of an Accredited Investor described in this Subscription Agreement.

EXHIBIT C

FORM OF DEBENTURE

CONVERTIBLE DEBENTURE

THIS DEBENTURE IS SUBJECT TO A CONVERTIBLE DEBENTURE SUBSCRIPTION AGREEMENT OF EVEN DATE HEREWITH (THE "SUBSCRIPTION AGREEMENT")

AS DESCRIBED IN THE SUBSCRIPTION AGREEMENT, THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ANY TRANSFER OF SUCH SECURITIES WILL BE INVALID UNLESS A REGISTRATION STATEMENT UNDER THE ACT AND AS REQUIRED BY BLUE SKY LAWS IS IN EFFECT AS TO SUCH TRANSFER OR IN THE OPINION OF COUNSEL SATISFACTORY TO THE BORROWER SUCH REGISTRATION IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND BLUE SKY LAWS.

$[_____] _____, 2018

For Value Received, CLS Holdings USA, Inc, a Nevada corporation ("Maker"), under the terms of this Convertible Debenture ("Debenture") promises to pay to the order of _____ ("Purchaser"), by check, in lawful money of the United States of America and in immediately available funds, the principal amount of $_____ (the "Original Principal Amount"), together with such interest on the Original Principal Amount as provided for below on that date which is thirty-six months from the date set forth above (the "Maturity Date") if not sooner indefeasibly paid in full.

Interest payable on the Original Principal Amount (including all PIK Amounts (as defined below) added thereto, the "Principal Amount") shall accrue at a rate per annum equal to eight percent (8%) (the "Contract Rate"). Interest shall be (i) calculated on the basis of a 360 day year, and (ii) payable monthly, in arrears, commencing on December 31, 2018, on the last business day of each consecutive calendar quarter thereafter through and including the Maturity Date, and on the Maturity Date, whether by acceleration or otherwise (each, an Interest Payment Date"). On any Interest Payment Date on or prior to June 30, 2020, interest on the Principal Amount of this Debenture at the Contract Rate that shall have accrued and shall remain unpaid as of such Interest Payment Date (for any Interest Payment Date, a "PIK Amount") may, at the option of the Maker, be paid on such Interest Payment Date by addition of such PIK Amount to the then outstanding Principal Amount. At the option of the Maker, the PIK Amounts added to the then-outstanding Principal Amount during such quarter may be evidenced by a note (a "PIK Note") in form and substance determined by the Maker; provided, however, that such PIK Note shall not be necessary to evidence such portion of the Principal Amount nor shall the absence of such PIK Note relieve the Maker of its obligation to pay such portion of the Principal Amount to the Payee. Notwithstanding any other provision of this Debenture and the addition of any PIK Amount to the principal amount outstanding under this Debenture, the Maker may, in its sole

discretion, pay any PIK Amount in cash on any Interest Payment Date without any premium or penalty. All cash payments by the Companies of any PIK Amount that has been added to the principal amount of this Debenture shall be deducted from the Principal Amount.

Capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Subscription Agreement.

1. Conversion. At Purchaser's option, at any time prior to the close of business on the earlier of (i) the last business day immediately prior to the Maturity Date; or (ii) the Redemption Date (as defined in the section 3 below), the Purchaser may choose to have all or part of the outstanding principal and accrued interest owing to Purchaser repaid in Units at a conversion rate equal to eighty cents ($0.80) per Unit, as adjusted pursuant to Section 2 (the "Conversion Price"). In the event Purchaser chooses to convert all or part of the outstanding principal and accrued interest into Units, Purchaser shall give written notice to Company of such conversion no less than fifteen (15) business days prior to such conversion, and shall surrender the original of this Debenture to the Company, after which Purchaser will have no further rights under this Debenture as to the converted principal and interest, except the right to receive certificates representing the components of the Units. Notwithstanding anything to the contrary in either the Subscription Agreement or this Debenture, if at any time after six (6) months and one (1) day after the date of issuance of the Debenture (the "Closing Date") the price of a Share on the exchange or trading platform on which the Shares are traded exceeds $1.20 (U.S.) for ten consecutive trading days, the Company, on not less than thirty (30) days-notice (the end of such notice period, the "Forced Conversion Date") to the Purchaser, may require conversion of this Debenture, in which case, following the Forced Conversion Date, interest shall cease to accrue on this Debenture and the Purchaser will have no further rights under this Debenture as to the converted principal and interest, except the right to receive certificates representing the components of the Units.

2. Adjustment of Conversion Price. The Conversion Price shall be subject to adjustment from time to time as follows:

(a) If at any time after the date of this Debenture, the Company shall subdivide its outstanding Shares, the Conversion Price in effect immediately prior to such issuance or subdivision shall be proportionately reduced. If the outstanding Shares shall be combined into a smaller number of shares, the Conversion Price in effect immediately prior to such combination shall be proportionately increased. The Conversion Price also shall be appropriately adjusted in the event of the subsequent issuance of Shares or securities convertible into Shares, by way of security dividend or distribution, the issuance of rights, options or warrants to all or substantially all the holders of Shares or the distribution of shares of any other class of shares, rights, options, warrants, evidences of indebtedness or assets.

(b) No adjustment in the Conversion Price and/or the number of shares of Common Stock subject to the Debenture need be made if such adjustment would result in a change in the

Conversion Price of less than one cent ($0.01) or a change in the number of subject shares of less than one-tenth (1/10th) of a share.

(c) Upon any adjustment of the Conversion Price hereunder, the Company will compute the adjustment and prepare and furnish to Purchaser a certificate setting forth such adjustment and showing in detail the facts upon which the adjustment is based.

3. Redemption/Change in Control.

(a) The Purchaser may, upon not less than thirty (30) days-notice (the end of such notice period, the "Redemption Date") to the Company following a "Change in Control" (as defined below), require the Company to repurchase the Debenture, in whole or in part, at a price (the "Redemption Price") equal to 105% of the principal amount of the Debenture outstanding (including any accrued and unpaid interest) on the Redemption Date.

(b) If holders of ninety percent (90%) or more of the series of debentures of which this Debenture is a part have demanded to require the Company to repurchase their debentures following a Change in Control, the Purchaser agrees to allow the Company to repurchase this Debenture for the Redemption Price on the Redemption Date notwithstanding the fact that the Purchaser has not provided the notice described in section 3(a).

(c) Following the Redemption Date, interest shall cease to accrue on this Debenture and the Purchaser will have no further rights under this Debenture as to the converted principal and interest, except the right to receive the Redemption Price.

(d) A "Change in Control," for purposes of this Debenture, means (i) any event as a result of or following which any person, or group of persons acting jointly or in concert within the meaning of applicable United States securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Company. A "Change in Control" does not include a sale, merger, reorganization or other similar transaction if the previous holders of the Shares hold at least 50% of the voting shares of such merged, reorganized or other continuing entity.

4. Authorized Shares. Until the Maturity Date, the Company shall maintain sufficient numbers of authorized and unissued Shares to permit the full exercise of the conversion of this Debenture and the exercise of any Warrant.

5. Default.

5.1 Events of Default. With respect to the Debenture, the following events are "Events of Default":

(a) Default by Company in the payment of principal on or any interest payable under the

Debenture after fifteen (15) business days' written notice from Purchaser following the date when the same is due and payable; or

(b) Default in the due performance or observance of any other material covenant, agreement or provision in the Subscription Agreement, or in this Debenture, to be performed or observed by Company, and such default shall have continued for a period of thirty (30) business days after written notice thereof to Company from Purchaser; or

(c) the occurrence of any of the following:

(i) the Company files a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the United States Bankruptcy Code (as now or in the future amended, the "Bankruptcy Code");

(ii) the Company makes a general assignment for the benefit of its creditors;

(iii) the Company consents to the appointment of a receiver or trustee for all or a substantial part of the property of Company or approves as filed in good faith a petition filed against Company under the Bankruptcy Code; or

(iv) the commencement of a proceeding or case, without the application or consent of Company, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of Company or of all or any substantial part of its assets, or (iii) similar relief in respect of Company under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case set forth in (i), (ii), or (iii) above continues undismissed or uncontroverted, or an order, judgement or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect, for a period of sixty (60) business days.

5.2 Acceleration. If any one or more Events of Default described in Section 5.1 shall occur and be continuing, then Purchaser may, at Purchaser's option and by written notice to Company, declare the unpaid balance of the Debenture owing to Purchaser to be forthwith due and payable.

6. This Debenture is an unsecured obligation of the Company and will rank *pari passu* in right of payment of principal and interest with all other unsecured obligations of the Company.

7. Governing Law. This Debenture shall be governed by, and construed and enforced in accordance with, the laws of the state of Nevada, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

8. Successors. The provisions of this Debenture shall inure to the benefit of and be binding on any successor of Purchaser. This Debenture cannot be assigned by any party hereto except as described in the Subscription Agreement.

CLS Holdings, USA, Inc.,
a Nevada corporation

By:_____
Name:_____

Title:_____

EXHIBIT D

FORM OF WARRANT

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IN ITS REASONABLE JUDGMENT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS.

CLS HOLDINGS USA, INC.

Warrant for the Purchase of Common Stock,
par value $0.001 per share

No. _____ _____ Shares
Date: _____

THIS CERTIFIES that, for good and valuable consideration, _____ (together with its successors and permitted assigns, the "Holder"), with an address at _____ is entitled to subscribe for and purchase from CLS HOLDINGS USA,INC. (the "Company"), upon the terms and conditions set forth herein, in whole or in part, at any time, or from time to time, after the date hereof and before 5:00 p.m. on a date that is not later than thirty-six (36) months after the earlier of: (i) the date this Warrant is issued according to the date set forth above; or (ii) the effectiveness of a registration statement under the Securities Act of 1933, as amended, relating to the Warrant Shares (as defined below) (the "Exercise Period"), that number of shares of the Company's common stock set forth above, par value $0.001 per share ("Common Stock"), at a price of $1.10 per share (the "Initial Exercise Price"), as same may be adjusted as provided for herein (the "Warrant Shares").

1. To the extent otherwise exercisable, this Warrant may be exercised during the Exercise Period as to the whole or any portion of the number of Warrant Shares, by (i) delivery of a written notice, in the form of the exercise notice attached hereto as Exhibit A (the "Exercise Notice"), of such Holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, (ii) payment to the Company of an amount equal to the Exercise Price multiplied by the number of Warrant Shares to be exercised (plus any applicable issue or transfer taxes) (the "Aggregate Exercise Price") in cash, or by means of bank check or wire transfer of immediately available funds, and (iii) delivery of this Warrant to the Company. In the event that the exercise of this Warrant is for less than all of the Warrant Shares purchasable under this Warrant, the Company shall cause to be issued in the name of and delivered to the Holder hereof or as the Holder may direct, as soon as practicable, a new Warrant or Warrants of like tenor, for the balance of the Warrant Shares purchasable hereunder.

2. Upon the exercise of the Holder's right to purchase Warrant Shares granted pursuant to this Warrant, the Holder shall be deemed to be the holder of record of the number of Warrant Shares issuable upon such exercise, notwithstanding that the transfer books of the Company shall then be closed or certificates representing such Warrant Shares shall not then have been actually delivered to the Holder. As soon as practicable after the exercise of this Warrant, the Company shall issue and deliver to the Holder a certificate or certificates for the applicable number of Warrant Shares, registered in the name of the Holder. No fractional shares of Common Stock are to be issued upon exercise of this Warrant, but rather the number of shares of Common Stock issued upon exercise of this Warrant shall be rounded up or down to the nearest whole number.

3. (a) The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee upon receipt of a duly executed warrant power in the form of Exhibit B hereto. The Company may treat the person in whose name any Warrant is registered on the register as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary

(b) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of providing for the exercise of the rights to purchase all Warrant Shares granted pursuant to this Warrant, such number of shares of Common Stock as shall be sufficient therefor. The Company covenants that all shares of Common Stock issuable upon exercise of this Warrant, upon receipt by the Company of the purchase price therefor, shall be validly issued, fully paid and nonassessable.

(c) The Company, upon ten (10) days prior notice to the Holder, at any time prior to expiration of the Exercise Period, may demand that the Investor exercise this Warrant, in its entirety, if the closing bid price of the Shares equals or exceeds $2.20 (subject to adjustments as set forth in Section 4 of this Warrant) for twenty (20) consecutive business days. Should the Investor fail to exercise the Warrant in its entirety within thirty (30) days after receiving the Company's demand, the Warrant shall expire and be of no further force or effect.

4. (a) In the event that the outstanding shares of Common Stock are changed into a different number of shares of Common Stock by reason of any recapitalization, reclassification, stock split-up, combination of shares or dividend payable in shares of the Company or an otherwise similar event, appropriate adjustment shall be made in the number and kind of securities as to which this Warrant shall be exercisable, to the end that the proportionate interest of the Holder immediately after the occurrence of such event shall equal the proportionate interest of the Holder immediately before the occurrence of such event. Such adjustment shall be made without change in the total Exercise Price applicable to this Warrant but with corresponding adjustments in the number of shares of Common Stock underlying the Warrant and Exercise Price per share evidenced by this Warrant. To illustrate: In the event of a reverse split in the ratio of 1:3, if this Warrant was for 75,000 Shares, the Exercise

Price would become $3.30 and the number of underlying shares of Common Stock would be reduced to 25,000.

(b) In case of any consolidation with or merger of the Company with or into another corporation or entity (other than a merger or consolidation in which the Company is the surviving or continuing corporation), or in case of any sale, conveyance or lease to another person or entity of the property of the Company as an entirety or substantially as an entirety, such successor or purchasing person or entity, as the case may be, shall (i) execute in favor of the Holder an agreement or instrument providing that the Holder shall have the right thereafter to receive upon exercise of this Warrant solely the kind and amount of shares of stock or other securities, property, cash or any combination thereof receivable upon such consolidation, merger, sale, lease or conveyance by a holder of the number of shares of Common Stock for which this Warrant might have been exercised immediately prior to such event, (ii) make effective provision in its certificate of incorporation or otherwise, if necessary, in order to effect such agreement and (iii) set aside or reserve, for the benefit of the Holder, the stock, securities, property and/or cash to which the Holder would be entitled upon exercise of this Warrant; provided, that, nothing contained in this paragraph 4(b) shall be interpreted so as to preclude the Holder from exercising this Warrant, in whole or in part, at any time prior to the consummation of any such consolidation, merger, sale, lease or conveyance.

(c) The above provisions of this paragraph 4 shall similarly apply to successive consolidations, mergers, sales, leases, issuances or conveyances.

5. (a) In case at any time the Company shall propose:

(i) to pay any dividend or make any distribution on shares of Common Stock in shares of common stock, or make any other distribution (other than regularly scheduled cash dividends) to all holders of common stock; or

(ii) to issue any rights, warrants or other securities to all holders of the Company's common stock entitling them to purchase any additional shares of common stock or any other rights, warrants or other securities; or

(iii) to effect any reclassification or recapitalization of the Company's common stock, or any consolidation or merger; or

(iv) to effect any liquidation, dissolution or winding-up of the Company; or

(v) to issue any shares of its Common Stock, or securities convertible or exercisable into its Common Stock, at a price per share lower than the Exercise Price, if such price is also lower than the market price for its Common Stock on such date;

then, and in any one or more of such cases, the Company shall give written notice thereof, by registered mail, postage prepaid, to the Holder at the Holder's address as it shall appear in the

Warrant Register, mailed at least ten (10) days prior to the date on which any such event is expected to occur.

(b) If and whenever on or after the date of this Warrant, the Company issues or sells any shares of Common Stock (including the issuance or sale of shares of Common Stock owned or held by or for the account of the Company, but excluding shares of Common Stock deemed to have been issued by the Company in connection with any Excluded Securities (as defined below) for a consideration per share (the "New Issuance Price") less than the Exercise Price in effect immediately prior to such issue or sale or deemed issuance or sale (the foregoing a "Dilutive Issuance"), then immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to the New Issue Price. "Excluded Securities" means: (i) capital stock, options or convertible Securities issued to directors, officers, employees or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company, (ii) shares of Common Stock issued upon the conversion or exercise of options or convertible securities that were issued and outstanding on the date immediately preceding the date of this Warrant, provided such securities are not amended after the Subscription Date to increase the number of shares of Common Stock issuable thereunder or to lower the exercise or conversion price thereof (iii) securities issued pursuant to the Subscription Agreement and securities issued upon the exercise or conversion of those securities, (iv) shares of Common Stock issued or issuable by reason of a dividend, stock split or other distribution on shares of Common Stock (but only to the extent that such a dividend, split or distribution results in an adjustment in the Exercise Price pursuant to the other provisions of this Warrant), and (v) capital stock, options or convertible Securities issued as consideration for an acquisition or strategic transaction approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be a Person (or to the equityholders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not, for the purposes of this clause (v), include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

6. The issuance of any Warrant Shares or other securities upon the exercise of this Warrant, and the delivery of certificates or other instruments representing such Warrant Shares or other securities, shall be made without charge to the Holder for any tax or other charge in respect of such issuance. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate representing Warrant Shares in a name other than that of the Holder and the Company shall not be required to issue or deliver any such certificate unless and until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax, to the extent required to be so paid, or, if reasonably required by the Company, shall have established to the satisfaction of the Company that such tax has been paid.

7. Unless registered, or freely saleable under Rule 144, the Warrant Shares issued upon exercise of the Warrants shall be subject to a stop transfer order and the certificate or certificates evidencing such Warrant Shares shall bear the following legend or a similar legend to the following effect:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF SUCH REGISTRATION OR EVIDENCE OF AN EXEMPTION THEREFROM (INCLUDING AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT)."

8. The Holder of this Warrant, by the acceptance hereof, represents that he is acquiring this Warrant and the Warrant Shares for his own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempt under the Securities Act of 1933, as amended (the "Securities Act"); provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with, or pursuant to an exemption under, the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "Accredited Investor"). Upon the exercise of this Warrant, the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition precedent to such Holder's exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

9. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (and upon surrender of this Warrant if mutilated), and upon reimbursement of the Company's reasonable incidental expenses (including without limitation any insurance), the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

10. The Holder shall not have, solely on account of such status, any rights of a stockholder of the Company, either at law or in equity, or to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Warrant.

11. This Warrant and the rights granted hereunder shall be assignable by the Holder hereof without the consent of the Company (i) to members of his or her immediate family (which shall include any spouse, lineal ancestor or descendant, adopted child or sibling, or the spouse of any of them) or (ii) to a trust or any other estate planning vehicle for the benefit of such Holder or members of his or her immediate family; provided, however, that the assignee shall, within ten (10) days prior to such assignment, furnish to the Company written notice of the name, address and relationship with such assignee and such transferee shall agree to be bound by the terms and conditions of the Investor Rights Agreement upon exercise, provided it involves no more than a de minimis expense.

12. Each of the Company and the Holder shall do and perform all such further acts and things and execute and deliver all such other certificates, instruments and documents as the Company or the Holder may, at any time and from time to time, reasonably request in connection with the performance of any of the provisions of this Warrant.

13. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile or e-mail (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one business day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

CLS Holdings USA, Inc.
11767 South Dixie Highway, Suite 115
Miami, FL 33156
Tel: 888-438-9132
E-Mail: jeff@clslabs.com
Attention: Chairman

If to the Holder, at the address set forth above (if such Holder is the initial Holder of this Warrant), or to such other address for such Holder or its assignees as shall appear, from time to time, on the records maintained by the Company.

Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the

sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of transmission or (C) provided by nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

14. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

15. This Warrant shall be construed in accordance with the laws of the State of Nevada applicable to contracts made and to be performed within such State, without regard to principles of conflicts of law. **THE COMPANY AND THE HOLDER (BY THE ACCEPTANCE HEREOF) HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN NEW YORK COUNTY, NEW YORK, OVER ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS WARRANT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE COMPANY AND THE HOLDER EACH AGREE THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, PROPERLY ADDRESSED TO IT AT ITS ADDRESS LISTED IN PARAGRAPH 13 ABOVE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT. THE COMPANY AND THE HOLDER IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN ANY ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT SUCH COURT REPRESENTS AN INCONVENIENT FORUM. THE COMPANY AND THE HOLDER AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT WHICH IS NO LONGER SUBJECT TO FURTHER REVIEW SHALL BE CONCLUSIVE AND BINDING UPON THE COMPANY AND THE HOLDER AND MAY BE ENFORCED AGAINST THE COMPANY OR THE HOLDER IN ANY OTHER COURTS TO WHOSE JURISDICTION THE COMPANY OR THE HOLDER, RESPECTIVELY, IS OR MAY BE SUBJECT BY SUIT UPON SUCH JUDGMENT. THE COMPANY AND THE HOLDER IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHTS TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM ARISING UNDER OR WITH RESPECT TO THIS WARRANT.**

IN WITNESS WHEREOF, this Warrant was executed by the Company as of the _____ day of _____, 2018

CLS HOLDINGS USA, INC.

By: _____
Name: Jeffrey I. Binder
Title: Chairman

EXHIBIT A
To
Warrant

ELECTION TO EXERCISE

TO BE EXERCISED BY THE REGISTERED HOLDER

CLS HOLDINGS USA, INC.

The undersigned holder hereby exercises the right to purchase _____ (_____) of the shares of Common Stock (the "Warrant Shares") of CLS Holdings USA, Inc., a Nevada corporation (the "Company"), evidenced by the attached Warrant. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Warrant Exercise Price. The Holder intends that payment of the Aggregate Exercise Price shall be made with respect to _____ Warrant Shares.

2. Payment of Warrant Exercise Price. The Holder shall pay the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Holder requests that certificates for such Warrant Shares be issued in the name of, and delivered to:

_____

_____

_____
(Print Name, Address and Social Security
or Tax Identification Number)

Dated: _____

_____
Signature

EXHIBIT B
To
Warrant

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, with an address at _____, a warrant to purchase _____ shares of common stock of CLS Holdings USA, Inc., a Nevada corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

_____
[HOLDER]

Exhibit 10.4

OPTION AGREEMENT

This OPTION AGREEMENT (this "Agreement"), is entered into as of October 31, 2018 (the "Effective Date"), among CLS Massachusetts, Inc., a Massachusetts corporation ("Optionee"), CLS Holdings USA, Inc., a Nevada corporation ("CLS Holdings"), and In Good Health, Inc., a Massachusetts not-for-profit corporation (the "Company"). Company, CLS Holdings and Optionee are referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, the Company owns and operates a medical marijuana dispensary located at 1200 West Chestnut Street in the city of Brockton, Massachusetts and is seeking licensure from the Massachusetts Cannabis Control Commission (the "CCC") to be able to grow, process and operate a dispensary to sell recreational marijuana in the Commonwealth of Massachusetts;

WHEREAS, within 10 business days following the Effective Date, the Company will convert to a Massachusetts for-profit corporation and elect "S" status with the Internal Revenue Service (the "Conversion");

WHEREAS, upon the terms and subject to the conditions contained herein, the Company has agreed to grant to Optionee during the period beginning on the earlier of the date that is one year after the effective date of the Conversion and December 1, 2019 and ending on the date that is 60 days after such date (the "Option Period"), an exclusive option to acquire the Company (the "Option") pursuant to a merger of CLS Massachusetts Merger Sub, Inc., a Massachusetts corporation ("Merger Sub"), with and into the Company, with the Company continuing as the surviving corporation (the "Merger"), all pursuant to the terms and conditions of this Agreement, the Agreement and Plan of Merger to be entered into by and among Optionee, Merger Sub and the Company if the Option is exercised on the terms hereof, in the form attached hereto as Exhibit A (the "Merger Agreement") and the laws of the Commonwealth of Massachusetts;

WHEREAS, the Company and the holders of equity interests in the Company following the Conversion are entering into a Stockholder's Agreement in the form of Exhibit B (the "Stockholder's Agreement"), pursuant to which such stockholders have or will have, among other things, agreed to vote in favor of the transactions contemplated by this Agreement and the Merger Agreement and agreed to waive any rights of appraisal such holders might have under the Massachusetts Business Corporation Act ("MBCA");

WHEREAS, the stockholders of the Company who will have entered into the Stockholder's Agreement as of the date of the Conversion together will own, beneficially and of record, 100% of the outstanding equity interests in the Company; and

WHEREAS, (i) the Board of Directors of the Company has determined that the Option and the Merger are each in the best interest of the Company and its stockholders and has approved and declared advisable this Agreement, the Merger Agreement (to the extent the Option is exercised on the terms hereof), the Stockholders Agreement and the transactions contemplated hereby and thereby and (ii) the Board of Directors of Optionee (or a duly authorized committee thereof) has approved this Agreement, the Merger Agreement (to the extent the Option is exercised on the terms hereof), and the other documents and transactions contemplated hereby and thereby.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties to this Agreement agree as follows:

1. Grant of Option to Acquire the Company. At any time during the Option Period, Optionee shall have an irrevocable option (the "Option") to acquire the Company pursuant to the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, for a purchase price of Forty-Seven Million, Five Hundred Thousand Dollars ($47,500,000) (the "Purchase Price"), payable as follows: $35 million in cash, $7.5 million in the form of a five-year promissory note, and $5 million in the form of restricted common stock of CLS Holdings, plus a five-year promissory note in the original principal amount of $2.5 million issued to David Noble as consideration for a five-year non-competition agreement. Optionee shall exercise the Option by giving written notice to the Company of the exercise of the Option (the date such notice is delivered, the "Option Exercise Date"); provided that if Optionee does not exercise the Option on or prior to the date that is 30 days following the end of the Option Period (the "Option Termination Date"), the Loan Amount (as defined in Section 2 below) shall be reduced to Two Million, Five Hundred Thousand Dollars ($2,500,000) as a break-up fee (the "Break-Up Fee"); and provided further that there shall be no reduction to the Loan Amount and the Break-Up Fee shall not apply in the event of a Purchase Exception (as defined in Section 3 below).

2. Consideration for the Option. Upon the execution of this Agreement, CLS Holdings, the parent company of Optionee, shall make a loan to the Company (the "Loan"), as consideration for the Option, in the principal amount of Five Million Dollars ($5,000,000.00) (the "Loan Amount"), subject to the terms and conditions and in reliance upon the representations and warranties of the Company set forth in the Loan Agreement, in the form attached hereto as Exhibit C (the "Loan Agreement"). The Loan is or will be evidenced by a secured promissory note of the Company, the form of which is attached hereto as Exhibit D (including all renewals, extensions, amendments and restatements thereof, the "Note"), and a Security Agreement, the form of which is attached as Exhibit E (the "Security Agreement," and together with the Loan Agreement and the Note, the "Loan Documents"). The Note shall bear interest at the rate of 6% per annum and shall mature, and all outstanding principal, accrued interest and any other amounts due thereunder, shall become due and payable in full on the third anniversary of the issuance of the Note.

3. Purchase Exceptions. Notwithstanding any provision in this Agreement to the contrary, Optionee shall not be obligated to exercise the Option if any of the following have occurred or are reasonably likely to exist as of the Option Termination Date (collectively, the "Purchase Exceptions"):

(a) The Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for the trailing twelve months is less than Five Million Dollars ($5 million); provided, however, that in this event, Optionee shall have the option to exercise the Option and reduce each component of the Purchase Price by a proportionate amount by which the Company's EBITDA is less than $5 million;

(b) David Noble is unable or unwilling to become employed by Optionee on the terms set forth in the Employment Agreement to be entered into by and between

Optionee and David Noble on the Merger Execution Date (as defined herein), in the form attached hereto as Exhibit F (the "Employment Agreement");

(c) The Company has not received all necessary governmental licenses, including all state, local and federal licenses, as applicable, to grow, process and operate a dispensary to sell recreational marijuana in the Commonwealth of Massachusetts;

(d) The Company has violated any applicable Laws or has been notified in writing by an applicable regulator that it has violated any applicable Laws, even if the Company disputes such allegations;

(e) Subject to Section 4, the Company has not delivered the following financial statements, prepared in accordance with U.S. generally accepted accounting practices ("GAAP"), to Optionee at least 45 days prior to the anticipated closing of the Merger: audited financial statements, including balance sheet, income statement, statement of cash flows and statement of stockholder's equity, for its two most recently completed fiscal years and unaudited financial statements for each quarter (and year to end of each such quarter) and for the comparable period of the prior year, which unaudited financial statements have been reviewed by the Company's auditors, and which financial statements are accompanied by an unqualified report (where audited) or review report (where unaudited) of the Company's auditors (collectively, the "Company Financial Statements");

(f) The Company no longer holds all cannabis licenses it holds on the Effective Date or the Company no longer leases a property that it leases on the Effective Date; or

(g) The occurrence of a default or an event of default under any of the Loan Documents, as such terms are defined in the respective Loan Documents.

4. Extension to Option Termination. If the Company has not delivered the Company Financial Statements to Optionee not less than 30 days prior to the Option Termination Date, Optionee may either, at its option, (i) extend the Option Termination Date by up to 90 days to provide the Company an opportunity furnish the Company Financial Statements, or (ii) extend the Option Termination Date by 90 days and appoint auditors of Optionee's choosing and at the Company's expense to conduct an audit and review, as applicable, of the Company Financial Statements. If the Company delivers the Company Financial Statements within such extension period provided by this Section 4, and assuming all other conditions have been met for Optionee to exercise the Option, the Parties shall close the Merger within 30 days after the delivery by the Company of such Company Financial Statements.

5. The Company's Deliveries. Concurrently with the execution and delivery of this Agreement, the Company is delivering to Optionee all of the following (collectively, the "Company Ancillary Documents"):

(a) The Loan Agreement, duly executed by the Company;

(b) The Note, duly executed by the Company;

(c) The Security Agreement, duly executed by the Company;

(d) Settlement Agreement with Gerald Freid, duly executed by the Company, Andrea Noble and David Noble; and

(e) Stockholder's Agreement, duly executed by the Company, Andrea Noble and Gerald Freid, but which shall be held in escrow until after the Conversion is effective.

6 . Optionee's Deliveries. Concurrently with the execution and delivery of this Agreement, Optionee is delivering to the Company all of the following (collectively, the "Optionee Ancillary Documents"):

(a) The Loan Agreement, duly executed by CLS Holdings; and

(b) The Security Agreement, duly executed by CLS Holdings.

7. Actions Upon Exercise of the Option. In the event that Optionee exercises the Option:

(a) Optionee shall, on the Option Exercise Date, deliver to the Company a certificate, dated the date of its delivery and duly executed by the Chief Executive Officer of Optionee, certifying that: (i) between the date hereof and the Option Exercise Date, there has been no material breach by Optionee in the performance of any of its covenants and agreements herein; (ii) as of the Option Exercise Date, none of the representations and warranties of Optionee contained herein that is qualified as to materiality is untrue or incorrect in any respect except for such changes therein as are specifically permitted by this Agreement; and (iii) as of the Option Exercise Date none of the representations and warranties of Optionee contained herein that is not qualified as to materiality is untrue or incorrect in any material respect except for such changes therein as are specifically permitted by this Agreement;

(b) the Company shall, not later than five (5) business days after the Option Exercise Date, deliver to Optionee:

(i) a certificate (the "Bring-Down Certificate"), dated the date of its delivery and duly executed by the Chief Executive Officer of the Company, certifying that: (A) between the date hereof and the date of the Bring-Down Certificate, there has been no material breach by the Company in the performance of any of its covenants and agreements herein; (B) as of the date of the Bring-Down Certificate, none of the representations and warranties of the Company contained herein that is qualified as to materiality is untrue or incorrect in any respect; (C) as of the date of the Bring-Down Certificate, none of the representations and warranties of the Company contained herein that is not qualified as to materiality is untrue or incorrect in any material respect; and

(ii) any necessary update to the information set forth in Exhibit G hereto delivered by the Company to Optionee on the date hereof (the "Updated Schedules"), which Updated Schedules shall consist solely of information regarding circumstances, facts, events or conditions that have arisen, occurred or come into existence after the date hereof with respect to any of the Company's representations and warranties contained in Section 8 hereto (the "Updated Representations"); provided that such Updated Schedules shall not (A) correct, supplement or amend the disclosures set forth in Exhibit G hereto delivered on the date hereof for purposes of the representations and warranties made by the Company as of the date hereof or (B) change the nature or scope of the applicable Updated Representations by effectively amending or modifying the language contained in such Updated Representations as opposed to merely listing exceptions thereto; and

(iii) if the Bring-Down Certificate is accompanied by Updated Schedules, within five (5) business days following Optionee's receipt of such Bring-Down Certificate and Updated Schedules from the Company, Optionee may at its option deliver a written notice (the "Exercise Withdrawal Notice") to the Company stating that Optionee desires to withdraw its exercise of the Option. If Optionee delivers the Exercise Withdrawal Notice, the delivery of such Exercise Withdrawal Notice shall be deemed to be a termination of this Agreement and, except as provided in Section 3, Optionee shall be required to pay the Break-Up Fee in the form of the reduction in the Loan Amount, as set forth in Section 1. If Optionee does not deliver an Exercise Withdrawal Notice, the Company and Optionee shall cause Merger Sub to, execute and deliver the Merger Agreement no later than three (3) business days after the later of (A) the date of delivery of the Bring-Down Certificate, and (B) if the Bring-Down Certificate is not delivered pursuant to Section 7(b)(i), the date by which the Bring-Down Certificate was to be delivered pursuant Section 7(b) and (C) if the Bring-Down Certificate is accompanied by Updated Schedules, the earlier of (x) the date by which the Exercise Withdrawal Notice may be delivered by Optionee pursuant to this Section 7(b)(iii) and (y) the date on which Optionee delivers written notice to the Company that it will not deliver an Exercise Withdrawal Notice (the date of such execution and delivery of the Merger Agreement, the "Merger Agreement Execution Date"); provided that in the case described in clause (B) above, Optionee may at its sole option elect not to enter into the Merger Agreement upon the failure of the Company to deliver the Bring-Down Certificate by delivery of written notice of such determination at any time prior to the expiration of the three (3) business day period during which the Merger Agreement is to be executed pursuant to this sentence and upon delivery of such notice the Option shall remain outstanding and this Agreement shall remain in full force and effect. Contemporaneously with the execution of the Merger Agreement, the Company and Optionee, as applicable, shall, and Optionee shall cause Merger Sub to, execute and deliver such other agreements, documents, instruments and certificates as are contemplated by the Merger Agreement to be executed and delivered by such party concurrently therewith, including schedules to the Merger Agreement responsive to the representations and warranties of the Company made in Article III thereof, which schedules shall be consistent in all respects with the Schedules delivered by the Company in response to the representations and warranties of the Company made by Section 8 hereto.

8. Company's Representations and Warranties. As an inducement to Optionee to enter into this Agreement and to consummate the transactions contemplated hereby, the Company represents and warrants to Optionee as follows as of the Effective Date and as of the Option Exercise Date, if applicable:

(a) The Company has full corporate power and authority to execute, deliver and perform this Agreement, all of the Company Ancillary Agreements and the Merger Agreement. The execution, delivery and performance of this Agreement, the Company Ancillary Agreements and, to the extent the Option is exercised on the terms hereof, the Merger Agreement (together with the other instruments, documents and agreements contemplated by or to be executed in connection with the transactions contemplated by the Merger Agreement) by the Company have been duly authorized and approved by the Company's board of directors and, other than with respect to the Merger Agreement, to the extent required by the Company's Articles of Organization or any agreement to which the Company is a party, by the requisite number of the Company's stockholders and do not require any further authorization or consent of the Company or its stockholders.

(b) This Agreement is a valid and legally binding obligation of the Company and is fully enforceable against the Company in accordance with its terms. The execution and delivery of this Agreement, and the performance of the transactions contemplated by this Agreement, by the Company do not and will not violate (i) any law, statute, ordinance, rule, regulation or interpretation (collectively referred to as "Laws") of any state or local government (collectively referred to as "Governments") or any agency, bureau, commission, or instrumentality of any Governments (collectively referred to as "Governmental Agencies"); (ii) any judgment, injunction, order, writ, or decree of any court, arbitrator, Government, or Governmental Agency by which the Company or any of its assets is bound; or (iii) any indenture, mortgage, deed of trust, license, permit, approval, consent, franchise, lease, contract, or other instrument or agreement to which the Company is a party or by which the Company or any of the Company's assets or properties are bound. The Company has conducted and is conducting the Company's business in compliance with all applicable Laws of all Governments and Governmental Agencies.

(c) Neither the real or personal properties owned, leased, operated, or occupied by the Company, nor the use, operation, or maintenance thereof (i) violates any Laws of any Government or Governmental Agency, or (ii) violates any restrictive or similar covenant, agreement, commitment, understanding, or arrangement. Except as disclosed to Optionee in Exhibit G attached hereto and incorporated herein as if copied verbatim, the Company possesses all licenses, permits, consents, approvals, authorizations, qualifications, and orders (collectively referred to as "Permits") of all Governments and Governmental Agencies lawfully required to enable the Company to conduct the Company's business. All of the Permits are in full force and effect, and no suspension, modification, or cancellation of any of the Permits is pending or threatened.

(d) Except as disclosed to Optionee in Exhibit G, to the best of the Company's knowledge there is no action, suit, proceeding, claim, arbitration, or investigation by any Government, Governmental Agency, or other person (i) pending to which the Company is a party, (ii) threatened against or relating to the Company or any of the Company's assets or businesses, (iii) challenging the Company's right to execute, deliver, perform under, or consummate the

transactions contemplated by this Agreement, or (iv) asserting any right with respect to any of the Company's equity securities or the Company's assets, and there is no basis for any such action, suit, proceeding, claim, arbitration, or investigation.

(e) The Company has duly and timely filed with all appropriate Governmental Agencies, all tax returns, information returns, and reports required to be filed by the Company. The Company has paid in full all taxes (including taxes withheld from employees' salaries and other withholding taxes and obligations), interest, penalties, assessments, and deficiencies owed by the Company to all taxing authorities. Complete and correct copies of: (i) the income tax returns of the Company for the Company's three most recent fiscal years, as filed by the Company with the Internal Revenue Service (the "IRS") and all state taxing authorities (collectively, the "Returns"); (ii) all audit reports received by the Company during the last three years and issued by the IRS or any state taxing authorities; and (iii) all consents and agreements entered into by the Company during the last three years with the IRS or any state taxing authorities (collectively, the "Tax Agreements") have been provided to Optionee. All information reported on the Returns is true, accurate, and complete. The Company has paid all claims by the IRS or any state taxing authorities for taxes due and payable by the Company. The Company is not a party to, and is not aware of, any pending or threatened action, suit, proceeding, or assessment against it for the collection of taxes by any Governmental Agency.

(f) Except as disclosed to the Company in Exhibit G, the Company has sole and exclusive good and merchantable title to all the personal property used and / or owned by it, free and clear of all pledges, claims, liens, restrictions, security interests, charges, and other encumbrances, except for the security interests contemplated by the Security Agreement. All of the Company's personal property is in good repair and good operating condition, fit for its intended purposes.

(g) At all times prior to the Effective Date, the Company has complied, and on the Option Exercise Date, if applicable, the Company will be in compliance, in all material respects with all Environmental and Safety Requirements (as hereafter defined), and Company has not received any notice, report, or information (including information that litigation, investigation or administrative or action of any kind are pending or threatened) regarding any liabilities (whether accrued, absolute, contingent, unliquidated, or otherwise), or any corrective, investigatory, or remedial obligations, arising under Environmental and Safety Requirements relating to the Company's business or the use of any of its assets. For the purposes of this Agreement, "Environmental and Safety Requirements" means all present requirements of any applicable Governmental Agency and all contractual obligations of Company relating to the discharge of air pollutants, water pollutants, or process waste water or petroleum products or otherwise relating to health, safety, the environmental or hazardous substances, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Occupational Safety and Health Act of 1970, as amended, the Federal Water Pollution Control Act, as amended, the Federal Resource Conservation and Recovery Act, as amended, the Federal Clean Water Act, as amended, the Toxic Substances Control Act, as amended, the Federal Clean Air Act, as amended, the Superfund Amendments and Reauthorization Act, as amended, and any and all other comparable state or local laws relating to public health and safety or work health and safety. No Hazardous Substances (as hereafter defined) have been or are currently located at, in,

or under or about the Company's premises in a manner which: (i) violates in any material respect any applicable Environmental and Safety Requirements, or (ii) requires response, remedial, corrective action or cleanup of any kind under any applicable Environmental and Safety Requirements. For purposes of this Agreement, "Hazardous Substances" has the meaning set forth in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and expressly includes petroleum, crude oil and any fraction thereof.

(h) Except as disclosed to the Optionee in Exhibit G, the Company has not suffered any material adverse change in its assets or liabilities, in its condition, financial or otherwise, or in its business, properties, earnings, or net worth during the past three (3) years.

(i) Except as disclosed to the Optionee in Exhibit G or as otherwise incurred in the ordinary course of business, Company has not: (i) incurred any indebtedness, obligation, or liability (contingent or otherwise), in excess of $1,000.00, (ii) mortgaged, pledged, or subjected to lien, charge, security interest, or other encumbrance any of its assets or properties, or (iii) sold, assigned, transferred, leased, disposed of, or agreed to sell, assign, transfer, lease, or dispose of, any of its assets or properties except in the ordinary course of business.

(j) The Company has delivered or caused to be delivered to Optionee its audited balance sheet, income statement and statement of cash flows at and for the year ended December 31, 2017, together with the unqualified report of its auditors thereon, and its unaudited but reviewed balance sheet, income statement and statement of cash flows for the quarter ended September 30, 2018 (collectively, the "Historical Financial Statements"). The Historical Financial Statements are true, complete and accurate in all material respects, and fairly present the financial condition, assets and liabilities, whether accrued, absolute, contingent or otherwise and the results of the Company's operations for the periods specified therein. The Historical Financial Statements have been prepared in accordance with U.S. GAAP consistently applied from period to period, subject in the case of interim unaudited statements to normal year-end adjustments (that will not be material in either type or amount) and to the absence of notes.

(k) The Company has made available to Optionee all its tax, accounting, corporate, and financial books and records, including any financial statements, and other due diligence materials requested by Optionee. The books and records, financial statements, and other due diligence materials pertaining to the Company's business made available to Optionee are true, correct, and complete, and have been maintained on a current basis.

(l) The Company has provided to Optionee copies of all insurance policies of the Company. Each insurance policy is in full force and effect, is valid and enforceable, and the Company is not in breach of or in default under any such policy. Company has no notice of or any reason to believe that there is any actual, threatened, or contemplated termination or cancellation of any insurance policy.

(m) The Company has provided to Optionee a copy of all contracts to which it is a party ("Contracts"). Each of the Contracts is in full force and effect, is valid and binding on each of the parties thereto, and is fully enforceable by the Company against the other party thereto in accordance with its terms. The Company has no notice of, or any reason to believe that there is or

has been any actual, threatened, or contemplated termination or modification of any of the Contracts. No party to any of the Contracts is in breach of or in default thereunder, nor has any event occurred which, with the lapse of time, notice, or election, may become a breach or default by the Company or any other party to or under any of the Contracts.

(n) The Company owns or is licensed to use all patents, patent rights, trademarks, trade names, service marks, copyrights, intellectual property, domain names, technology, know-how and processes necessary for the conduct of its business as currently conducted that are material to the condition (financial or otherwise), business or operations of the Company.

(o) The shares of the Company's securities that are subject to the Stockholder's Agreement will be, if voted in favor of the Merger, sufficient to authorize and approve the Merger pursuant to the Company's Articles of Organization, the MBCA and the Stockholder's Agreement.

(p) Neither the Company nor any person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement and the Merger Agreement.

(q) This Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in this Agreement not misleading. There is no fact known to the Company that is not disclosed in this Agreement which materially adversely affects the accuracy of the representations and warranties contained in this Agreement or the Company's financial condition, results of operations, business, or prospects.

9 . Optionee's and CLS Holdings' Representations and Warranties . As an inducement to the Company to enter into this Agreement and to consummate the transactions contemplated hereby, Optionee and CLS Holdings hereby represent and warrant to the Company as follows as of the Effective Date and as of the Option Exercise Date, if applicable:

(a) Optionee and CLS Holdings have full corporate power and authority to execute, deliver and perform this Agreement, all of the Optionee Ancillary Agreements and the Merger Agreement. The execution, delivery and performance of this Agreement, the Optionee Ancillary Agreements and, to the extent the Option is exercised on the terms hereof, the Merger Agreement (together with the other instruments, documents and agreements contemplated by or to be executed in connection with the transactions contemplated by the Merger Agreement) by Optionee and CLS Holdings have been duly authorized and approved by Optionee's and CLS Holdings' boards of directors and do not require any further authorization or consent of Optionee or its stockholders or CLS Holdings or its stockholders.

(b) This Agreement is a valid and legally binding obligation of Optionee CLS Holdings and is fully enforceable against Optionee and CLS Holdings in accordance with its terms. The execution, delivery and performance of this Agreement by Optionee and CLS Holdings has been duly authorized by all necessary action and does not violate, conflict with, or require the consent or approval of any third party pursuant to any state or local law or regulation applicable to Optionee or CLS Holdings or any contract or legally binding obligation to which Optionee or CLS Holdings is subject.

(c) The execution and delivery of this Agreement, and the performance of the transactions contemplated by this Agreement, by Optionee and CLS Holdings do not and will not violate (i) any Laws of any Governments or any Governmental Agencies; (ii) any judgment, injunction, order, writ, or decree of any court, arbitrator, Government, or Governmental Agency by which Optionee or CLS Holdings or any of their assets are bound; or (iii) any indenture, mortgage, deed of trust, license, permit, approval, consent, franchise, lease, contract, or other instrument or agreement to which Optionee or CLS Holdings is a party or by which Optionee, CLS Holdings or any of Optionee's or CLS Holdings' assets or properties are bound.

(d) Neither Optionee nor any person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement and the Merger Agreement.

(e) The Optionee and CLS Holdings have had such opportunity as each has deemed adequate to obtain from management of the Company such information about the business and affairs of the Company as is necessary to permit the Optionee and CLS Holdings to evaluate the merits and risks of the Option. The Optionee and CLS Holdings have sufficient experience in business, financial and investment matters to be able to evaluate the merits and risks involved in the exercise of the Option.

(f) The Optionee and CLS Holdings have delivered to the Sellers true and complete copies of the executed Commitment Letter, which is in full force and effect as of the date hereof and constitutes the legal, valid and binding obligation of the Optionee and CLS Holdings, and, to the knowledge of the Optionee and CLS Holdings, each of the other parties thereto. Prior to the date hereof, the commitment contained in each Commitment Letter has not been withdrawn or rescinded in any respect or otherwise amended or modified in any respect. As of the date hereof, other than as expressly set forth in or contemplated by the Commitment Letter, there are no agreements, side letters or other arrangements relating to the financing of the payments set forth Section 1 that would impose new or additional conditions or otherwise adversely expand upon the Purchase Exceptions set forth in Section 3. As of the date hereof, the Optionee and CLS Holdings are not in material breach of any of the terms or conditions set forth in any Commitment Letter and, as of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would constitute a material breach or default by the Buyer under a Commitment Letter. As of the date hereof, the Optionee and CLS Holdings have fully paid any and all commitment fees or other fees on the dates and to the extent required by any Commitment Letter. There are no conditions precedent related to the funding of the full amounts set forth in Section 1, other than as set forth in or contemplated by the Commitment Letter.

(g) Assuming the truth and accuracy of the representations and warranties set forth in Section 8, immediately after the Merger and any financing arrangements incurred by the Optionee and CLS Holdings in connection therewith: (a) the Company will have adequate capital to carry on its business and (b) the Company will be able to pay its liabilities as they mature or otherwise become due.

(h) To the Optionee's and CLS Holdings' knowledge, there is no fact, circumstance or condition regarding the Optionee or CLS Holdings that would reasonably be likely to cause a Governmental Authority to determine that the Optionee is unsuitable to obtain any approvals of Governmental Authorities necessary to consummate the transactions contemplated by this Agreement.

(i) This Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in this Agreement not misleading. There is no fact known to the Optionee and CLS Holdings that is not disclosed in this Agreement which materially adversely affects the accuracy of the representations and warranties of Optionee or CLS Holdings contained in this Agreement.

10. Action Prior to the Option Termination Date. The Parties hereto covenant and agree to take the following actions between the date hereof and the earlier of the Option Termination Date or, if the Option is exercised prior to the Option Termination Date, the Merger Agreement Execution Date:

(a) The Company shall operate and carry on its business in the ordinary course and/or in a manner consistent with past practice and, to the extent consistent therewith, keep and maintain its assets and properties in good operating condition and use its commercially reasonable efforts consistent with good business practice to preserve intact its current business organization, keep available the services of its current officers and employees and preserve its relationships with material customers, suppliers, contractors, licensors, licensees and others having business dealings with it (except, in each case, with the prior written approval of Optionee).

(b) The Company shall (i) preserve and maintain all of its Permits, (ii) not take any action which would result in the cancellation or forfeiture of any regulatory permits, approvals and certificates or that would have the purpose or effect of causing any Permit not to be in full force and effect, and (iii) take all action necessary for the CCC to issue a provisional license and a final license to the Company for the sale of marijuana for recreational use.

(c) Without the prior written consent of Optionee, the Company shall not:

(i) except as set forth in Section 10(e), issue, deliver, sell, pledge, dispose of or otherwise encumber any shares of its capital stock or other securities (including any rights, warrants or options to acquire any shares of its capital stock or other securities);

(ii) except as set forth in Section 10(e), amend its articles of organization, by-laws or similar organizational documents;

(iii) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, limited liability company, association or other business organization or division thereof;

(iv) alter through merger, liquidation, reorganization, restructuring or in other fashion its corporate structure;

(v) voluntarily dissolve or liquidate;

(vi) file a voluntary petition in bankruptcy or commence a voluntary legal procedure for reorganization, arrangement, adjustment, release or composition of indebtedness in bankruptcy or other similar requirements of Law now or hereafter in effect, consent to the entry of an order for relief in an involuntary case under any such requirements of Law or apply for or consent to the appointment of a rescuer, liquidator, assignee, custodian or trustee (or similar office) of the Company;

(vii) except for the capital expenditures to be funded by the Loan, make or incur any new capital expenditures in excess of $200,000 (individually or in the aggregate);

(viii) create, incur or assume any indebtedness (or enter into any agreement, understanding, obligation or commitment to do so); or

(ix) enter into, adopt or amend any bonus, incentive, deferred compensation, insurance, medical, hospital, disability or severance plan, agreement or arrangement or enter into or amend any employee benefit plan or employment, consulting or management agreement, other than any such amendment to an employee benefit plan that is made to maintain the qualified status of such plan or its continued compliance with applicable law and other than in the ordinary course of business; provided that no such plan, agreement or arrangement (or amendment thereto) shall provide for severance or similar payments.

(d) The Company shall deliver or make available to Optionee a copy of each application, communication, report, schedule and other document submitted, filed, or received by the Company pursuant to applicable Laws, including all information related to the Company's cannabis licenses and applications for licensure, and any correspondence with the CCC, any taxing authority, and the U.S. Patent and Trademark Office.

(e) Within ten (10) business days after the Effective Date, the Company shall take all action necessary to effectuate the Conversion. Within five (5) business days prior to such Conversion, the Company shall provide Optionee with copies of the draft articles of organization and by-laws of the for-profit entity for Optionee's review, and such documents shall be subject to Optionee's reasonable approval. The stockholders of the "for profit" entity shall be Andrea Noble (75% of the outstanding shares) and Gerald Freid (25% of the outstanding shares) and such ownership shall not change at any time prior to the end of the Option Period or the Option Exercise Date (the last to occur of such events is referred to as the "Restriction Termination Date"). The Company shall not issue any of its securities to any other person or entity prior to the Restriction Termination Date. Simultaneously with the Conversion, all of the stockholders of the Company shall execute the Stockholders' Agreement.

(f) If any asset of the Company is damaged by fire or other casualty prior to the Restriction Termination Date, the Company shall be obligated to promptly repair the same. Should any Company asset fail or be damaged between the date of this Agreement and the Restriction Termination Date, then the Company shall be liable for the repair or replacement of such asset with a unit of similar size, age and quality.

(g) Commencing nine (9) months after the date that the Loan Amount is received by the Company, the Company shall afford the officers, employees and authorized representatives of Optionee (including independent public accountants and attorneys) reasonable access, upon three (3) business days' notice (provided, that with respect to Optionee's and/or Optionee's auditors' request for, and access to, financial records and information that are required for Optionee to prepare its financial statements or for Optionee's auditors to review, audit or perform other procedures on Optionee's financial statements, Optionee and Optionees' auditors shall only be required to provide reasonable advance notice and shall not be limited in the number of visits it may make), during normal business hours to the offices, properties, employees and business and financial records (including computer files, retrieval programs and similar documentation) of the Company to the extent Optionee shall deem necessary or desirable and shall furnish to Optionee or its authorized representatives such additional information concerning the assets, properties, operations and businesses of the Company as shall be reasonably requested, including all such information as shall be necessary to enable Optionee or its representatives to verify the accuracy of the representations and warranties contained in this Agreement and to verify that the covenants of the Company contained in this Agreement are being and have been complied with. Optionee agrees that such investigation shall be conducted in such a manner as not to interfere unreasonably with the operations of the Company.

(h) The Company shall:

(i) deliver to Optionee as soon as practicable, but in any event within one-hundred fifteen (115) days after the end of the Company's fiscal year, an income statement for such fiscal year, a balance sheet as of the end of such year and a cash flow statement for such fiscal year, such year-end financial reports to be in reasonable detail, prepared in accordance with U.S. GAAP consistently applied, and audited and certified by the Company's independent public accountants, and additionally, the Company shall deliver a draft of such year-end financial reports to Optionee as soon as practicable, but in any event within one-hundred ten (110) days after the end of each fiscal year of the Company; and

(ii) deliver to Optionee as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited profit or loss statement for such fiscal quarter, an unaudited balance sheet as of the end of such fiscal quarter and an unaudited cash flow statement for such fiscal quarter; and

(iii) deliver to Optionee as soon as reasonably practicable, additional supporting financial information as mutually agreed upon by Optionee and the Company.

(i) Each Party shall promptly notify the other of (i) any event or matter that would reasonably be expected to cause any of its representations or warranties to be untrue in any material respect on the Option Exercise Date and (ii) any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement or the Merger Agreement.

(j) The Company shall promptly notify Optionee of any lawsuit, claim, proceeding or investigation that is threatened in writing (or, if not threatened in writing, is otherwise material to the Company), brought, asserted or commenced against the Company.

(k) If (i) the Company becomes aware of any consent, approval or waiver from any person that is party to an agreement with the Company that is required for the exercise of the Option or the consummation of the transactions contemplated by the Merger Agreement which has not been obtained prior to the date hereof, or (ii) the Company receives any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement or the Merger Agreement, the Company shall immediately notify Optionee in writing thereof and, at Optionee's request, the Company will act diligently and reasonably in attempting to obtain, before the Option Termination Date, such consent, approval or waiver, in form and substance reasonably satisfactory to Optionee; provided that neither the Company nor Optionee shall have any obligation to offer or pay any consideration in order to obtain any such consents or approvals; and provided, further, that the Company shall not make any agreement or understanding adversely affecting its assets or its business as a condition for obtaining any such consents or waivers except with the prior written consent of Optionee. During the period prior to the Option Termination Date, Optionee shall act diligently and reasonably to cooperate with the Company in attempting to obtain the consents, approvals and waivers contemplated by this Section 10(k).

(l) The Company and Optionee shall act diligently and reasonably, and shall cooperate with each other, in attempting to obtain any consents and approvals of any Governmental Agency required to be obtained by them in order to consummate the transactions contemplated by the Merger Agreement; provided, that the Company shall not make any agreement or understanding adversely affecting its assets or its business as a condition for obtaining any consents or approvals described in this Section 10(l) except with the prior written consent of Optionee.

(m) The Company shall not, nor shall it authorize or cause any of it's affiliates or any officer, director, employee, investment banker, attorney or other adviser or representative of the Company or any of its affiliates to, (i) solicit, initiate, or encourage the submission of, any Acquisition Proposal (as hereinafter defined), (ii) enter into any agreement with respect to, otherwise approve or recommend, or consummate any Acquisition Proposal or (iii) except to the extent required by Law as advised by outside counsel to the Company in writing (with a copy provided to Optionee), participate in any discussions or negotiations regarding, or furnish to any person any information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes, or may reasonably be

expected to lead to, any Acquisition Proposal (it being understood that no such action permitted by this clause (iii) shall relieve the Company of any of its obligations under this Agreement). Without limiting the foregoing, it is understood that any violation, of which the Company had knowledge at the time such violation occurred, of the restrictions set forth in the immediately preceding sentence by any officer, director, employee, investment banker, attorney, employee or other adviser or representative of the Company or any of its affiliates, whether or not such person is purporting to act on behalf of the Company or any of its affiliates or otherwise, shall be deemed to be a breach of this Section 10(m) by the Company. The Company promptly shall advise Optionee of any Acquisition Proposal and any inquiries with respect to any Acquisition Proposal, including keeping Optionee promptly advised of the status and material terms (including a copy of any written proposal) and the identity of the Person making such inquiries or Acquisition Proposal. For purposes of this Agreement, "Acquisition Proposal" means any proposal for a merger or other business combination involving the Company or any of its affiliates or any proposal or offer to acquire in any manner, directly or indirectly, an equity interest in the Company or any of its subsidiaries or a material portion of the assets of the Company.

(n) The Company shall take all action required to be taken by it in order to exempt this Agreement, the Merger Agreement and the Merger from, and this Agreement, the Merger Agreement and the Merger are exempt from, the requirements of any "fair price," "moratorium," "control share acquisition," "business combination" statute or other similar anti-takeover statute or regulation enacted under any requirements of Laws, or any takeover provision in the Articles of Organization or the Company's by-laws.

1 1 . Indemnification. The Company hereby agrees to indemnify and hold harmless Optionee from and against all losses, liabilities, damages, deficiencies, costs and expenses (including interest, penalties and reasonable attorneys' fees and disbursements) ("Losses") which Optionee may incur in connection with any material inaccuracy in or any material breach of any representation, warranty, covenant or agreement of the Company. The indemnification provided for in this Section 11 shall terminate on the earlier of the Merger Agreement Execution Date or the Option Termination Date, except that indemnification shall continue as to (i) the covenants of the Company set forth in Sections 23, 25 and 26, as to all of which no time limitation shall apply, and (ii) any Loss of which Optionee has notified the Company on or prior to the date such indemnification would otherwise terminate in accordance with this Section 11, as to which the obligation of the Company shall continue until the liability of the Company shall have been determined, and the Company shall have reimbursed Optionee for the full amount of such Loss in accordance with this Section 11.

12. Governing Law. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the federal or state courts located within Suffolk County, Massachusetts and agree that any courts shall have exclusive jurisdiction

and venue over any disputes arising out of or relating to this Agreement, without regard to choice of law.

13. Waiver of Trial by Jury. EACH PARTY HEREBY WAIVES ITS RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING IN CONNECTION WITH ANY MATTER RELATING TO THIS AGREEMENT.

14. Entire Agreement; Integration. This Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.

15. Survival of Obligations. All representations, warranties, covenants and obligations contained in this Agreement shall survive the execution and delivery of this Agreement; provided, however, that the representations and warranties contained in Sections 8 and 9 shall terminate on the earlier of the Merger Agreement Execution Date or the Option Termination Date. Except as otherwise provided herein, no claim shall be made for the breach of any representation or warranty contained in Section 8 or 9 or under any certificate delivered with respect thereto under this Agreement after the date on which such representations and warranties terminate as set forth in this Section 15.

16. Amendments and Waivers. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by each of the Parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

17. Successors and Assigns. Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the Parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. Neither of the Company nor the Optionee may assign its rights and obligations under this Agreement, except with the prior written consent of the other Party.

18. Notices. Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier (upon receipt) or sent by email (with confirmation of receipt), or 5 business days after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the Party to be notified at such Party's address as set forth on the signature page, as subsequently modified by written notice delivered in accordance with this provision, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

19. Severability. If one or more provisions of this Agreement is held to be unenforceable under applicable law, the Parties agree to renegotiate such provision in good faith. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

20. Further Assurances. Upon a Party's reasonable request, the other Party or Parties shall, at the requesting Party's sole cost and expense, execute and deliver all further documents and instruments, and take all further acts, as are reasonably necessary to give full effect to this Agreement. Each Party will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on such Party with respect to this Agreement and will promptly cooperate with and furnish information to the other Party in connection with any such requirements imposed upon such other Party in connection with this Agreement.

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile or electronic copy will have the same force and effect as execution of an original, and both a facsimile signature and electronic signature will be deemed an original and valid signature.

22. Electronic Delivery. Either Party may, in its sole discretion, decide to deliver any documents related to this Agreement or any notices required by applicable Law or the Company's articles of organization or bylaws by email or any other electronic means. Each Party hereby consents to (i) conduct business electronically and (ii) receive such documents and notices by such electronic means.

23. Legal Costs. The Parties will each be responsible for their own legal costs and expenses incurred in connection with the proposed transactions contemplated by this Agreement.

24. Time Is of the Essence. Time is of the essence in the performance of all transactions required by this Agreement. Any failure by the Company or Optionee to perform any of their respective obligations in a timely fashion and without delay, or by a specified date, shall constitute a material breach of this Agreement.

25. Confidentiality. The Parties shall maintain the terms of this Agreement and any related materials or information in the strictest confidence, and shall not share with any other individuals or entities, other than the Parties' attorneys and agents, any of the terms, conditions or information related to this Agreement, except where required to be disclosed by applicable Laws, and this paragraph shall survive the termination of this Agreement.

26. No Public Announcement. Neither the Company nor Optionee shall, without the prior written approval of the other, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that either Party shall be so obligated by requirements of Law, in which case the other Party shall be advised and the Parties shall use their reasonable best efforts to cause a mutually agreeable release or announcement to be issued; provided, that the foregoing shall not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with accounting and Securities and Exchange Commission disclosure obligations.

2 7 . Good Faith. The Parties shall act in good faith and fair dealing, taking all reasonable action within their capability necessary to render their representations and warranties accurate, to consummate their covenants on a timely basis, and to negotiate in good faith.

ANY OPPORTUNITIES REGARDING MARIJUANA HEREBY CONTEMPLATED INVOLVE A HIGH DEGREE OF RISK. THE PROPOSED PROJECT IS IN DIRECT VIOLATION OF THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA IN REGARD TO DISPENSING, CULTIVATING, INFUSING, POSSESSING, USING, AND SELLING MARIJUANA. THE PARTIES AGREE THAT THEY SHALL NOT RAISE ANY DEFENSE THAT THIS AGREEMENT IS VOID AGAINST PUBLIC POLICY OR OTHERWISE ILLEGAL AS A DEFENSE IN ANY REGARD.

EACH UNDERSIGNED PARTY HAS READ OR HAS HAD READ TO IT THE FOREGOING AND ACKNOWLEDGES THAT IT FULLY UNDERSTANDS THE TERMS SET FORTH IN THIS AGREEMENT. EACH UNDERSIGNED PARTY ACKNOWLEDGES THAT IT HAS CONSULTED WITH, OR HAS HAD THE OPPORTUNITY TO CONSULT WITH, LEGAL COUNSEL OF ITS CHOOSING PRIOR TO EXECUTING THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first above written.

CLS Massachusetts, INC.

By: /s/ Jeffrey Binder
Name: Jeffrey Binder
Title: Chairman and
Chief Executive Officer

CLS HOLDINGS USA, INC.

By: /s/ Jeffrey Binder
Name: Jeffrey Binder
Title: Chairman and
Chief Executive Officer

IN GOOD HEALTH, INC.

By: /s/ David Noble
Name: David Noble
Title: President

EXHIBIT A

Merger Agreement

EXHIBIT B

Stockholder's Agreement

EXHIBIT C

Loan Agreement

EXHIBIT D

Secured Promissory Note

EXHIBIT E

Security Agreement

EXHIBIT F

Employment Agreement

EXHIBIT G

Exceptions to Company's Representations and Warranties

Exhibit 10.5

Execution Copy

LOAN AGREEMENT

THIS LOAN AGREEMENT (the **"Agreement"**), is entered into as of October 31, 2018, between **IN GOOD HEALTH, INC.**, a Massachusetts not for profit corporation (the **"Borrower"**), with an address at 1200 West Chestnut Street, Brockton, MA 02301, and **CLS HOLDINGS USA, INC.,** a Nevada corporation (the **"Lender"**), with an address at 11767 S. Dixie Highway, Suite 115, Miami, FL 33156.

The Borrower and the Lender, with the intent to be legally bound, agree as follows:

1. Loan. The Lender is making a loan in the principal amount of FIVE MILLION AND 00/100 DOLLARS ($5,000,000.00) (the **"Loan"**) to the Borrower subject to the terms and conditions and in reliance upon the representations and warranties of the Borrower set forth in this Agreement. The Loan is or will be evidenced by a secured promissory note of the Borrower and all renewals, extensions, amendments and restatements thereof (collectively, the **"Note"**) acceptable to the Lender, which shall set forth the interest rate, repayment and other provisions, the terms of which are incorporated into this Agreement by reference.

2. Security. The security for repayment of the Loan shall include but not be limited to the Collateral as defined in that certain Security Agreement dated as of the date hereof between the Borrower and the Lender (the **"Security Agreement"** and, together with such other pledge agreements, control agreements and other instruments provided for in the Security Agreement, the "**Security Documents**"), which shall secure repayment of the Loan, the Note and all other loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Lender, of any kind or nature, present or future (including any interest accruing thereon after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, whether or not (i) evidenced by any note, guaranty or other instrument, (ii) arising under any agreement, instrument or document, (iii) for the payment of money, (iv) arising by reason of an extension of credit, opening of a letter of credit, loan, equipment lease or guarantee, and (v) any amendments, extensions, renewals and increases of or to any of the foregoing, and all costs and expenses of the Lender incurred in the documentation, negotiation, modification, enforcement, collection and otherwise in connection with any of the foregoing, including reasonable attorneys' fees and expenses (hereinafter referred to collectively as the **"Obligations"**).

This Agreement, the Note, the Security Documents and all other agreements and documents executed and/or delivered pursuant hereto, as each may be amended, modified, extended or renewed from time to time, are collectively referred to as the **"Loan Documents."** Capitalized terms not defined herein shall have the meanings ascribed to them in the Loan Documents. This Agreement is also executed in connection with an Option Agreement of even date herewith (the **"Option Agreement"**) between Lender and Borrower, and Borrower acknowledges that Lender would not have made the loan hereunder without Borrower having agreed to grant the option in the Option Agreement.

3. Representations and Warranties. The Borrower hereby makes the following representations and warranties, which shall be continuing in nature and remain in full force and effect until the Obligations are paid in full, and which shall be true and correct:

3.1. Existence, Power and Authority. The Borrower is duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and has the power and authority to own and operate its assets and to conduct its business as now or proposed to be carried on, and is duly qualified, licensed and in good standing to do business in all jurisdictions where its ownership of property or the nature of its business requires such qualification or licensing. The Borrower does not have any wholly owned or partially owned subsidiaries. The Borrower is duly authorized to execute and deliver the Loan Documents and the Option Agreement, all necessary action to authorize the execution and delivery of the Loan Documents has been properly

taken, and the Borrower is and will continue to be duly authorized to borrow under this Agreement and to perform all of the other terms and provisions of the Loan Documents and the Option Agreement.

3.2. Financial Statements. Borrower has delivered or caused to be delivered to the Lender its audited balance sheet, income statement and statement of cash flows at and for the year ended December 31, 2017, together with the unqualified report of its auditors thereon, and its unaudited but reviewed balance sheet, income statement and statement of cash flows for the six months ended June 30, 2018 (collectively, the **"Historical Financial Statements"**). The Historical Financial Statements are true, complete and accurate in all material respects, and fairly present the financial condition, assets and liabilities, whether accrued, absolute, contingent or otherwise and the results of the Borrower's operations for the periods specified therein. The Historical Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (**"GAAP"**) consistently applied from period to period, subject in the case of interim unaudited statements to normal year-end adjustments (that will not be material in either type or amount) and to the absence of notes.

3.3. No Material Adverse Change. Since the date of the most recent Financial Statements (as hereinafter defined), the Borrower has not suffered any damage, destruction or loss, and no event or condition has occurred or exists, which has resulted or could result in a material adverse change in its business, assets, operations, condition (financial or otherwise) or results of operation.

3.4. Binding Obligations. The Borrower has full power and authority to enter into the transactions provided for in this Agreement and has been duly authorized to do so by appropriate action of its Board of Directors, as may be required by law, charter, other organizational documents or agreements; and the Loan Documents and Option Agreement, when executed and delivered by the Borrower, will constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their terms.

3.5. No Defaults or Violations. There does not exist any Event of Default under this Agreement or any default, breach or violation by the Borrower of or under any of the terms, conditions or obligations of: (i) its articles or certificate of incorporation, regulations or bylaws of the Borrower; (ii) any indenture, mortgage, deed of trust, franchise, permit, contract, agreement, or other instrument to which it is a party or by which it is bound; or (iii) any law, ordinance, regulation, ruling, order, injunction, decree, condition or other requirement applicable to or imposed upon it by any law, the action of any court or any governmental authority or agency (except solely to the extent that the nature of Borrower's business violates the Controlled Substances Act); and the consummation of this Agreement and the transactions set forth herein will not result in any such default or violation or Event of Default.

3.6. Title to Assets. The Borrower has good and marketable title to the assets reflected on the most recent Financial Statements, free and clear of all liens and encumbrances, except for (i) current taxes and assessments not yet due and payable, (ii) assets disposed of by the Borrower in the ordinary course of business since the date of the most recent Financial Statements, and (iii) those liens or encumbrances, if any, specified on Schedule 3.6 to this Agreement.

3.7. Litigation. There are no actions, suits, proceedings or governmental investigations pending or, to the knowledge of the Borrower, threatened against the Borrower, which could result in a material adverse change in its business, assets, operations, condition (financial or otherwise) or results of operations and there is no basis known to the Borrower for any action, suit, proceeding or investigation which could result in such a material adverse change, except such litigation specified on Schedule 3.7 to this Agreement.

3.8. Tax Returns. The Borrower has filed all returns and reports that are required to be filed by it in connection with any federal, state or local tax, duty or charge levied, assessed or imposed upon it or its property or withheld by it, including income, unemployment, social security and similar taxes, and all of such taxes have been either paid or adequate reserve or other provision has been made therefor.

3.9. Environmental Matters. The Borrower is in compliance, in all material respects, with all Environmental Laws (as hereinafter defined), including, without limitation, all Environmental Laws in jurisdictions in which the Borrower owns or operates, or has owned or operated, a facility or site, stores Collateral, arranges or has arranged for disposal or treatment of hazardous substances, solid waste or other waste, accepts or has accepted for transport any hazardous substances, solid waste or other wastes or holds or has held any interest in real property or otherwise. No litigation or proceeding arising under, relating to or in connection with any Environmental Law is pending or, to the best of the Borrower's knowledge, threatened against the Borrower, any real property which the Borrower holds or has held an interest or any past or present operation of the Borrower. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring, or to the best of the Borrower's knowledge has occurred, on, under or to any real property in which the Borrower holds or has held any interest or performs or has performed any of its operations, in violation of any Environmental Law. As used in this Section, **"litigation or proceeding"** means any demand, claim notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by a governmental authority or other person, and **"Environmental Laws"** means all provisions of laws, statutes, ordinances, rules, regulations, permits, licenses, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by any governmental authority concerning health, safety and protection of, or regulation of the discharge of substances into, the environment.

3.10. Intellectual Property. The Borrower owns or is licensed to use all patents, patent rights, trademarks, trade names, service marks, copyrights, intellectual property, technology, know-how and processes necessary for the conduct of its business as currently conducted that are material to the condition (financial or otherwise), business or operations of the Borrower.

3.11. Solvency. As of the date hereof and after giving effect to the transactions contemplated by the Loan Documents, (i) the aggregate value of the Borrower's assets will exceed its liabilities (including contingent, subordinated, unmatured and unliquidated liabilities), (ii) the Borrower will have sufficient cash flow to enable it to pay its debts as they become due, and (iii) the Borrower will not have unreasonably small capital for the business in which it is engaged.

3.12. Compliance with Laws. The Borrower is, and will remain, in compliance in all material respects with all applicable laws, rules and regulations relating to the Borrower's business, including without limitation federal, state and local laws, rules and regulations (including licensure requirements) relating to the operation of a cannabis cultivation facility, manufacturing facility and dispensary. Notwithstanding the foregoing, Lender acknowledges that the nature of Borrower's business and use of the Loan proceeds is in direct violation of federal laws with regard to growing, cultivating, dispensing, infusing possessing, using and selling cannabis and that Borrower will not be able to comply with such federal laws.

3.13. Disclosure. None of the Loan Documents or the Option Agreement contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary in order to make the statements contained in this Agreement, the Loan Documents, or the Option Agreement not misleading. There is no fact known to the Borrower which materially adversely affects or, so far as the Borrower can now foresee, might materially adversely affect the business, assets, operations, condition (financial or otherwise) or results of operation of the Borrower and which has not otherwise been fully set forth in this Agreement or in the Loan Documents.

4. Affirmative Covenants. The Borrower agrees that from the date of execution of this Agreement until all Obligations have been paid in full and any commitments of the Lender to the Borrower have been terminated, and until the option set forth in the Option Agreement has been exercised or has expired, the Borrower will:

4.1. Books and Records. Maintain books and records in accordance with GAAP and give representatives of the Lender access thereto at all reasonable times with prior notice, including permission to examine, copy and make abstracts from any of such books and records and such other information as the Lender may from time to time reasonably request, and the Borrower will make available to the Lender for examination

copies of any reports, statements and returns which the Borrower may make to or file with any federal, state or local governmental department, bureau or agency.

4.2. Interim Financial Statements; Certificate of No Default. Furnish the Lender within forty-five (45) days after the end of each quarter the Borrower's Financial Statements for such period, in reasonable detail, certified by an authorized officer of the Borrower, prepared in accordance with GAAP consistently applied from period to period, and reviewed by the Borrower's auditor. The Borrower shall also deliver a certificate as to its compliance with applicable financial covenants (containing detailed calculations of all financial covenants) for the period then ended and whether any Event of Default exists, and, if so, the nature thereof and the corrective measures the Borrower proposes to take. In addition, Borrower shall also deliver to the Lender on a monthly basis, accounts receivable aging reports and accounts payable aging reports within thirty (30) days of the close of each calendar month. As used in this Agreement, **"Financial Statements"** means the Borrower's balance sheets, income statements and statements of cash flows for the year, month or quarter together with year-to-date figures and comparative figures for the corresponding periods of the prior year, as reviewed by the Borrower's auditor (with respect to interim periods) and as audited by the Borrower's auditor (with respect to year-end periods), together, in the cases of year-end financial statements, with an unqualified audit report of the Borrower's auditor.

4.3. Annual Financial Statements. Furnish the Borrower's Financial Statements to the Lender within ninety (90) days after the end of each fiscal year. Those Financial Statements will be prepared on an audited basis in accordance with GAAP by the independent certified public accountant selected by the Borrower and reasonably satisfactory to the Lender. Audited Financial Statements shall contain the unqualified opinion of an independent certified public accountant and all accountant examinations shall have been made in accordance with GAAP consistently applied from period to period.

4.4. Annual Financial Statement Projections. Borrower shall deliver to Lender annually, but not later than January 31, its projected financial statements for the upcoming fiscal year.

4.5. Payment of Taxes and Other Charges. Pay and discharge when due all indebtedness and all taxes, assessments, charges, levies and other liabilities imposed upon the Borrower, its income, profits, property or business, except those which currently are being contested in good faith by appropriate proceedings and for which the Borrower shall have set aside adequate reserves or made other adequate provision with respect thereto acceptable to the Lender in its reasonable discretion.

4.6. Maintenance of Existence, Operation and Assets. Do all things necessary to (i) maintain, renew and keep in full force and effect its organizational existence and all rights, permits and franchises necessary to enable it to continue its business as currently conducted; (ii) continue in operation in substantially the same manner as at present; (iii) keep its properties in good operating condition and repair; and (iv) make all necessary and proper repairs, renewals, replacements, additions and improvements thereto.

4.7. Insurance. Maintain, with financially sound and reputable insurers, insurance with respect to its property and business against such casualties and contingencies, of such types and in such amounts, as is customary for established companies engaged in the same or similar business and similarly situated. In the event of a conflict between the provisions of this Section and the terms of any Security Documents relating to insurance, the provisions in the Security Documents will control.

4.8. Compliance with Laws. Comply with all laws applicable to the Borrower and to the operation of its business (including without limitation any statute, ordinance, rule or regulation relating to the operation of a cannabis business in Massachusetts, employment practices, employee benefits or environmental, occupational and health standards and controls). Notwithstanding the foregoing, Lender acknowledges that the nature of Borrower's business and use of the Loan proceeds is in direct violation of federal laws with regard to growing, cultivating, dispensing, infusing possessing, using and selling cannabis and that Borrower will not be able to comply with such laws.

4.9. Additional Reports. Provide prompt written notice to the Lender of the occurrence of any of the following (together with a description of the action which the Borrower proposes to take with respect thereto): (i) any Event of Default or any event, act or condition which, with the passage of time or the giving of notice, or both, would constitute an Event of Default, (ii) any litigation filed by or against the Borrower seeking damages in excess of $100,000.00, or (iii) any event which might result in a material adverse change in the business, assets, operations, condition (financial or otherwise) or results of operation of the Borrower.

4.10 Conversion to For Profit Corporation. Within ten (10) business days after the date hereof, convert to a Massachusetts "for profit" corporation and elect "S" status with the Internal Revenue Service (the "**Conversion**"). Within five (5) business days prior to such Conversion, Borrower shall provide Lender with copies of the draft certificate of incorporation and bylaws of the for-profit entity for Lenders' review and such documents shall be subject to Lender's reasonable approval. The stockholders of the "for profit" entity shall be Andrea Noble (75% of the outstanding shares) and Gerald Freid (25% of the outstanding shares) and such ownership shall not change during the term of the Loan or at any time prior to the date upon which the option under the Option Agreement is exercised or has expired (the last to occur of such events is referred to as the "**Restriction Termination Date**"). The Borrower shall not issue any of its securities to any other person or entity prior to the Restriction Termination Date. Simultaneously with the Conversion, all of the stockholders of the Borrower shall execute a stockholders' agreement, the terms of which shall be subject to the reasonable approval of Lender. Among other things, the stockholders agreement shall contain a "drag-along" right that may be exercised by Andrea Noble and an agreement by all stockholders to vote in favor of the proposed merger with Lender or its affiliate (if applicable) on substantially the terms set forth in the Option Agreement (as well as a waiver of appraisal rights, if applicable, by any stockholder who fails to comply with the requirement to vote in favor of the merger).

4.11 Use of Proceeds. Use the proceeds of the Loan exclusively for the expansion of the cannabis grow facility currently owned and operated by the Borrower and for the expansion of the dispensary operated by the Borrower in preparation for sales of recreational marijuana. Proceeds may be used for furniture, fixtures and equipment as part of such expansion plans and for the cost of labor directly associated with the expansion. Proceeds may not be used to pay management salaries, affiliates, or for any other purpose. If the proceeds of the Loan exceed the amount Borrower needs for the approved uses, the excess amount shall remain in the Borrower entity and be used as jointly determined by Borrower and Lender. Once Borrower commences using the proceeds of the Loan, Borrower shall provide monthly reports to Lender reflecting on a line item basis now the proceeds of the Loan are being spent. Each report shall show monthly expenditures by line item and year-to-date expenditures by line item. Lender shall have the right to audit such reports, at its option and at Borrower's cost, to confirm that all proceeds of the Loan are being spent in accordance with this Section of the Agreement.

4.12 Key Man Life Insurance. Promptly after the date hereof, the Borrower shall obtain not less than $5 million in "key man" life insurance on the life of David Noble. Lender shall be the beneficiary of such policy. Should payment be made under the policy before the Loan is repaid or the Option Agreement is exercised, Lender shall have the choice of (i) using the proceeds of such policy to pay down the Loan and cancel the Option Agreement without penalty and without payment of any break-up fee described therein, or (ii) allowing the proceeds of the policy to be put in the business of Borrower with Lender appointing a Chief Operating Officer for Borrower to run the business (and with Mr. Noble's mother, Andrea Noble, to serve as Chief Executive Officer of Borrower) until the closing contemplated under the Option Agreement.

5. Negative Covenants. The Borrower covenants and agrees that from the date of this Agreement until all Obligations have been paid in full, any commitments of the Lender to the Borrower have been terminated, and the option in the Option Agreement has been exercised or has expired, the Borrower will not, without the Lender's prior written consent:

5.1. Indebtedness. Create, incur, assume or suffer to exist any indebtedness for borrowed money other than (a) the Loan and any subsequent indebtedness to the Lender and (b) (i) purchase money indebtedness and capital lease obligations in an amount not to exceed $100,000 at any time outstanding; and (ii) open account trade debt incurred in the ordinary course of business and not past due.

5.2. Liens and Encumbrances. Create, assume, incur or permit to exist any mortgage, pledge, encumbrance, security interest, lien or charge of any kind upon any of its property, now owned or hereafter acquired, or acquire or agree to acquire any kind of property subject to any conditional sales or other title retention agreement, except liens securing purchase money indebtedness permitted pursuant to Section 5.1 above.

5.3. Guarantees. Guarantee, endorse or become contingently liable for the obligations of any person, firm, corporation or other entity, except in connection with the endorsement and deposit of checks in the ordinary course of business for collection.

5.4. Loans or Advances. Purchase or hold beneficially any stock, other securities or evidences of indebtedness of, or make or have outstanding, any loans or advances to, or otherwise extend credit to, or make any investment or acquire any interest whatsoever in, any other person, firm, corporation or other entity, except investments disclosed on the Borrower's Historical Financial Statements or acceptable to the Lender in its sole discretion.

5.5. Merger or Transfer of Assets. Except pursuant to the Option Agreement, liquidate or dissolve, or merge or consolidate with or into any person, firm, corporation or other entity, or sell, lease, transfer or otherwise dispose of all or any substantial part of its property, assets, operations or business, whether now owned or hereafter acquired.

5.6. Change in Business, Management or Ownership. Except as required by this Agreement, make or permit any change in its form of organization, the nature of its business as carried on as of the date hereof, in the composition of its current executive management, or in its equity ownership.

5.7. Dividends or Distributions. After the date of this Agreement, declare or pay any dividends on or make any distribution with respect to any class of its equity or ownership interest, or purchase, redeem, retire or otherwise acquire any of its equity, except for distributions made in accordance with Section 5.13(b) of the form of Merger Agreement attached to the Option Agreement as Exhibit A.

5.8. Acquisitions. Make acquisitions of all or substantially all of the property or assets of any person, firm, corporation or other entity.

6. Events of Default. The occurrence of any of the following will be deemed to be an **Event of Default**:

6.1. Covenant Default. The Borrower shall default in the performance of any of the covenants or agreements contained in this Agreement, subject to any notice and cure period as provided in the Note.

6.2. Breach of Warranty. Any Financial Statement, representation, warranty or certificate made or furnished by the Borrower to the Lender in connection with this Agreement shall be false, incorrect or incomplete when made.

6.3. Other Default. The occurrence of a default or an event of default as defined in the Note, in any of the other Loan Documents, or in the Option Agreement, or a breach of or a default or event of default under any other agreement with the Lender or an affiliate of the Lender. Upon the occurrence of an Event of Default, the Lender will have all rights and remedies specified in the Note and the Loan Documents and all rights and remedies (which are cumulative and not exclusive) available under applicable law or in equity.

7. Expenses. The Borrower agrees to pay the Lender, upon the execution of this Agreement, and otherwise on demand, all costs and expenses incurred by the Lender in connection with any modifications to any of the Loan Documents, and the collection of all of the Obligations, including but not limited to enforcement actions relating to the Loan, whether through judicial proceedings or otherwise, or in defending or prosecuting

any actions or proceedings arising out of or relating to this Agreement, including reasonable fees and expenses of counsel, expenses for auditors, appraisers, consultants, lien searches, recording and filing fees and taxes.

8. Miscellaneous.

8.1. Notices: All notices, demands, requests, consents, approvals and other communications required or permitted hereunder (**"Notices"**) must be in writing and will be effective upon receipt. Notices may be given in any manner to which the parties may separately agree, including electronic mail. Without limiting the foregoing, first-class mail, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. Regardless of the manner in which provided, Notices may be sent to Lender at the address set forth in the Note and to Borrower at the address set forth in the Note, or to such other address as any party may give to the other for such purpose in accordance with this section.

8.2. Preservation of Rights. No delay or omission on the Lender's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Lender's action or inaction impair any such right or power. The Lender's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies that the Lender may have under other agreements, at law or in equity.

8.3. Illegality. If any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions of this Agreement.

8.4. Changes in Writing. No modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Agreement will be effective unless made in a writing signed by the party to be charged, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower will entitle the Borrower to any other or further notice or demand in the same, similar or other circumstance.

8.5. Entire Agreement. This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

8.6. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission shall be effective as delivery of a manually executed counterpart.

8.7. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns; provided, however, that neither the Borrower nor the Lender may assign this Agreement in whole or in part without the other party's prior written consent.

8.8. Interpretation. In this Agreement, unless the Lender and the Borrower otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or," the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. Unless otherwise

specified in this Agreement, all accounting terms shall be interpreted and all accounting determinations shall be made in accordance with GAAP.

8.9. **No Consequential Damages, Etc.** Except for the Lender's gross negligence or intentional misconduct and except as set forth in the Option Agreement, the Lender will not be responsible for any damages, consequential, incidental, special, punitive or otherwise, that may be incurred or alleged by any person or entity, including the Borrower, as a result of this Agreement, the other Loan Documents, the Option Agreement, the transactions contemplated hereby or thereby, or the use of the proceeds of the Loan.

8.10. **Governing Law and Jurisdiction.** This Agreement has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Massachusetts. **This Agreement will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the commonwealth of Massachusetts, excluding its conflict of laws rules.** The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in Suffolk County, Massachusetts; provided that nothing contained in this Agreement will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Lender and the Borrower agree that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

8.11. WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER AND THE LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The Borrower acknowledges that its duly authorized officer has read and understood all the provisions of this Agreement, including the waiver of jury trial, and either has been advised by counsel as necessary or appropriate or has declined to retain independent counsel.

[SIGNATURES ON FOLLOWING PAGE]

THIS LOAN AGREEMENT has been executed and delivered on behalf of the Borrower and the Lender, by their duly authorized officers, as of the date first written above.

IN GOOD HEALTH, INC.,
a Massachusetts not for profit corporation

By: /s/ David Noble
Name: David Noble
Title: President

CLS HOLDINGS USA, INC.,
a Nevada corporation

By: /s/ Jeffrey I. Binder
Name: Jeffrey I. Binder
Title: Chairman and CEO

[Signature Page to Loan Agreement]

Exhibit 10.6

SECURED PROMISSORY NOTE

$5,000,000.00 October 31, 2018

For value received, the undersigned, IN GOOD HEALTH, INC. a Massachusetts not-for-profit corporation (the "Maker"), hereby promises to pay to the order of CLS HOLDINGS USA, INC., a Nevada corporation (the "Holder"), in immediately available funds, at 11767 S. Dixie Highway, Suite 115, Miami, Florida 33156 (or such other place(s) as Holder may designate from time to time), the principal sum of Five Million and 00/100 Dollars ($5,000,000.00) with interest on the unpaid principal balance, on the terms provided in this promissory note (this "Note").

This Note shall bear interest at the rate of 6% per annum. On March 1, 2020 (the "Initial Payment Date"), all accrued interest shall be added to the outstanding principal due hereunder and such amount shall be payable in eight equal quarterly installments, commencing on the Initial Payment Date, together with interest accruing after the Initial Payment Date. This Note shall mature and all outstanding principal, accrued interest and any other amounts due hereunder, shall become due and payable in full on the third anniversary of this Note.

If any payment under this Note shall become due on a Saturday, Sunday or public holiday under the laws of the Commonwealth of Massachusetts, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest in connection with such payment. Payments received will be applied first to charges, fees and expenses (including attorneys' fees), then to accrued interest and last to principal.

This Note is issued in connection with a loan agreement and security agreement between the Maker and the Holder, and an option agreement between the Maker and the Holder, among others (the "Option Agreement"), in both cases dated as of the date hereof, and the other agreements and documents executed and/or delivered in connection therewith or referred to therein, the terms of which are incorporated herein by reference (as amended, modified or renewed from time to time, collectively the "Loan Documents"), and is secured by the collateral described in the Loan Documents and by such other collateral as may in the future be granted to the Holder to secure this Note.

All amounts under this Note shall become at once due and payable, upon notice to Maker by Holder, if one or more of the following events shall happen and be continuing (each of the following an "Event of Default"): (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default, or the Maker's failure to observe or perform any covenant or other agreement, under or contained in any other Loan Document or any other document now or in the future securing any debt, liability or obligation of the Maker to the Holder; provided, however, that no such failure to observe or perform such covenant or other agreement (excluding financial covenants, financial reporting covenants, and negative covenants) shall constitute an Event

of Default unless such failure continues for a period of thirty (30) days after the earlier to occur of (a) the date when the Maker becomes aware of such failure and (b) the date when Holder gives written notice to the Maker of such failure; (iii) the filing by or against the Maker of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against the Maker, such proceeding is not dismissed or stayed within sixth (60) days of the commencement thereof, provided that the Holder shall not be obligated to advance additional funds hereunder during such period); (iv) any assignment by the Maker for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of the Maker; (v) a default with respect to any other indebtedness of the Maker for borrowed money in the principal amount exceeding $100,000, if the effect of such default is to cause or permit the acceleration of such debt; (vi) the commencement of any foreclosure or forfeiture proceeding, execution or attachment against any collateral securing the obligations of the Maker to the Holder; (vii) the entry of any uninsured final and unappealable judgment against any Maker in excess of $100,000; (viii) any material adverse change in the Maker's business, assets, operations, financial condition or results of operations; (ix) the Maker ceases doing business as a going concern; (x) any representation or warranty made by the Maker to the Holder in any Loan Document, including the Option Agreement, or any other documents now or in the future evidencing or securing the obligations of the Maker to the Holder is false, erroneous or misleading in any material respect; (xi) the Maker has failed to comply with any covenant in any Loan Document (including the Option Agreement) in any material respect, or (xii) the incarceration, indictment or legal incompetency of David Noble.

Upon the occurrence of an Event of Default: (a) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (b) if an Event of Default specified in (x) or (xi) above shall occur as a result of any representation or warranty made by the Maker in the Option Agreement being false, erroneous or misleading in any material respect or the Maker having failed to comply with any covenant in the Option Agreement in any material respect, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be due and payable 60 days after demand by Holder together with interest accruing through the date of payment; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the Holder's option and without demand or notice of any kind, may be accelerated and become immediately due and payable; (d) at the Holder's option, this Note will bear interest at the rate of 15% per annum (the "Default Rate") from the date of the occurrence of the Event of Default; and (e) the Holder may exercise from time to time any of the rights and remedies available under the Loan Documents or under applicable law.

The Default Rate is imposed as liquidated damages for the purpose of defraying the Holder's expenses incident to the handling of delinquent payments, but is in addition to, and not in lieu of, the Holder's exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any fees and expenses of any agents or

attorneys which the Holder may employ. The Maker agrees that the Default Rate is a reasonable forecast of just compensation for anticipated and actual harm incurred by the Holder, and that the actual harm incurred by the Holder cannot be estimated with certainty and without difficulty.

The Maker may prepay this Note, in whole or in part, without penalty; provided that any such prepayment will be applied first to the payment of unpaid expenses accrued under this Note, second to unpaid interest accrued on this Note, and third, if the amount of prepayment exceeds the amount of all such expenses and accrued interest, to the unpaid principal amount of this Note.

The Maker agrees to indemnify each of the Holder, each legal entity, if any, who controls, is controlled by or is under common control with the Holder, and each of their respective directors, managers, officers and employees (the "Indemnified Parties"), and to defend and hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Maker), in connection with or arising out of or relating to the matters referred to in this Note or in the other Loan Documents or the use of any amount borrowed hereunder, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Maker, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses attributable to an Indemnified Party's gross negligence or willful misconduct; and provided further, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses incurred in connection with or arising out of or relating to the matters provided in the Option Agreement, which claims, damages, losses, liabilities and expenses shall be governed by Section 11 of the Option Agreement. The indemnity agreement contained in this Section shall survive the termination of this Note, payment of any amount borrowed hereunder and the assignment of any rights hereunder. The Maker may participate at its expense in the defense of any such action or claim.

All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be in writing and faxed, e-mailed, mailed or delivered as follows:

If to the Maker: IN GOOD HEALTH, INC.
1200 West Chestnut Street
Brockton, MA 02301
Attention: David Noble

With a copy to: Barrett & Singal, P.C.
One Beacon Street, Suite 1320
Boston, MA 02108-3106
Attention: Sean Ryan

If to the Holder: CLS HOLDINGS USA, INC.
11767 S. Dixie Highway, Suite 115
Miami, Florida 33156
Attention: Jeffrey I. Binder

With a copy to: Nelson Mullins Broad and Cassel
1 North Clematis Street, Suite 500
West Palm Beach, Florida 33401
Attention: Kathleen L. Deutsch

All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) one (1) business day after being delivered by facsimile or e-mail (with receipt of appropriate confirmation), (iii) one (1) business day after being deposited with an overnight courier service of recognized standing, or (iv) four (4) business days after being deposited in the U.S. mail, certified, return receipt requested and with postage prepaid.

In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the unpaid principal amount of this Note.

The Holder's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies that the Holder may have under other agreements, at law or in equity. No modification, amendment or waiver of, or consent to any departure by the Maker from, any provision of this Note will be effective unless made in a writing signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. The Maker agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Holder in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Holder's counsel. If any provision of this Note is found to be invalid, illegal or unenforceable in any respect by a court, all the other provisions of this Note will remain in full force and effect. The Maker and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. The Maker also waives all defenses based on

suretyship or impairment of collateral. This Note shall bind the Maker and its heirs, executors, administrators, successors and assigns, and the benefits hereof shall inure to the benefit of the Holder and its successors and assigns; provided, however, that neither the Maker nor the Holder may assign this Note in whole or in part without the other party's written consent.

The federal or state courts located in Suffolk County, Massachusetts, shall have exclusive jurisdiction in connection with all matters that may arise under or in connection with this Note, and the Maker shall not assert that any action brought in such forum is inconvenient and should be moved to another jurisdiction. Venue shall be had exclusively in the state and federal courts located in Suffolk County, Massachusetts, to the exclusion of all other places of venue.

The Maker represents that the indebtedness evidenced by this Note is being incurred by the Maker solely for the purpose of acquiring or carrying on a business, professional or commercial activity, and not for personal, family or household purposes.

The Maker irrevocably waives any and all rights the Maker may have to a trial by jury in any action, proceeding or claim of any nature relating to this Note, any documents executed in connection with this Note or any transaction contemplated in any of such documents. The Maker acknowledges that the foregoing waiver is knowing and voluntary.

The Maker acknowledges that its duly authorized officer has read and understood all the provisions of this Note, including the waiver of jury trial, and either has been advised by independent counsel as necessary or appropriate or has declined to retain independent counsel.

IN WITNESS WHEREOF, the Maker has executed this Secured Promissory Note as of the day and year first above written.

MAKER:

IN GOOD HEALTH, INC.

By: /s/ David Noble
Name: David Noble
Title: President

Exhibit 10.7

Execution Copy

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this **"Agreement"**), dated as of October 31, 2018, is made by **IN GOOD HEALTH, INC.**, a Massachusetts not for profit corporation (the **"Borrower"**), with an address at 1200 West Chestnut Street, Brockton, MA 02301, in favor of **CLS HOLDINGS USA, INC.,** a Nevada corporation (the **"Lender"**), with an address at 11767 S. Dixie Highway, Suite 115, Miami, FL 33156.

To secure the obligations of the Borrower to the Lender under that certain Loan Agreement (the "Loan Agreement") and Secured Promissory Note (the "Note") of even date herewith, the Borrower is executing this Agreement in favor of the Lender, in connection with which, under the terms hereof, the Lender shall obtain and the Borrower shall grant the Lender security for all of the Obligations (as hereinafter defined).

NOW, THEREFORE, the Borrower and the Lender, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) **"Collateral"** shall include all personal property of the Borrower, including the following, all whether now owned or hereafter acquired or arising and wherever located: (i) accounts (including credit card receivables); (ii) securities entitlements, securities accounts, commodity accounts, commodity contracts and investment property; (iii) deposit accounts; (iv) instruments (including promissory notes); (v) documents; (vi) chattel paper (including electronic chattel paper and tangible chattel paper); (vii) inventory, including raw materials, work in process, or materials used or consumed in Borrower's business, items held for sale or furnished or to be furnished under contracts of service or sale lease, and goods that are returned, reclaimed or repossessed; (viii) goods of every nature, including stock-in-trade, goods on consignment; (ix) equipment, including machinery, vehicles and furniture; (x) fixtures; (xi) commercial tort claims; (xii) letter of credit rights; (xiii) general intangibles, of every kind and description, including payment intangibles, software, computer information, source codes, object codes, records and data, all existing and future customer lists, claims (including claims for indemnification or breach of warranty), books, records, patents and patent applications, copyrights, trademarks, tradenames, tradestyles, trademark applications, goodwill, designs and plans, trade secrets, contracts, licenses, license agreements, formulae, tax and any other types of refunds, returned and unearned insurance premiums, and rights and claims under insurance policies; (xiv) all supporting obligations of all of the foregoing property; (xv) all property of the Borrower now or hereafter in the Lender's possession or in transit to or from, or under the custody or control of, the Lender or any affiliate thereof; (xvi) all cash and cash equivalents thereof; and (xvii) all cash and noncash proceeds (including insurance proceeds) of all of the foregoing property, all products thereof and all additions and accessions thereto, substitutions therefor and replacements thereof.

(b) **"Obligations"** shall include all loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Lender or to any other direct or indirect subsidiary of the Lender of any kind or nature, present or future (including any interest accruing thereon after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect, absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, whether or not (i) evidenced by the Note, any other note, guaranty or other instrument, (ii) arising under any agreement, instrument or document, (iii) for the

payment of money, (iv) arising by reason of an extension of credit, loan, equipment lease or guarantee, (v) and any amendments, extensions, renewals and increases of or to any of the foregoing, and all costs and expenses of the Lender incurred in the documentation, negotiation, modification, enforcement, collection and otherwise in connection with any of the foregoing, including reasonable attorneys' fees and expenses.

(c) **"UCC"** means the Uniform Commercial Code, as adopted and enacted and as in effect from time to time in the Commonwealth of Massachusetts. Terms used herein which are defined in the UCC and not otherwise defined herein shall have the respective meanings ascribed to such terms in the UCC. To the extent the definition of any category or type of collateral is modified by any amendment, modification or revision to the UCC, such modified definition will apply automatically as of the date of such amendment, modification or revision.

2. Grant of Security Interest. To secure the Obligations, the Borrower, as debtor, hereby assigns and grants to the Lender, as secured party, a continuing first priority lien on and security interest in the Collateral.

3. Change in Name or Locations. The Borrower hereby agrees that if the location of the Collateral changes from the locations listed on Exhibit A hereto and made part hereof, or if the Borrower changes its name, its type of organization, its state of organization, or establishes a name in which it may do business that is not listed as a tradename on Exhibit A hereto, the Borrower will immediately notify the Lender in writing of the additions or changes.

4. General Representations, Warranties and Covenants. The Borrower represents, warrants and covenants to the Lender that: (a) all information, including its type of organization, jurisdiction of organization, and chief executive office are as set forth on Exhibit A hereto and are true and correct on the date hereof; (b) the Borrower has good, marketable and indefeasible title to the Collateral, has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral, and the Collateral is free from all encumbrances and rights of setoff of any kind except the lien in favor of the Lender created by this Agreement; and (c) the Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

5. Borrower's Representations, Warranties and Covenants for Certain Collateral. The Borrower represents, warrants and covenants to the Lender as follows:

(a) From time to time and at all reasonable times, the Borrower will allow the Lender, by or through any of its officers, agents, attorneys, or accountants, to examine or inspect the Collateral, and obtain valuations and audits of the Collateral, at the Borrower's expense, wherever located. The Borrower shall do, obtain, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Lender may require to vest in and assure to the Lender its rights hereunder and in or to the Collateral, and the proceeds thereof, including waivers from landlords, warehousemen and mortgagees.

(b) The Borrower will keep the Collateral in good order and repair at all times and immediately notify the Lender of any event causing a material loss or decline in value of the Collateral, whether or not covered by insurance, and the amount of such loss or depreciation.

(c) Except as to the federal Controlled Substances Act, the Borrower will only use or permit the Collateral to be used in accordance with all applicable federal, state, county and municipal laws and regulations.

(d) The Borrower will have and maintain insurance at all times with respect to all Collateral against risks of fire (including so-called extended coverage), theft, sprinkler leakage, and other risks (including risk of flood if any Collateral is maintained at a location in a flood hazard zone) as the Lender may require, in such form, in such amount, for such period and written by such companies as may be satisfactory to the Lender in its sole discretion. Each such casualty insurance policy shall contain a standard Lender's Loss Payable Clause issued in favor of the Lender under which all losses thereunder shall be paid to the Lender as the Lender's interests may appear. Such policies shall expressly provide that the requisite insurance cannot be altered or canceled without at least thirty (30) days prior written notice to the Lender and shall insure the Lender notwithstanding the act or neglect of the Borrower. Upon the Lender's demand, the Borrower will furnish the Lender with duplicate original policies of insurance or such other evidence of insurance as the Lender may require. If the Borrower fails to provide insurance as herein required, the Lender may, at its option, obtain such insurance and the Borrower will pay to the Lender, on demand, the cost thereof. Proceeds of insurance may be applied by the Lender to reduce the Obligations or to repair or replace Collateral, all in the Lender's sole discretion.

(e) Each account and general intangible is genuine and enforceable in accordance with its terms, no such account or general intangible will be subject to any claim for credit, allowance or adjustment by any account debtor or any setoff, defense or counterclaim, and the Borrower will defend the same against all claims, demands, setoffs and counterclaims at any time asserted. At the time any account or general intangible becomes subject to this Agreement, such account or general intangible will be a good and valid account representing a bona fide sale of goods or services by the Borrower and such goods will have been shipped to the respective account debtors or the services will have been performed for the respective account debtors.

(f) Following an Event of Default, the Borrower agrees that, to the extent permitted by applicable law, the Lender has the right to notify (on invoices or otherwise) account debtors and other obligors or payors on any Collateral of its assignment to the Lender, and that all payments thereon should be made directly to the Lender.

(g) The Borrower will, on the Lender's demand, make notations on its books and records showing the Lender's security interest and make available to the Lender a copy of the invoice for each account and copies of any written contract or order from which an account arose. The Borrower will promptly notify the Lender if an account becomes evidenced or secured by an instrument or chattel paper and upon the Lender's request, will promptly deliver any such instrument or chattel paper to the Lender, including any letter of credit delivered to the Borrower to support a shipment of inventory by the Borrower.

(h) From time to time with such frequency as the Lender may request, the Borrower will report to the Lender all credits given to account debtors on all accounts.

(i) At any time after the occurrence of an Event of Default, and without notice to the Borrower, the Lender may direct any persons who are indebted to the Borrower on any Collateral consisting of accounts or general intangibles to make payment directly to the Lender of the amounts due, and the Lender may notify the United States Postal Service to send the Borrower's mail to the Lender. The Lender is authorized to collect, compromise, endorse and sell any such Collateral in its own name

or in the Borrower's name and to give receipts to such account debtors for any such payments and the account debtors will be protected in making such payments to the Lender. Upon the Lender's written request, the Borrower will use its best efforts to attempt to establish and maintain a lockbox account (**"Lockbox"**) and a depository account(s) (**"Cash Collateral Account"**), to which the Lender is given access subject to the provisions of this subparagraph and such other related agreements as the Lender may require, and the Borrower shall notify its account debtors to remit payments directly to the Lockbox. Thereafter, funds collected in the Lockbox shall be transferred to the Cash Collateral Account, and funds in the Cash Collateral Account shall be applied by the Lender, daily, to reduce the outstanding Obligations.

6 . Negative Pledge; No Transfer . Without the Lender's prior written consent, the Borrower will not sell or offer to sell or otherwise transfer or grant or allow the imposition of a lien, security interest or right of setoff upon the Collateral (except for sales of inventory and collections of accounts in the Borrower's ordinary course of business), will not allow any third party to gain control of all or any part of the Collateral, and will not use any portion of the Collateral in any manner inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon.

7 . Further Assurances . By its signature hereon, the Borrower hereby irrevocably authorizes the Lender to file against the Borrower one or more financing, continuation or amendment statements pursuant to the UCC in form satisfactory to the Lender, and the Borrower will pay the cost of preparing and filing the same in all jurisdictions in which such filing is deemed by the Lender to be necessary or desirable in order to perfect, preserve and protect its security interests. If required by the Lender, the Borrower will execute all documentation necessary for the Lender to obtain and maintain perfection of its security interests in the Collateral. If any Collateral consists of letter of credit rights, electronic chattel paper, deposit accounts or supporting obligations, or any securities entitlement, securities account, commodities account, commodities contract or other investment property, then, at the Lender's request, the Borrower will execute, and will cause the depository institution or securities intermediary upon whose books and records the ownership interest of the Borrower in such Collateral appears to execute, such pledge agreements, control agreements or other agreements as the Lender deems necessary in order to perfect, prioritize and protect its security interest in such Collateral, in each case in a form satisfactory to the Lender.

8. Events of Default. The Borrower shall, at the Lender's option, be in default under this Agreement upon the happening of any of the following events or conditions (each, an **"Event of Default"**): (a) any Event of Default (as defined in any of the Obligations), or a breach of or an event of default under any other agreement between the Borrower and the Lender or an affiliate of the Lender; (b) any default under any of the Obligations that does not have a defined set of "Events of Default" and the lapse of any notice or cure period provided in such Obligations with respect to such default; (c) an the occurrence of an Event of Default under the Loan Agreement or the Note; (d) the failure by the Borrower to perform any of its obligations under this Agreement or under any other agreement between the Borrower and the Lender or an affiliate of the Lender; (e) falsity, inaccuracy or material breach by the Borrower of any written warranty, representation or statement made or furnished to the Lender by or on behalf of the Borrower; (f) an uninsured material loss, theft, damage, or destruction to any of the Collateral, or the entry of any uninsured final and unappealable judgment against the Borrower in excess of $100,000 or any lien against or the making of any levy, seizure or attachment of or on the Collateral; (g) the failure of the Lender to have a perfected first priority security interest in the Collateral; (h) any indication or evidence received by the Lender that the Borrower may become subject, in the Lender's reasonable discretion, to the forfeiture of any property of the Borrower to any federal, state or local governmental entity; or (i) if the Lender otherwise deems itself insecure.

9 . Remedies. Upon the occurrence of any such Event of Default and at any time thereafter, the Lender may declare all Obligations secured hereby immediately due and payable and shall have, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the UCC. The Lender's remedies include, but are not limited to, the right to (a) peaceably by its own means or with judicial assistance enter the Borrower's premises and take possession of the Collateral without prior notice to the Borrower or the opportunity for a hearing, (b) render the Collateral unusable, (c) dispose of the Collateral on the Borrower's premises and in the Borrower's name but for the benefit of the Lender, and (d) require the Borrower to assemble the Collateral and make it available to the Lender at a place designated by the Lender. The Borrower agrees that the Lender has full power and authority to collect, compromise, endorse, sell or otherwise deal with the Collateral in its own name or that of the Borrower at any time upon an Event of Default. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of commercially reasonable notice shall be met if such notice is sent to the Borrower at least ten (10) days before the time of the intended sale or disposition. Expenses of retaking, holding, preparing for disposition, disposing or the like shall include the Lender's reasonable attorneys' fees and legal expenses, incurred or expended by the Lender to enforce any payment due it under this Agreement either as against the Borrower, or in the prosecution or defense of any action, or concerning any matter growing out of or connection with the subject matter of this Agreement and the Collateral pledged hereunder. The Borrower waives all relief from all appraisement or exemption laws now in force or hereafter enacted.

10. Power of Attorney. The Borrower does hereby make, constitute and appoint any officer or agent of the Lender as the Borrower's true and lawful attorney-in-fact, with power to, upon the occurrence of an Event of Default, (a) endorse the name of the Borrower or any of the Borrower's officers or agents upon any notes, checks, drafts, money orders, or other instruments of payment or Collateral that may come into the Lender's possession in full or part payment of any Obligations; (b) sue for, compromise, settle and release all claims and disputes with respect to, the Collateral; and (c) sign, for the Borrower, such documentation as may be required by the UCC or supplemental security agreements; granting to the Borrower's said attorney full power to do any and all things necessary to be done in and about the premises as fully and effectually as the Borrower might or could do. The Borrower hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest, and is irrevocable.

11. Payment of Expenses. At its option, the Lender may, following notice to the Borrower, discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral, as determined by the Lender to be necessary. The Borrower will reimburse the Lender on demand for any payment so made or any expense incurred by the Lender pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Lender.

12. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder (**"Notices"**) must be in writing, be delivered as set forth in the Note and be effective when set forth in the Note. Regardless of the manner in which provided, Notices may be sent to a party's address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this section.

13. Preservation of Rights. No delay or omission on the Lender's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Lender's action or inaction impair any such right or power. The Lender's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Lender may have under other agreements, at law or in equity.

14. Illegality. If any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions of this Agreement.

15. Changes in Writing. No modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Agreement will be effective unless made in a writing signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower will entitle the Borrower to any other or further notice or demand in the same, similar or other circumstance.

16. Entire Agreement. This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

17. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of signature page to this Agreement by electronic transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

18. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Borrower and the Lender and their respective heirs, executors, administrators, successors and assigns; provided, however, that neither the Borrower nor the Lender may assign this Agreement in whole or in part without the other party's prior written consent.

19. Interpretation. In this Agreement, unless the Lender and the Borrower otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or," the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. Unless otherwise specified in this Agreement, all accounting terms shall be interpreted and all accounting determinations shall be made in accordance with GAAP.

20. Indemnity. The Borrower agrees to indemnify each of the Lender, each legal entity, if any, who controls, is controlled by or is under common control with the Lender, and each of their respective directors, managers, officers and employees (the **"Indemnified Parties"**). and to defend and hold each

Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), in connection with or arising out of or relating to the matters referred to in this Agreement or the Obligations, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Agreement, payment of the Obligations and the assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such claim.

21. Governing Law and Jurisdiction. This Agreement has been delivered to and accepted by the Lender and will be deemed to be made in the State of Florida. **This Agreement will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Massachusetts, except as may be necessary in connection with the creation, perfection and foreclosure of the liens created hereunder on such property or any interest therein.** The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in Suffolk County, Massachusetts; provided that nothing contained in this Agreement will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Lender and the Borrower agree that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

22. WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER AND THE LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The Borrower acknowledges that its duly authorized officer has read and understood all the provisions of this Agreement, including the waiver of jury trial, and either has been advised by independent counsel as necessary or appropriate or has declined to retain independent counsel.

23. Limitations on Remedies. Notwithstanding any provision of this Agreement to the contrary, the Lender hereby agrees that, unless and until such time that it has been approved by the Commonwealth of Massachusetts (the "Massachusetts Cannabis Authorization") to own assets protected by the Humanitarian Medical Use of Marijuana Act, Ch. 369 of the Acts of 2012 (the "Massachusetts Cannabis Act"), its rights and remedies following an Event of Default shall not include the seizure of assets protected by the Massachusetts Cannabis Act. The Lender shall not be entitled to any remedy that provides the Lender with any rights to the inventory of the Borrower that contains any amount of

marijuana, in any form, whether flower or infused product unless and until it has obtained the Massachusetts Cannabis Authorization. The Lender hereby forfeits any such remedy unless and until it has obtained the Massachusetts Cannabis Authorization. The Borrower shall use its commercially reasonable efforts to assist Lender and otherwise cooperate with Lender to obtain the Massachusetts Cannabis Authorization. The Lender acknowledges and agrees that a cannabis Certificate of Registration, whether provisional or final, is non-transferrable, and may not be assigned or transferred without prior Massachusetts Department of Public Health approval. Accordingly, following an Event of Default, the Borrower shall use it best efforts (and shall cause its shareholders to use their best efforts) to obtain the approval of the Massachusetts Department of Public Health to the transfer of the Borrower's cannabis Certificate of Registration to the Lender, either directly, or indirectly through the transfer of the shares of stock in the Borrower to the Lender.

THIS SECURITY AGREEMENT has been executed and delivered on behalf of the Borrower and the Lender, by their duly authorized officers, as of the date first written above.

IN GOOD HEALTH, INC.,
a Massachusetts not for profit corporation

By: /s/ David Noble
Name: David Noble
Title: President

CLS HOLDINGS USA, INC.,
a Nevada corporation

By: /s/ Jeffrey I. Binder
Name: Jeffrey I. Binder
Title: Chairman and CEO

[Signature Page to Security Agreement]

EXHIBIT A

TO SECURITY AGREEMENT

1. Borrower's form of organization: not for profit corporation [to be converted to a for profit corporation within 10 business days from date hereof]

2. Borrower's state of organization: Massachusetts

3. Address of Borrower's chief executive office: 1200 West Chestnut Street, Brockton, MA 02301

4. Borrower's organizational ID #: 462680110

5. Address for books and records, if different: None

6. Addresses of Collateral locations:

   a) 1200 West Chestnut Street, Brockton, MA 02301

   b)

   c)

   d)

7. Name and address of landlord for Collateral locations:

   MNP Realty Trust
   1200 Chestnut Street
   Brockton, MA 02301

8. Other names or tradenames used or to be used by the Borrower: None

9. Description of Equipment:

   All Equipment of the Borrower.