
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 29, 2019

CLS Holdings USA, Inc.

(Exact name of registrant as specified in charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

000-55546
(Commission File
Number)

45-1352286
(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.

Amendment to Letter of Intent

As previously reported, on September 13, 2018, we entered into a non-binding letter of intent (the “CannAssist LOI”) with CannAssist, LLC, a Massachusetts limited liability company (“CannAssist”), setting forth the terms and conditions upon which we propose to form an 80/20 joint venture with CannAssist, of which we would own 80%. CannAssist plans to build out a recreationally licensed cultivation grow facility in Leicester, Massachusetts (the “Leicester Facility”). The planned Leicester Facility is in possession of its host community agreement and has applied for a recreational license and is awaiting state approval. We intend to use a portion of the net proceeds of our 2018 Convertible Debenture Offering to fund construction activities at the Leicester Facility. We have not entered into any definitive agreements regarding the transactions contemplated by the CannAssist LOI, and there is no guarantee that these transactions will close.

On November 7, 2018, we amended the CannAssist LOI to extend the termination date to January 15, 2019 and further amended it effective January 15, 2019 to extend the termination date to July 1, 2019.

Loan Transaction

On January 29, 2019, the Company made a line of credit loan to CannAssist, in the principal amount of up to \$500,000, subject to the terms and conditions set forth in that certain Loan Agreement, dated as of January 29, 2019 between CannAssist as the Borrower and the Company as the Lender (the “Loan Agreement”). Any draws on the line of credit in excess of \$150,000 will only be made in the sole discretion of the Company. The Loan is evidenced by a secured promissory note of CannAssist (the “Note”), which bears interest at the rate of 8% per annum and is personally guaranteed by the two equity owners of CannAssist. Assuming we proceed with the joint venture, it is contemplated that this loan will be rolled into longer term financing and the personal guarantees will be extinguished. If we do not enter into the joint venture, payments on the loan will commence on July 1, 2019 and the Note will mature on December 1, 2019.

To secure the obligations of CannAssist to the Company under the Loan Agreement and the Note, the Company and CannAssist entered into a Security Agreement dated as of January 29, 2019 (the “Security Agreement”), pursuant to which CannAssist granted to the Company a first priority lien on and security interest in all personal property of CannAssist.

The description of 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 10.1, 10.2 and 10.3 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description

10.1	<u>Loan Agreement, dated January 29, 2019, by and between CLS Holdings USA, Inc. and CannAssist, LLC</u>
10.2	<u>Secured Promissory Note, dated January 29, 2019, issued by CannAssist, LLC in favor of CLS Holdings USA, Inc.</u>
10.3	<u>Security Agreement, dated January 29, 2019, by and between CLS Holdings USA, Inc. and CannAssist, LLC</u>

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.

Date: February 4, 2019

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

EXHIBIT INDEX

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the “**Agreement**”), is entered into as of January 29, 2019, between **CANNASSIST, LLC**, a Massachusetts limited liability company (the “**Borrower**”), with an address at 2131 Washington Street, Boston, MA 02119, 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 line of credit loan in the principal amount of up to FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00) (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, which shall be personally guaranteed by the principals of Borrower identified therein, 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. The initial amount of the Loan advanced on the date hereof shall be \$150,000.00 (the “**Initial Proceeds**”). Additional advances (the “**Additional Proceeds**”) shall be made at the request of the Borrower but at the sole discretion of the Lender. Advances under the Loan shall end upon the earlier of June 30, 2019 or the date upon which all amounts advanced, together with accrued interest and any other amounts due hereunder, have been paid in full.

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 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.

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, 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.

3.2. Financial Statements. Borrower has delivered or caused to be delivered to the Lender its unaudited balance sheet, income statement and statement of cash flows at and for the year ended December 31, 2017, and its unaudited balance sheet, income statement and statement of cash flows for the nine months ended September 30, 2018 (collectively, the “**Historical Financial Statements**”). The Historical Financial Statements were prepared from the books and records of the Borrower, 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 Manager, as may be required by law, charter, other organizational documents or agreements; and the Loan Documents, 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 certificate of organization, regulations or operating agreement 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 and manufacturing facility. 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 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, or the Loan Documents 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, 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) commence and continue in operation in substantially the same manner as at proposed; (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 \$10,000.00, 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 Use of Proceeds. Use the Initial Proceeds of the Loan exclusively for the payment of rent under the Borrower's existing lease, the payment of fees and expenses associated with obtaining the required state and local licenses to operate a cannabis grow at the Borrower's leased premises, the development of construction plans for the cannabis grow (which shall be subject to the approval of the Lender), the payment of professional fees associated with the foregoing, and such other uses as may be approved by the Lender. In all cases except payment of rent under the Borrower's existing lease, use of the Initial Proceeds shall also be subject to prior approval of the Lender, which approval shall not be unreasonably withheld. The use of Additional Proceeds shall be subject to the approval of the Lender, in its sole discretion. Proceeds may not be used to pay management salaries, affiliates, or for any other purpose not approved by Lender. 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 how 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.

5. Negative Covenants. The Borrower covenants and agrees that from the date of this Agreement until all Obligations have been paid in full, and any commitments of the Lender to the Borrower have been terminated, 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 the Loan and any subsequent indebtedness to the Lender.

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.

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.

5.5. Merger or Transfer of Assets. 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. 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.

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 or in any of the other Loan Documents, 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, 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 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.

CANNASSIST, LLC,
a Massachusetts limited liability company

By: /s/ Jonathan Napoli
Name: Jonathan Napoli
Title: Manager

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]

Schedule 3.6

Title to Assets

None

Schedule 3.7

Litigation

None

SECURED PROMISSORY NOTE

\$500,000.00

January 29, 2019

For value received, the undersigned, CANNASSIST, LLC., a Massachusetts limited liability company (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 Hundred Thousand and 00/100 Dollars (\$500,000.00) with interest on the unpaid principal balance, or such lesser amount as may have been advanced, on the terms provided in this promissory note (this "Note").

The Note shall be advanced in tranches as a line of credit. The first \$150,000.00 shall be advanced on the date hereof. Additional amounts shall be advanced in the sole discretion of the Holder pursuant to the terms of the Loan Documents (as defined below). Once the full amount has been advanced hereunder and/or once payments have commenced hereunder, no further advances shall occur under this Note.

This Note shall bear interest at the rate of 8% per annum. Unless this Note is earlier repaid in full, on July 1, 2019, all accrued interest shall be added to the outstanding principal due hereunder and such amount shall be payable in six equal monthly installments, commencing on July 1, 2019 (the "Initial Payment Date"), together with interest accruing after July 1, 2019. This Note shall mature and all outstanding principal, accrued interest and any other amounts due hereunder, shall become due and payable in full on December 1, 2019.

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, 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, use of proceeds 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 \$10,000, 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 \$10,000; (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, 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 in any material respect, or (xii) the incarceration, indictment or legal incompetency of Jonathan Napoli.

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 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; (c) 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 (d) 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.. 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: CANNASSIST, LLC
2131 Washington Street
Boston, MA 02119
Attention: Mr. Jonathan Napoli

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:

CANNASSIST, LLC

By: /s/ Jonathan Napoli
Name: Jonathan Napoli
Title: Manager

PERSONAL GUARANTY

The undersigned, David Noble and Jonathan Napoli (together, the "Guarantors"), jointly and severally, agree to personally guaranty the obligations of the Maker under the above-referenced Note. Upon the occurrence of an Event of Default, the Holder may make demand and proceed against one or both of the Guarantors to collect all amounts due under the Note without first proceeding against the Maker.

/s/ David Noble
David Noble

/s/ Jonathan Napoli
Jonathan Napoli

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “**Agreement**”), dated as of January 29, 2019, is made by **CANNASSIST, LLC**, a Massachusetts limited liability company (the “**Borrower**”), with an address at 2131 Washington Street, Boston, MA 02119, 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; (xvii) Borrower’s rights (but not its obligations under any real or personal property leases; and (xviii) 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 \$10,000 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 (including the leased premises) 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 appraisal 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 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, 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 Massachusetts General Laws, Chapter 94G (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 Marijuana Establishment License, whether provisional or final, is non-transferrable, and may not be assigned or transferred without prior Massachusetts Cannabis Control Commission approval. Accordingly, following an Event of Default, the Borrower shall use its best efforts (and shall cause its shareholders to use their best efforts) to obtain the approval of the Massachusetts Cannabis Control Commission to the transfer of the Borrower's Marijuana Establishment License to the Lender, either directly, or indirectly through the transfer of the membership interests 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.

CANNASSIST, LLC,
a Massachusetts limited liability company

By: /s/ Jon Napoli
Name: Jon Napoli
Title: Manager

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: limited liability company
2. Borrower's state of organization: Massachusetts
3. Address of Borrower's chief executive office: 2131 Washington Street, Boston, MA 02119
4. Borrower's organizational ID #: 00125100
5. Address for books and records, if different: None
6. Addresses of Collateral locations:
 - a) 2131 Washington Street, Boston, MA 02119
 - b)**
 - c)**
 - d)**
7. Name and address of landlord for Collateral locations:

East Coast Organics Services Corp.
88 Huntoon Memorial Highway
Leicester, MA 01542
8. Other names or tradenames used or to be used by the Borrower: None
9. Description of Equipment:

All Equipment of the Borrower.